City of Fond du Lac, WI
First on the Lake

Comprehensive Annual Financial Report with Single Audit

Year ended December 31, 2011

Comprehensive Annual Financial Report

City of Fond du Lac, Wisconsin
Year Ended December 31, 2011

Prepared by:

City of Fond du Lac Comptroller Division

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CITY OF FOND DU LAC, WISCONSIN
December 31, 2011

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December 31, 2011

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City of Fond du Lac
First on the Lake
Website: www.ci.fond-du-lac.wi.us
City-County Government Center
160 S. Macy Street~P.O. Box 150~Fond du Lac, WI 54936-0150

June 29, 2012

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Fond du Lac for the year ended December 31, 2011. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the CAFR is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs have been included.

Wisconsin State Statutes require an annual audit of the financial transactions and accounts of the City by an independent public accountant selected by the City Council. This requirement has been met with the inclusion of the auditor's opinion in this report. The City has again received an unqualified opinion, which means that in the opinion of our independent auditor, the financial statements are fairly presented in conformity with generally accepted accounting principles.

Schenck S.C., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Fond du Lac's financial statements for the year ended December 31, 2011. 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 the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, 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 in Fond du Lac County was incorporated in 1852 and is located at the foot of Lake Winnebago, the largest inland lake in Wisconsin at 220 square miles. Five major

Fond du Lac City Government is committed to providing and promoting a high quality of life, business success, and safety to residents, visitors, and future generations as an excellent place to work, play and raise a family.

foot of Lake Winnebago, the largest inland lake in Wisconsin at 220 square miles. Five major highways lead into the City, which is approximately one hour from each of the largest cities in the State; Milwaukee, Madison and Green Bay. The City encompasses just over 20 square miles and serves a population of 43,075.

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 the full range of municipal services, including police and fire protection, ambulance, parks, public works operations, parking and transit services, water and sewer utilities, community development, and general administrative services.

Financial Information

Reporting Entity

The City uses the criteria set forth by the Governmental Accounting Standards Board Statement No. 14 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; however, any revisions that alter the total expenditures of any departmental budget must be approved by the City Council. The level of control over budget adjustments varies for legally adopted budgets as follows: General Fund at division/department level, Debt Service Fund at the total fund level, Capital Projects Funds at total fund level 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.

Cash Management
Cash balances of the various funds are combined and invested to the extent possible in daily repurchase agreements, U.S. Treasury and U.S. Government Agency Securities, and the State of Wisconsin Local Government Investment Pool. The City's policy is to allocate interest income earned to funds in accordance with their respective contributions to the City's investment portfolio.

Risk Management
The City is exposed to various risks of loss related to its employee health insurance medical claims. A risk management internal service fund provides health care coverage for up to a maximum of $150,000 for each individual's total claims with aggregate group claims limited to a minimum aggregate deductible 125% of expected annual claims. The City purchases third party specific and aggregate stop loss insurance for claims in excess of coverage provided by the fund.

Commercial insurance policies are purchased for risk financing in the areas of liability, property, automobile and workers compensation. Deductibles on these policies vary. Should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the City. Additional information on the City of Fond du Lac's risk management activity can be found in Note E (2).

Local Economy

The City of Fond du Lac unemployment rate dropped 1.4% from the previous year. The average 2011 unemployment rate was 8.5% for the City of Fond du Lac, 7.2% for Fond du Lac County and 7.5% for the State of Wisconsin.

In 2011, Fond du Lac continued to experience growth in residential, commercial and industrial development. There were 69 new housing units constructed, of which 30 units were one- and two-family and 39 were multi-family. Commercial and industrial growth continued in 2011 with $11 million in construction of eleven new buildings and 110 additions.

Total equalized value (estimated fair market value) of real estate and personal property fell 2% to $2,643,226,500 in 2011 from 2010 due to economic conditions affecting housing values at the state and national level. This is the second straight year that property values decreased. The City's equalized property tax valuation has increased 37% over the past 10 years.

Mercury Marine, the City's second-largest employer, maintained its headquarters, research and development and manufacturing operations in Fond du Lac, along with relocating additional jobs to Fond du Lac from other Mercury Marine facilities. The total increase in the number of employees was approximately 660. Collaborative efforts of many parties, including the State of Wisconsin, Fond du Lac County, the City of Fond du Lac, the Fond du Lac County Economic Development Corporation, Mercury Marine and Mercury Marine's employee unions over the past two years created a satisfactory package of long-term financial incentives and cost saving measures to bring this to realization. A 33,000 square foot expansion for Mercury Marine's plant began in 2010 and was complete in January of 2011.

Long-term financial planning

Unassigned fund balance in the general fund (17% of the subsequent year's budgeted general fund expenditures) falls within the policy guidelines (i.e. 15% of subsequent year's total General Fund expenditures) set by the Council for budgetary and planning purposes.

The management of the City's capital improvements program is controlled using a long-range plan adopted by the City Council. The Capital Improvements Program projects the City's capital improvement needs for a five-year period and is reviewed and updated annually. The management and accounting of this plan are controlled using capital project funds. The primary sources of financing these improvements include general obligation debt, utility revenue debt, budgeted funds and revenue from Federal and State grants.

Major Initiatives

The City sold land for a new 60,000 square foot spec building in 2010 to be developed in the TID #10 Fox Ridge Business Park. Construction was completed in early 2011 and the building is available for lease or purchase. This building joins the Chicago Tube and Iron facility in the business park.

Two new redevelopment tax incremental financing districts were created in 2011. TIF #14 was created to develop a hotel and conference center at the site of the former Rolling Meadows nursing home. TIF #15 was created for the demolition of a vacant industrial property and construction of 29 townhomes. Demolition was done in December with construction completed in 2012.

New City buses attracted both riders and advertisers to the transit system. The final two buses to be replaced will go into production in 2012. Transit fare increases were included for 2012 due to declining revenues from state and federal grants.

The Pollution Load Reduction Program received a boost from the construction of the Galloway stormwater pond in 2011 and the start of the Fairgrounds stormwater pond in September, 2011 to be completed by mid-July, 2012.

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. The wastewater plant also began construction of a biogas utilization project that continues into 2012 to utilize gases that are by-products of the wastewater treatment operations for energy consumption at the plant.

A major upgrade of water meter reading systems from a "drive-by" radio read to a fixed network technology system began in 2011. Installation began in January, 2012 with the majority of the transponders replaced by June, 2012. The water treatment plant test project to convert to an H.M.O. process (Hydrous Manganese Oxide) to remove radium from the water began in 2011 and will continue into 2012.

The City contracted out property assessment services beginning February, 2012 for budgetary savings.

The budget for 2012 included a modest 3.4% increase in the property tax levy and no rate increases for water and sewer utilities. The most significant issue facing the City for 2012 and 2013 relates to the effects of the state budget which reduces state aid and a very restrictive property tax levy limit.

2011 Wisconsin Act 10 eliminates most collective bargaining rights for City employees, excluding public safety and Transit employees. Non-represented employees began paying 50% of state pension contributions in mid-2011. Represented general employees, excluding public safety and Transit employees began paying 50% of state pension costs in January, 2012 when their contract expired.

Awards and Acknowledgement

Awards

The City of Fond du Lac will submit this Comprehensive Annual Financial Report to the Government Finance Officers Association (GFOA) for the Certificate of Achievement for Excellence in Financial Reporting.

To be awarded this honor, the financial reporting entity must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. This report satisfies both generally accepted accounting principles and applicable legal requirements.

This is the fourteenth consecutive year the City of Fond du Lac has prepared a Comprehensive Annual Financial Report. The City received the Certificate of Achievement from the GFOA for the 1995 through 2010 Comprehensive Annual Financial Reports.

Acknowledgment

The preparation of the CAFR could not have been accomplished without the professional, efficient and dedicated staff of the City of Fond du Lac Comptroller's Division. We would like to express our thanks to them and to the members of the City Council for their continued interest and support in the financial operations of the City.

Respectfully submitted,

Hal M. Wortman

Hal M. Wortman
Director of Administration

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fond du Lac
Wisconsin

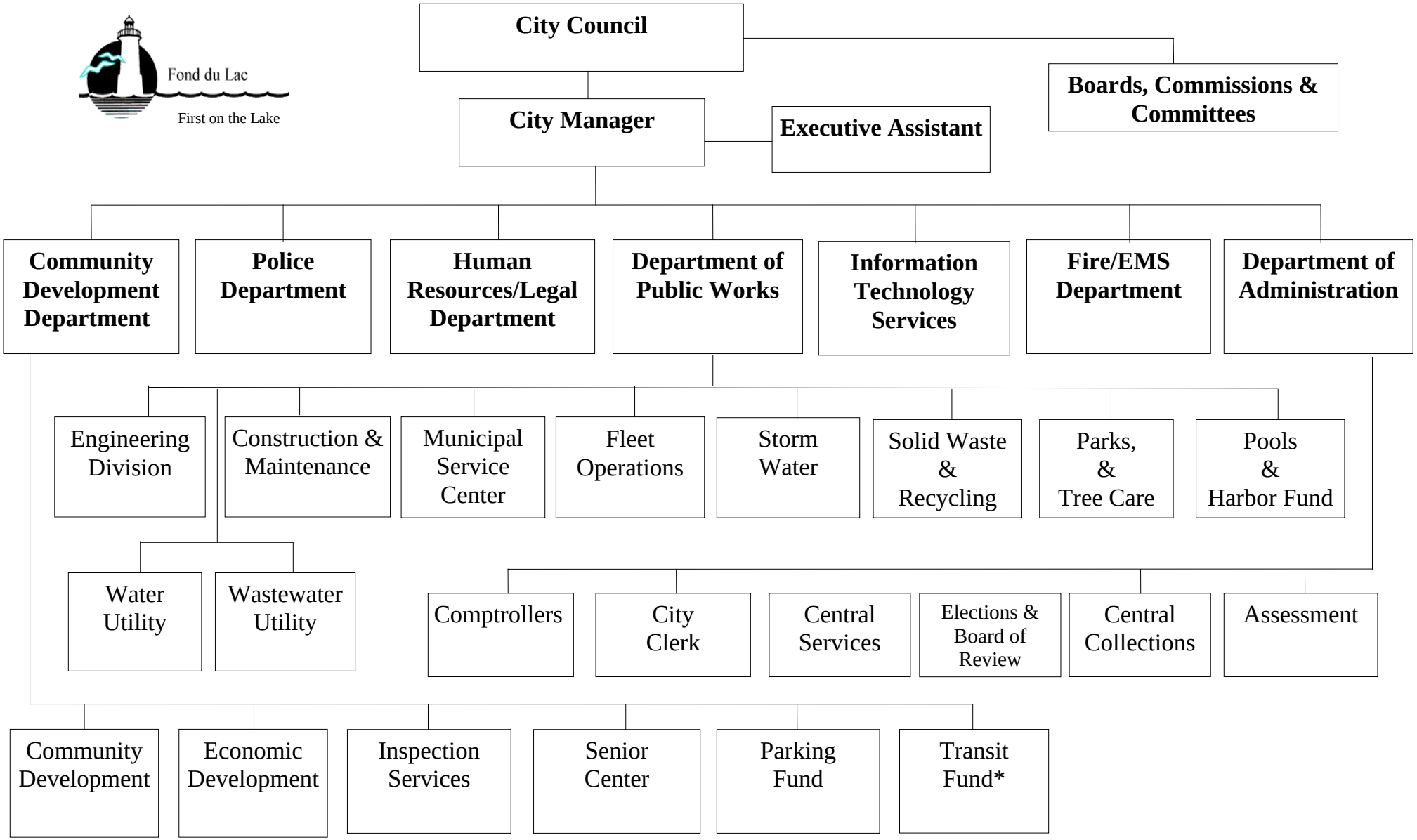
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

Table of Organization



*For budgeting and financial reporting, the Transit Fund was included in the Community Development area for 2011. The oversight of the Transit Fund has moved to Public Works and will be reflected under Public Works in 2012.

CITY OF FOND DU LAC

List of Principal Officials

December 31, 2011

Elected Officials

		Term Expires
Richard D. Gudex	City Council President	April, 2013
Jeffrey A. Ruedinger	City Council Vice-President	April, 2012
Gary L. Miller	City Council Member	April, 2012
James G. Sabel	City Council Member	April, 2012
Rob A. Vande Zande Sr.	City Council Member	April, 2012
Mick Burroughs	City Council Member	April, 2013
Rebecca Lunde-Ross	City Council Member	April, 2013

Non-Elected Officials

Thomas A. Herre	City Manager
Hal M. Wortman	Director of Administration
Deborah S.R. Hoffmann	City Attorney/Director of Human Resources
Jordan J. Skiff	Director of Public Works
Wayne F. Rollin	Director of Community Development
David M. Zittlow	IT Services Manger
William B. Lamb	Chief of Police
Peter O'Leary	Fire Chief
Kenneth D. Hall	Public Library Director
Paul C. DeVries	City Engineer
Sue L. Strands	City Clerk

FINANCIAL SECTION

Schenck SC
CPAs AND SO MUCH MORE.

INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

To the City Council
City of Fond du Lac, Wisconsin

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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Fond du Lac, Wisconsin's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes consideration of internal control financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A.4.j, the City has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, for the year ended December 31, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2012 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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AGN INTERNATIONAL

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress and employer contributions on pages 14 through 25 and 65 through 66 be presented to supplement the financial statements. Such information, although not part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, the financial information listed in the table of contents as supplemental information, the statistical section, and the accompanying schedule of expenditures of federal awards and schedule of state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, are presented for purposes of additional analysis and are not a required part of the financial statements. The supplemental information and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

S Chr Jr SC

Certified Public Accountants
Green Bay, Wisconsin
June 21, 2012

Management's Discussion and Analysis

This section of the City of Fond du Lac's annual financial report presents our narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2011. 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 assets of the City exceeded the liabilities at December 31, 2011 by $217 million.
- The City's total net assets decreased $3.5 million (1.6 percent) over the course of this year's operations. The business-type activities had a $5.3 million increase while the governmental activities had an $8.8 million decrease.
- The unrestricted net assets of the governmental activities were $5.6 million.
- The unrestricted net assets of the business-type activities were $35.3 million.
- Combined governmental and business-type activities had a combined 64% increase in earnings on investments from 2010 due predominantly to increased rates of returns on investments and increased interest income on special assessments.
- Community Development functions and programs had large increases in both expenditures and program revenues, more specifically operating and capital grants and contributions. Acquisition of buses through federal capital grants and a Community Development Block Grant (CDBG) project at the Calumet Apartments were the major activities, but there has been growth overall in CDBG grant projects.
- The City's general fund balance decreased by $326,500. The fund balance was budgeted to decrease by $1,163,700, resulting in a positive variance of $837,200 due primarily to lower than budgeted spending in many divisions. This positive budget variance will be helpful as the 2012 adopted budget anticipates using $817,000 in general fund balance.
- The debt service fund balance was $1.2 million, a decrease of $933,300. The debt service fund was budgeted to have a decrease in fund balance of $1.1 million. The largest portion of this positive budget variance is due to debt service fund investment earnings of more than double the amount budgeted due to increased rates of returns on investments.
- The City refunded 2006 general obligation notes and refinanced 2001 refunding serial bonds during 2011 to increase the debt repayment schedules from 10 to 20 years and to reduce the increasing debt service payments an increasing property tax levies for debt service over the next several years.
- The internal service fund for the self-funded City group health insurance benefits started the year with a net asset balance of $582,000 and finished 2011 with a net asset balance of $611,000. The 5% increase was primarily due to the effects of premium increases of 9% in 2011 and lower than budgeted claims in 2011.
- Other governmental funds had decreases in fund balances of $5.3. During 2011, nonmajor capital projects including the stormwater pollution reduction loading program, Pioneer Road railroad grade separation, clearwater-related utility street reconstruction, North Main Street reconstruction, downtown river wall replacement, street resurfacing and signal upgrades used just over $3 million in funds that were borrowed or available prior to 2011.

Overview of the Financial Statement

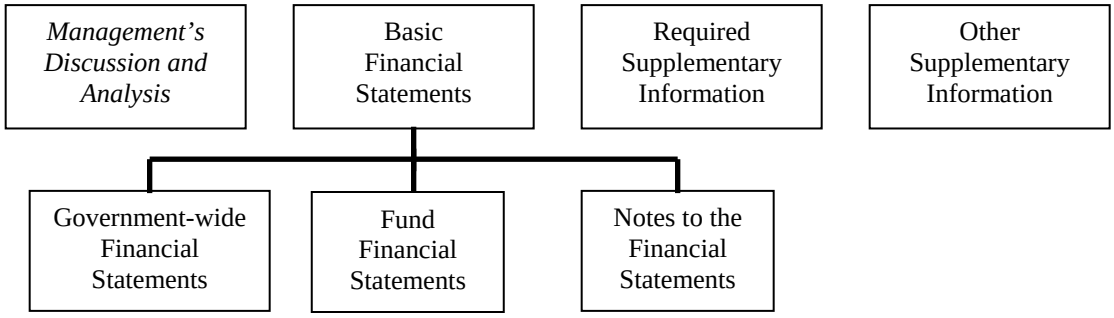
This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds and internal service funds. The basic financial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

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

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

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

Components of the Financial Section



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 assets presents information on all of the City of Fond du Lac's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Fond du Lac that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Fond du Lac include general government, public safety, public works, culture and recreation, community development, other 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 fifteen governmental funds are combined into single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Fond du Lac adopts an annual appropriated budget for its general fund, debt service fund, certain special revenue funds and capital project funds. Budgetary comparison statements have been provided for these budgeted funds to demonstrate compliance with this budget.

Proprietary funds. The City of Fond du Lac maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Fond du Lac uses enterprise funds to account for its Water Utility and Wastewater Collection and Treatment System. The City of Fond du Lac uses an internal service fund to account for the transactions of the City's self-funded employee health insurance program. Because the health insurance program predominantly benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

Government-wide Financial Analysis

Statement of Net Assets

Net assets 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 exceeded liabilities by $216,774,596 at the close of 2011.

By far, the largest portion of the City of Fond du Lac's net assets, 75 percent, reflects its investment in capital assets, net of depreciation, less the outstanding debt that was used to acquire those assets. The following table presents a summary of the Statements of Net Assets as of December 31, 2011.

Summary of Net Assets
2011
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Current and other assets	$ 95,776	$ 100,840	$ 50,481	$ 46,845	$ 146,257	$ 147,685
Capital assets	157,386	159,028	182,200	181,774	339,586	340,802
Total assets	253,162	259,868	232,681	228,619	485,843	488,487
Non-current liabilities	78,490	77,300	115,583	117,384	194,073	194,684
Current and other liabilities	70,876	70,002	4,119	3,573	74,995	73,575
Total liabilities	149,366	147,302	119,702	120,957	269,068	268,259
Net assets:						
Invested in capital assets, net of related debt	95,930	98,081	67,300	65,678	163,230	163,759
Restricted	2,218	2,127	10,377	18,037	12,595	20,164
Unrestricted	5,648	12,358	35,302	23,947	40,950	36,305
Total net assets	$ 103,796	$ 112,566	$ 112,979	$ 107,662	$ 216,775	$ 220,228

Statement of Activities

The following table summarizes the changes in net assets for the City of Fond du lac for the fiscal year ended December, 31 2011.

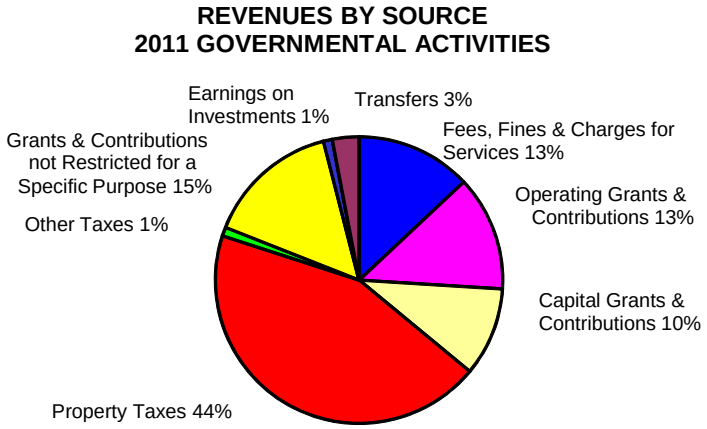
Changes in Net Assets

2011

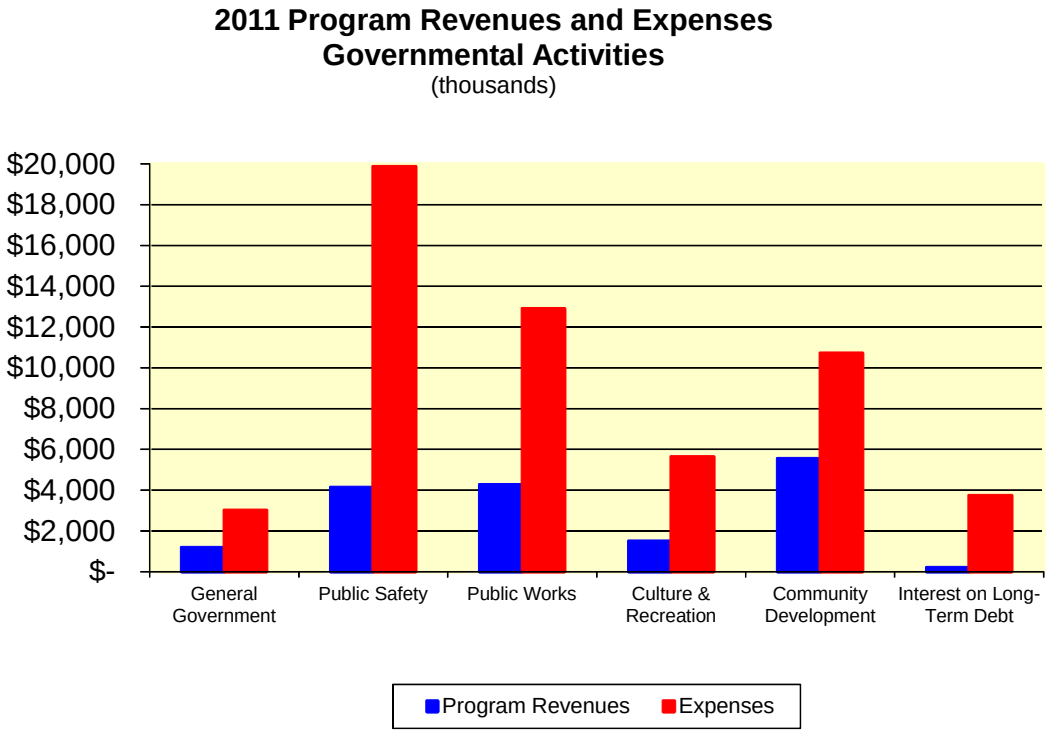
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Revenues:						
Program revenues:						
Fees, fines and charges for services	$ 5,855	$ 5,248	$ 23,749	$ 21,470	$ 29,604	$ 26,718
Operating grants and contributions	6,172	5,849	-	-	6,172	5,849
Capital grants and contributions	4,794	1,300	20	160	4,814	1,460
General revenues:						
Property taxes	20,859	20,033	-	-	20,859	20,033
Other taxes	247	197	-	-	247	197
Grants and contributions not restricted to specific programs	7,229	7,295	-	-	7,229	7,295
Gain on disposal of capital assets	-	-	23	-	23	-
Earnings on investments	538	262	709	499	1,247	761
Total revenues	45,694	40,184	24,501	22,129	70,195	62,313
Expenses:						
General government	3,017	3,305	-	-	3,017	3,305
Public safety	19,878	18,519	-	-	19,878	18,519
Public works	12,906	12,478	-	-	12,906	12,478
Culture and recreation	5,640	5,381	-	-	5,640	5,381
Community development	10,715	5,080	-	-	10,715	5,080
Interest on long-term debt	3,730	3,592	-	-	3,730	3,592
Water	-	-	8,585	8,874	8,585	8,874
Wastewater	-	-	9,177	8,866	9,177	8,866
Total expenses	55,886	48,355	17,762	17,740	73,648	66,095
Increase (decrease) in net assets before transfers	(10,192)	(8,171)	6,739	4,389	(3,453)	(3,782)
Transfers	1,422	1,269	(1,422)	(1,269)	-	-
Increase (decrease) in net assets	(8,770)	(6,902)	5,317	3,120	(3,453)	(3,782)
Net assets - 1/1	112,566	119,468	107,662	104,542	220,228	224,010
Net assets - 12/31	$ 103,796	$ 112,566	$ 112,979	$ 107,662	$ 216,775	$ 220,228

Governmental activities.
Revenues for the City's governmental activities were $47 million. Property taxes are the largest source of governmental activity revenues at $21 million, or 44 percent. The sources of revenues are shown in the pie graph below.



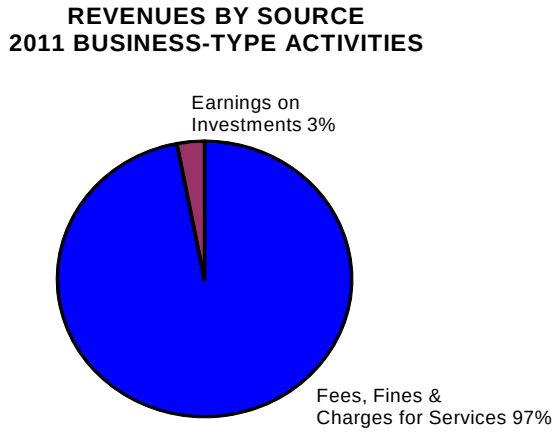
The bar graph below compares the activities and expenses by function. Public safety represents the largest expense at almost $19.9 million or 35 percent. Public works is the next largest area of expense at $12.9 million or 23 percent. The blue bars indicate the program revenues by function. Program revenues have increased as user fees have expanded, but the graph reflects that most of the expenses are not financed by program revenues, but rather by general property tax revenues.



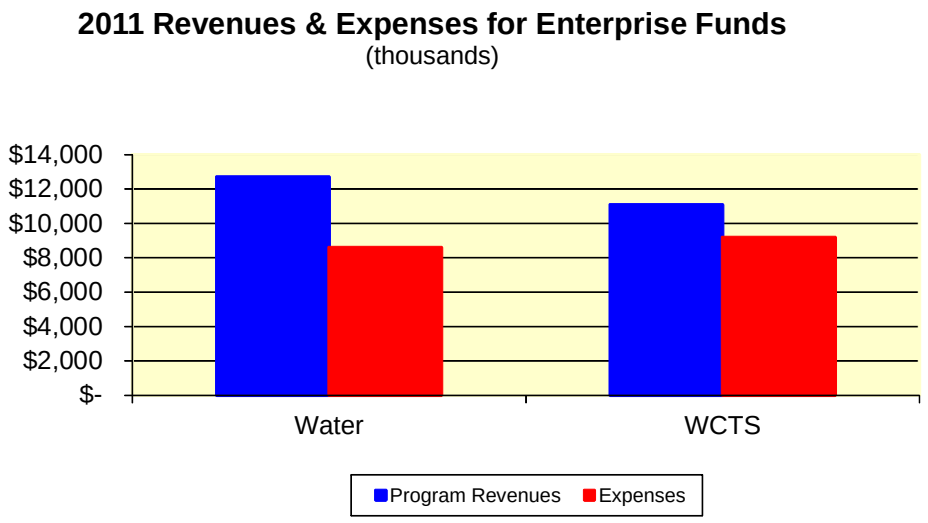
Business-type activities.
The business-type activities of the Water and Wastewater utilities increased the City's net assets by $5.3 million.

Water rate increases must be submitted to the Wisconsin Public Service Commission (PSCW) for approval. The last water rate increase of approximately 23.5% was granted by the PSCW in 2009 and became effective January 1, 2010 in order to fund the additional debt service and operating costs of the new Water system improvement project that began in 2007.

The fourth and final step in the series of annual rate increases required by the Wisconsin Department of Administration, as a condition of approval for the $59,000,000 low-interest State Clean Water Fund Loan for the Wastewater Treatment Plant Upgrade project, took place in 2009. There were no sewer rate increases in 2010 or 2011.



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



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, unreserved 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 City Council adopted a working capital designation of 15 percent of the annual budgeted general fund appropriations.

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. Unassigned fund balance represents 16.8 percent of total actual 2011 general fund expenditures, while total fund balance represents 24.4 percent of that same amount. The unassigned fund balance includes the working capital goal of 15 percent of the 2012 budgeted expenditures. Total general fund balance decreased by $326,000 in 2011, significantly less than budgeted due to favorable budget variances for both revenues and expenditures.

The debt service fund balance is $1.2 million, a decrease of $933,000. This decrease was less than the $1.1 million budgeted use of fund balance due to a favorable budget variance for interest income.

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.

Unrestricted net assets of the Water and Wastewater Utilities were $35.3 million. The increase in total net assets during 2011 was $5.3 million. The largest contributing factor was operating wastewater and water revenue from the start-up of Milk Specialties Global whey processing plant at the end of 2010. A significant increase in the rate of return on investments also raised the interest and investment income.

General Fund Budgetary Highlights

The total difference between the original budget and the final amended budget was a net decrease in fund balance of $299,985. The change between original budget and the final budget were the result of fund balance designations for projects, the roll-over of encumbrances from 2010 and City Council action by resolution to utilize public site fees and fund balance. The effects are summarized below:
Encumbrances:

- $ 796 increase in public safety for police uniforms.
- $ 1,193 increase in public safety for laptop cart.
- $ 960 increase in Information Technology Services-software.
- $ 1,750 increase in Information Technology Services-hardware.
- $ 1,768 increase in public works for municipal service center heater repairs.
- $ 108 increase in public works-stormwater gloves.
- $ 60 increase in public works solid waste safety coat.
- $12,350 increase in public works-electrical traffic signal/siren maintenance.

Assignment of 2010 fund balance:

- $ 15,600 increase in public works-engineering-robotic total station replacement.
- $ 1,000 increase in public works-engineering-cubicles altered-customer service.
- $ 78,000 increase in Information Technology Services-infrastructure upgrades.
- $ 13,500 increase in administration-comptroller-purchasing card software.
- $ 2,000 increase in administration-clerk-Dictaphone equipment replacement.
- $ 1,200 increase in senior center-building maintenance.
- $ 12,500 increase in community development-outside services for redevelopment.
- $ 50,200 increase in community development-inspections for demolition.
- $ 45,000 increase in administration-human resources-compensation study
- $ 62,000 increase in operating transfers to capital projects fund-park expansion.

These increases were funded entirely by the use of fund balance either in the form of encumbrances or assignment of the previous year's fund balance. Most of these items were budgeted in previous years, but not acquired or completed, so the funds remained in fund balance and were re-appropriated for expenditure in 2011.

General fund revenue and expenditure budget variances-explanation.
During this year, the net increase in fund balance was $837,000 higher than budget. The primary reasons for this are:

- Revenues produced a net $37,900 positive budget variance.
    - Licenses and permits exceeded budget by $114,700 primarily due to higher than anticipated cable franchise fees, and building, plumbing, electrical and heating permits.
    - Court and parking fines were $142,700 under budget.
        - Court fine revenue from citations under a new program targeting overweight vehicles was budgeted for but was not implemented causing approximately half of the $86,300 shortage in this account.
        - Officers were not available to issue citations at normal levels during recovery from a tragic shooting incident and when resources were sent to Madison to assist during demonstrations at the State Capitol.
- Total expenditures provided for a net $708,100 favorable budget variance. Although there was a positive variance for all expenditures collectively, five divisions including Animal Control, Delinquent Accounts, Non-departmental Insurance, City wide and Police were over budget.
    - General government had an overall favorable variance of $111,400.
        - Comptroller's budget was underspent by $35,600 due to delaying implementation cost of purchasing card software, Wisconsin Retirement System required employee contributions for non-represented employees part-year, and reduced data processing costs. The $13,500 amount for software was carried over to the 2012 budget through Council action.
        - Human resources had a positive budget variance of $56,450 of which $45,000 was budgeted, but not utilized for the compensation study as of the end of the year. Through Council action, these funds were carried over to the 2012 budget to perform the study.
        - Lower than anticipated legal and professional services along with savings from state-mandated Wisconsin Retirement System employee contributions caused the Attorney's budget to be under budget by $23,300.
        - Delinquent accounts was over budget $42,000 due to the write off of old, uncollectible bills.
        - City wide was over budget by $5,300 due to unbudgeted maintenance costs for tax incremental financing districts that are closed.
    - Police had several major factors affecting their 2011 budget that net to a $28,300 shortage.
        - There were several vacant positions throughout the year which saved money.
        - The City's officers worked large amounts of overtime at the State Capitol during the demonstrations against proposed 2011 Wisconsin Act 10 legislation. The agreed upon reimbursement from the State is reflected in intergovernmental revenue.
        - Fuel prices and volume of fuel used were higher than budgeted.
    - The Fire department experienced a budget surplus of $48,800 due to the net savings of vacant positions in excess of additional overtime incurred.
    - The department of public works had a net $263,700 favorable variance.
        - Engineering experienced partial vacancies in the City Engineer position and an Engineering Aide position during the year.

    - Construction and maintenance and the municipal service center performed more work and provided more equipment and supplies that were charged to projects than was estimated which had a $112,400 combined budget impact.
    - Due to changes in staffing, highway maintenance budgeted for 2011 was put on hold and $39,370 of the remaining budgeted funds was carried over to 2012 for road maintenance.
    - Snow and ice removal had savings of $19,100 due to favorable road salt pricing and mild weather. An inventory is recorded so that the expenditures will reflect the actual salt used during a particular year.
- Culture and recreation had a $175,300 favorable variance due mainly to the parks and the fairgrounds pool. Taylor pool operations and the senior center had smaller favorable variances.
    - Parks had savings in wages and benefits of $87,200 due largely to vacant positions.
    - The Fairgrounds pool had $48,500 savings in lifeguard expenditures and utilities. These savings are partially offset by the lost estimated revenue of $31,000 due to lower attendance mainly affected by weather.
- Community development had a $137,200 favorable variance.
    - Community development had a vacant redevelopment planner position part of the year.
    - Changes in Wisconsin law that required non-represented employees to pay half of their Wisconsin Retirement System pension cost mid-year created unbudgeted savings of 5.8 percent of wages for these employees.
    - Inspections anticipated demolitions for 2011 that were not performed at year end. The unused budget of $38,610 was carried over to 2012 for upcoming demolition work.

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, 2011, amounts to $339,586,148 (net of accumulated depreciation). This investment in capital assets includes land and construction in progress, infrastructure, buildings, improvements other than buildings, and equipment.

Capital Assets
(net of depreciation, in thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land and construction in progress	$ 7,315	$ 7,616	$ 2,356	$ 1,581	$ 9,671	$ 9,197
Infrastructure	122,123	125,083	-	-	122,123	125,083
Buildings	14,858	15,360	74,429	76,356	89,287	91,716
Improvements other than buildings	4,034	4,387	84,671	82,300	88,705	86,687
Equipment	9,056	6,583	20,744	21,537	29,800	28,120
Total	$ 157,386	$ 159,029	$ 182,200	$ 181,774	$ 339,586	$ 340,803

Capital assets net of depreciation decreased by $1.2 million, less than one percent. The business-type activities had a net increase of $426,000, split between a water utility increase of $1.1 million and a wastewater collection and treatment system decrease of $640,000. Governmental capital assets, net of depreciation decreased slightly by $1.6 million.

Major capital activity included replacing four city buses at a cost of $1.4 million, work on the Pioneer Road railroad grade separation project of $565,000, fire truck replacement of $500,000, ambulance replacement of $200,000, North Main Street replacement of $377,000 and the final phase of the main street sidewalk removal and replacement was completed for $159,000. Additions and retirements of large pieces of public works equipment and squad cars are on a normal replacement schedule with no major changes planned.

Additional information on the City's capital assets can be found in Note C.4 of the Notes to Basic Financial Statements.

Long-term debt.
At the end of the current fiscal year, the City of Fond du Lac had total bonded debt outstanding of $180,497,576.

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	$ 49,015	$ 44,140	$ -	$ -	$ 49,015	$ 44,140
General obligation notes	16,583	21,207	-	-	16,583	21,207
Revenue bonds	-	-	114,900	116,097	114,900	116,097
Total	$ 65,598	$ 65,347	$ 114,900	$ 116,097	$ 180,498	$ 181,444

The total debt of the City of Fond du Lac decreased $946,000, 0.5 percent during 2011. The City issued Series 2011A and Series 2011B general obligation refunding bonds dated February 15, 2011. The Series 2011A bonds in the amount of $5,375,000 were issued to refinance the callable portion of the 2001 general obligation refunding bonds. The Series 2011B bonds, totaling $5,700,000, were issued to refund the 2006 general obligation refunding bonds. The effect of the refinance and refunding is to increase the debt repayment schedules from 10 years to 20 years, and to reduce scheduled increasing debt service principal and interest payments and increasing property tax levies for debt service over the next several years.

Waterworks system revenue bonds, Series 2011B, were issued September 28, 2011 in the amount of $6,025,000 to refinance 2000 and 2001 bonds in addition to funding capital projects including the fixed network meter reading system and water main construction.

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. The revenue bonds of the sanitary sewer utility have been rated A2 by Moody’s Investors Service.

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, 2011 was $132,161,325, which was in excess of the net outstanding general obligation debt applicable to debt limitation of $64,403,658. The available legal margin for new debt was $67,757,667.

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

Economic Factors and Next Year’s budgets and Rates

- The 2011 unemployment rate for the City of Fond du Lac was 8.5 percent, which is 1.4 percent lower than a year ago. The May, 2012 unemployment rate is 7.5 percent compared to 8.3 percent last May.
- Population in the City of Fond du lac increased slightly from 2010 to 2011.
- The City’s total property tax levy to fund the 2012 budget is up 1.4 percent. The equalized tax rate increased 3.4 percent and the assessed tax rate increased 0.9 percent.

Rates for the City’s business-type activities remained unchanged for 2011 and 2012 as follows:

- The water utility had no rate increases for 2011 or 2012. Substantial water rate increases were spread over the previous two years, with the last being a 23.5% increase effective January 1, 2010. The rate increases were needed to pay for the construction of the $32.5 million water treatment system improvements including the improvements to remove radium from the City’s drinking water as mandated by the Department of Natural Resources (DNR). The increased water rates were also required by the State of Wisconsin as a pre-condition of qualifying for the low-interest State Safe Drinking Water Loan financing for this project.
- The wastewater utility rates remained the same from 2009 to 2012 with no proposed increases.

These factors were considered in preparing the City of Fond du Lac’s budget for 2012.

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 Assets
December 31, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 23,682,268	$ 21,915,299	$ 45,597,567
Receivables			
Accounts	540,064	5,845,132	6,385,196
Ambulance	384,591	-	384,591
Special assessments	477,895	850,731	1,328,626
Taxes	48,305,039	-	48,305,039
Community development loans	6,604,202	-	6,604,202
Due from other governments	14,729,940	647,663	15,377,603
Internal balances	33,984	(33,984)	-
Inventories	710,631	351,576	1,062,207
Prepaid items	174,129	-	174,129
Restricted assets	-	10,376,924	10,376,924
Noncurrent special assessments	-	85,965	85,965
Noncurrent due from other governments	-	10,286,936	10,286,936
Deferred charges	-	78,266	78,266
Other - noncurrent	133,366	76,138	209,504
Capital assets:			
Land and construction in progress	7,314,510	2,356,588	9,671,098
Infrastructure	192,793,252	-	192,793,252
Buildings	26,459,642	87,157,443	113,617,085
Improvements other than buildings	9,296,203	104,042,877	113,339,080
Equipment	21,762,438	31,869,361	53,631,799
Accumulated depreciation	(100,240,381)	(43,225,785)	(143,466,166)
Total Assets	253,161,773	232,681,130	485,842,903
LIABILITIES			
Accounts payable	1,620,916	1,228,361	2,849,277
Contracts payable	120,139	242,005	362,144
Accrued expenses	1,388,178	279,960	1,668,138
Accrued interest	1,372,855	763,028	2,135,883
Due to other governments	44,307,637	-	44,307,637
Unearned revenue	21,342,137	86,621	21,428,758
Other	724,291	1,519,136	2,243,427
Noncurrent liabilities:			
Due within one year			
Long-term obligations	3,376,280	7,299,125	10,675,405
Due in more than one year			
Long-term obligations	75,551,047	107,846,591	183,397,638
Advances from municipality	(437,500)	437,500	-
Total liabilities	149,365,980	119,702,327	269,068,307
NET ASSETS			
Invested in capital assets, net of related debt	95,930,395	67,300,385	163,230,780
Restricted for:			
Equipment replacement	-	1,235,466	1,235,466
Debt service	1,193,819	5,031,107	6,224,926
Construction improvements	-	1,989,052	1,989,052
Water plant decommissioning	-	2,121,299	2,121,299
Community development projects and loans\	1,023,837	-	1,023,837
Unrestricted	5,647,742	35,301,494	40,949,236
Total Net Assets	$ 103,795,793	$ 112,978,803	$ 216,774,596

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

CITY OF FOND DU LAC, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2011

		Program Revenues		
Functions/Programs	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	$ 3,016,950	$ 1,069,724	$ 114,667	$ -
Public safety				
Police	10,039,871	141,226	887,213	75,752
Fire	4,899,980	15,148	128,178	20,350
Ambulance	4,937,905	2,586,201	278,713	-
Public works	12,905,660	168,178	2,087,011	2,010,358
Culture and recreation	5,640,176	468,079	1,028,832	620
Community development	10,715,615	1,406,663	1,452,267	2,686,335
Interest on long-term debt	3,729,586	-	195,065	-
Total governmental activities	55,885,743	5,855,219	6,171,946	4,793,415
Business-type activities:				
Water	8,585,366	12,690,230	-	5,561
Wastewater	9,176,950	11,058,697	-	15,027
Total business-type activities	17,762,316	23,748,927	-	20,588
Total	$ 73,648,059	$ 29,604,146	$ 6,171,946	$ 4,814,003

General revenues:
Property taxes
Other taxes
Grants and contributions not restricted to specific programs
Gain on disposal of capital assets
Earnings on investments
Transfers
Total general revenues and transfers

Change in net assets

Net assets - January 1

Net assets - December 31

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

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
$ (1,832,559)	$ -	$ (1,832,559)
(8,935,680)	-	(8,935,680)
(4,736,304)	-	(4,736,304)
(2,072,991)	-	(2,072,991)
(8,640,113)	-	(8,640,113)
(4,142,645)	-	(4,142,645)
(5,170,350)	-	(5,170,350)
(3,534,521)	-	(3,534,521)
(39,065,163)	-	(39,065,163)
-	4,110,425	4,110,425
-	1,896,774	1,896,774
-	6,007,199	6,007,199
(39,065,163)	6,007,199	(33,057,964)
20,859,387	-	20,859,387
246,540	-	246,540
7,228,574	-	7,228,574
-	23,363	23,363
538,307	708,559	1,246,866
1,422,395	(1,422,395)	-
30,295,203	(690,473)	29,604,730
(8,769,960)	5,316,726	(3,453,234)
112,565,753	107,662,077	220,227,830
$ 103,795,793	$ 112,978,803	$ 216,774,596

CITY OF FOND DU LAC, WISCONSIN
Balance Sheet
Governmental Funds
December 31, 2011

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 11,509,788	$ 1,197,934	$ 9,553,239	$ 22,260,961
Accounts receivable	471,172	-	27,889	499,061
Ambulance receivable	-	-	384,591	384,591
Taxes receivable, net	42,555,319	3,487,088	2,262,632	48,305,039
Special assessments receivable	19,489	458,406	-	477,895
Community development loans receivable	-	-	6,604,202	6,604,202
Due from other governmental funds	690,635	-	-	690,635
Due from other governments	12,829,450	-	1,900,490	14,729,940
Inventories	669,471	-	41,160	710,631
Prepaids	129	-	-	129
Advance to water utility	437,500	-	-	437,500
Other	-	-	133,366	133,366
Total assets	$ 69,182,953	$ 5,143,428	$ 20,907,569	$ 95,233,950
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 328,393	$ 4,115	$ 513,466	$ 845,974
Contracts payable	-	-	120,139	120,139
Accrued compensation	1,151,525	-	236,653	1,388,178
Due to other funds	-	-	690,635	690,635
Due to other governmental units	44,307,637	-	-	44,307,637
Deferred revenues	15,705,505	3,945,494	8,866,834	28,517,833
Other	447,596	-	53,607	501,203
Total liabilities	61,940,656	3,949,609	10,481,334	76,371,599
Fund balances:				
Nonspendable				
Inventories and prepaid items	669,600	-	41,160	710,760
Advances to water utility	437,500	-	-	437,500
Restricted				
Debt service	-	1,193,819	-	1,193,819
Community development projects and loans	-	-	1,023,837	1,023,837
Committed				
Subsequent years' expenditures	876,223	-	9,749,261	10,625,484
Assigned				
Subsequent years' expenditures	260,398	-	-	260,398
Unassigned	4,998,576	-	(388,023)	4,610,553
Total fund balances	7,242,297	1,193,819	10,426,235	18,862,351
Total liabilities and fund balances	$ 69,182,953	$ 5,143,428	$ 20,907,569	$ 95,233,950

CITY OF FOND DU LAC, WISCONSIN

Balance Sheet (Continued)

Governmental Funds

December 31, 2011

Reconciliation of Fund Balances to Net Assets		
Total Fund Balance as shown from previous page		$ 18,862,351
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		157,385,664
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. The details of this difference are as follows:		
Special assessments	$ 598,916	
Loans receivable	6,604,202	
Net adjustment		7,203,118
Internal service funds are used by management to charge the cost of insurance programs to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.		610,858
Internal service funds are used by management to charge the costs of insurance programs to individual funds. The net expense of certain activities of internal service funds is reported with proprietary activities.		33,984
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. The details of this difference are as follows:		
Bonds and notes payable	$ (75,297,477)	
Capital leases	(103,264)	
Compensated absences	(1,596,552)	
Other post-employment benefits	(1,930,034)	
Accrued interest on long-term obligations	(1,372,855)	
Net adjustment		(80,300,182)
Net Assets of Governmental Activities as Reported on the Statement of Net Assets (see page 26)		$ 103,795,793

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

CITY OF FOND DU LAC, WISCONSIN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2011

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	$ 15,243,670	$ 2,908,105	$ 2,707,612	$ 20,859,387
Other taxes	246,540	-	-	246,540
Licenses and permits	1,209,983	-	-	1,209,983
Intergovernmental	10,065,993	195,065	6,929,415	17,190,473
Charges for services	389,553	50	3,474,741	3,864,344
Court and parking fines	347,288	-	82,515	429,803
Special assessments	-	218,540	-	218,540
Investment earnings	297,371	182,633	20,633	500,637
Miscellaneous	161,478	-	979,294	1,140,772
Total revenues	27,961,876	3,504,393	14,194,210	45,660,479
EXPENDITURES				
Current:				
General government	2,751,728	-	10,122	2,761,850
Public safety	13,976,442	-	4,787,561	18,764,003
Public works	6,734,382	-	961,672	7,696,054
Culture and recreation	1,768,476	-	3,017,673	4,786,149
Community development	1,155,039	-	4,236,362	5,391,401
Other	-	112,592	-	112,592
Debt service:				
Principal	-	1,634,528	-	1,634,528
Interest and other charges	-	3,470,358	1,025	3,471,383
Capital outlay	-	-	10,664,148	10,664,148
Total expenditures	26,386,067	5,217,478	23,678,563	55,282,108
Excess (deficiency) of revenues over expenditures	1,575,809	(1,713,085)	(9,484,353)	(9,621,629)
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	11,075,000	-	11,075,000
Long-term debt issued	-	-	1,500,000	1,500,000
Premium on long-term debt issued	-	121,705	-	121,705
Payment to refunding escrow agent	-	(11,090,063)	-	(11,090,063)
Transfers in	1,438,814	673,438	9,169,262	11,281,514
Transfers out	(3,341,093)	-	(6,518,026)	(9,859,119)
Total other financing sources (uses)	(1,902,279)	780,080	4,151,236	3,029,037
Net change in fund balances	(326,470)	(933,005)	(5,333,117)	(6,592,592)
Fund balances - January 1	7,568,767	2,126,824	15,759,352	25,454,943
Fund balances - December 31	$ 7,242,297	$ 1,193,819	$ 10,426,235	$ 18,862,351

CITY OF FOND DU LAC, WISCONSIN

Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Governmental Funds

For the Year Ended December 31, 2011

Reconciliation of Changes in Fund Balance to Changes in Net Assets

Net Change in Fund Balances from previous page		$ (6,592,592)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were less than depreciation in the current period, detailed as follows:		
Capital outlay	$ 5,815,350	
Depreciation expense	(7,400,901)	
Net adjustment		(1,585,551)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		32,909
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items, detailed as follows:		
Issuance of general obligation debt	$ (12,575,000)	
Principal paid on long-term debt	12,325,000	
Payment of capital lease	34,528	
Net adjustment		(215,472)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The detail of this difference is as follows:		
Compensated absences	$ 78,687	
Other post-employment benefits	(552,506)	
Accrued interest	96,722	
Loss on disposal of capital assets	(57,457)	
Net adjustment		(434,554)
Internal service funds are used by management to charge the costs of insurance programs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		25,300
Change in Net Assets of Governmental Activities as Reported on the Statement of Activities (see pages 27 - 28)		$ (8,769,960)

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

CITY OF FOND DU LAC, WISCONSIN

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual

General Fund

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
Property taxes	$ 15,243,285	$ 15,243,285	$ 15,243,670	$ 385
Other taxes	168,209	168,209	246,540	78,331
Licenses and permits	1,095,256	1,095,256	1,209,983	114,727
Intergovernmental	10,086,527	10,086,527	10,065,993	(20,534)
Charges for services	439,832	439,832	389,553	(50,279)
Court and parking fines	490,000	490,000	347,288	(142,712)
Investment earnings	300,000	300,000	297,371	(2,629)
Miscellaneous	100,900	100,900	161,478	60,578
Total revenues	27,924,009	27,924,009	27,961,876	37,867
EXPENDITURES				
General government				
City council	58,421	58,421	56,931	1,490
City manager	228,530	228,530	220,201	8,329
Clerks	283,459	275,619	271,123	4,496
Central services	116,636	104,160	95,620	8,540
Elections	52,420	74,736	66,236	8,500
Board of review	2,700	2,700	2,425	275
Comptrollers	640,385	653,885	618,241	35,644
Information technology services	-	80,710	65,761	14,949
Central collections	104,705	104,705	98,596	6,109
Assessors	469,143	469,143	459,775	9,368
Attorney	257,082	272,282	249,004	23,278
Human resources	359,579	389,379	349,763	39,616
Animal control	96,878	96,878	97,846	(968)
Delinquent accounts	15,900	15,900	57,905	(42,005)
Non-departmental insurance	26,882	26,882	32,224	(5,342)
City wide	9,167	9,167	10,077	(910)
Total general government	2,721,887	2,863,097	2,751,728	111,369
Public safety				
Police	9,301,493	9,303,482	9,331,736	(28,254)
Fire	4,693,549	4,693,549	4,644,706	48,843
Total public safety	13,995,042	13,997,031	13,976,442	20,589

(Continued)

CITY OF FOND DU LAC, WISCONSIN

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual (Continued)

General Fund

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
EXPENDITURES (Continued)				
Public works				
Engineering	1,076,603	994,677	961,535	33,142
Fleet operations	659,304	828,174	828,174	-
Construction and maintenance	2,064,090	1,948,216	1,920,727	27,489
Municipal service center	515,088	523,618	437,006	86,612
Highway maintenance	182,882	182,882	128,210	54,672
Snow and ice removal	127,900	161,900	142,754	19,146
Stormwater maintenance	333,479	344,587	342,213	2,374
Solid waste	974,902	1,016,394	1,011,523	4,871
Electrical	347,815	332,035	306,487	25,548
Street lights	400,600	381,066	374,455	6,611
Trees	284,517	284,517	281,298	3,219
Total public works	6,967,180	6,998,066	6,734,382	263,684
Culture and recreation				
Parks	1,309,809	1,309,809	1,224,978	84,831
Fairgrounds pool	269,227	269,227	211,755	57,472
Taylor pool	105,445	105,445	86,258	19,187
Senior center	258,102	259,302	245,485	13,817
Total culture and recreation	1,942,583	1,943,783	1,768,476	175,307
Community development				
Community development	482,050	494,550	435,096	59,454
Inspections	640,036	690,236	612,491	77,745
Economic development	107,452	107,452	107,452	-
Total community development	1,229,538	1,292,238	1,155,039	137,199
Total expenditures	26,856,230	27,094,215	26,386,067	708,148
Excess (deficiency) of revenues over expenditures	1,067,779	829,794	1,575,809	746,015
OTHER FINANCING SOURCES (USES)				
Transfers in	1,347,645	1,347,645	1,438,814	91,169
Transfers out	(3,279,093)	(3,341,093)	(3,341,093)	-
Total other financing sources (uses)	(1,931,448)	(1,993,448)	(1,902,279)	91,169
Net change in fund balances	(863,669)	(1,163,654)	(326,470)	837,184
Fund balances - January 1	7,568,767	7,568,767	7,568,767	-
Fund balances - December 31	$ 6,705,098	$ 6,405,113	$ 7,242,297	$ 837,184

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

CITY OF FOND DU LAC, WISCONSIN
Statement of Net Assets
Proprietary Funds
December 31, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Water	Wastewater	Total	Internal Service
ASSETS				
Current assets:				
Cash and Investments	$ 10,102,642	$ 11,812,657	$ 21,915,299	$ 1,421,307
Receivables				
Accounts	3,496,781	2,345,703	5,842,484	41,003
Special assessments	495,468	355,263	850,731	-
Accrued interest	556	2,092	2,648	-
Due from other governments	-	647,663	647,663	-
Prepaid expenses	-	-	-	174,000
Inventories	351,576	-	351,576	-
Total current assets	14,447,023	15,163,378	29,610,401	1,636,310
Noncurrent assets:				
Restricted assets	8,229,016	2,147,908	10,376,924	-
Special assessment receivables	54,366	31,599	85,965	-
Due from other governments	-	10,286,936	10,286,936	-
Unamortized bond discount and expense	72,922	5,344	78,266	-
Other	76,138	-	76,138	-
Capital assets:				
Land	305,815	-	305,815	-
Building	15,505,560	71,651,883	87,157,443	-
Improvements other than buildings	49,509,319	54,533,558	104,042,877	-
Equipment	27,634,830	4,234,531	31,869,361	-
Construction in progress	414,951	1,635,822	2,050,773	-
Less: accumulated depreciation	(19,257,156)	(23,968,629)	(43,225,785)	-
Total noncurrent assets	82,545,761	120,558,952	203,104,713	-
Total assets	96,992,784	135,722,330	232,715,114	1,636,310
LIABILITIES				
Current liabilities:				
Accounts payable	1,057,161	171,200	1,228,361	774,942
Contracts payable	67,136	174,869	242,005	-
Accrued interest	526,854	236,174	763,028	-
Accrued compensation	49,610	55,472	105,082	-
Unearned revenues	64,418	2,092	66,510	27,422
Compensated absences	77,431	69,439	146,870	-
Bonds, notes, and loans payable	3,246,675	3,905,580	7,152,255	-
Other	1,519,136	20,111	1,539,247	223,088
Total current liabilities	6,608,421	4,634,937	11,243,358	1,025,452
Noncurrent liabilities:				
Other post-employment benefits	125,002	120,615	245,617	-
Compensated absences	12,384	15,624	28,008	
Advances from municipality	437,500	-	437,500	-
Bonds, notes, and loans payable	56,188,417	51,559,427	107,747,844	-
Total noncurrent liabilities	56,763,303	51,695,666	108,458,969	-
Total liabilities	63,371,724	56,330,603	119,702,327	1,025,452
NET ASSETS				
Invested in capital assets, net of related debt	14,678,227	52,622,158	67,300,385	-
Restricted for equipment replacement	-	1,235,466	1,235,466	-
Restricted for bond redemption	4,118,665	912,442	5,031,107	-
Restricted for construction improvements	1,989,052	-	1,989,052	-
Restricted for water plant decommissioning	2,121,299	-	2,121,299	-
Unrestricted	10,713,817	24,621,661	35,335,478	610,858
Total Net Assets	$ 33,621,060	$ 79,391,727	113,012,787	$ 610,858
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(37,506)	
			$ 112,975,281	

CITY OF FOND DU LAC, WISCONSIN
Balance Sheet (Continued)
Proprietary Funds
December 31, 2011

Reconciliation of Fund Balances to Net Assets	
Total Net Asset Balance as shown from previous page	$ 112,975,281
Amounts reported for business-type activities in the statement of net assets are different because:	
Internal service funds are used by management to charge the costs of insurance programs to individual funds. The net revenue of certain activities of internal service funds is reported with proprietary activities.	3,522
Net Assets of Business-type Activities as Reported on the Statement of Net Assets (see page 26)	$ 112,978,803

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

CITY OF FOND DU LAC, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Wastewater	Total	
Operating revenues:				
Charges for services	$ 12,094,005	$ 10,924,686	$ 23,018,691	$ 6,564,871
Other	596,225	134,011	730,236	-
Total operating revenues	12,690,230	11,058,697	23,748,927	6,564,871
Operating expenses:				
Personal services	1,302,556	1,841,428	3,143,984	-
Contractual services	663,482	1,610,154	2,273,636	-
Materials and supplies	1,680,002	1,030,474	2,710,476	-
Utilities	565,018	615,317	1,180,335	-
Insurance claims and expenses	-	-	-	6,536,049
Taxes	100,448	-	100,448	-
Depreciation	2,254,380	2,620,191	4,874,571	-
Total operating expenses	6,565,886	7,717,564	14,283,450	6,536,049
Operating income	6,124,344	3,341,133	9,465,477	28,822
Nonoperating revenues (expenses):				
Gain (Loss) on disposal of capital assets	18,756	4,607	23,363	
Interest and investment revenue	220,899	487,660	708,559	-
Interest and fiscal charges	(2,021,351)	(1,461,037)	(3,482,388)	-
Total nonoperating revenue (expenses)	(1,781,696)	(968,770)	(2,750,466)	-
Income before contributions and transfers	4,342,648	2,372,363	6,715,011	28,822
Capital contributions	5,561	15,027	20,588	-
Transfers out	(1,422,395)	-	(1,422,395)	-
Changes in net assets	2,925,814	2,387,390	5,313,204	28,822
Total net assets - January 1	30,695,246	77,004,337	107,699,583	582,036
Total net assets - December 31	$ 33,621,060	$ 79,391,727	$ 113,012,787	$ 610,858

CITY OF FOND DU LAC, WISCONSIN

Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Proprietary Funds

For the Year Ended December 31, 2011

Reconciliation of Changes in Fund Balance to Changes in Net Assets

Net Change in Net Assets from previous page	$ 5,313,204
Amounts reported for proprietary activities in the statement of activities are different because:	
Internal service funds are used by management to charge the costs of insurance programs to individual funds. The net revenue of certain activities of internal service funds is reported with proprietary activities.	3,522
Change in Net Assets of Proprietary Activities as Reported on the Statement of Activities (see pages 26 - 27)	$ 5,316,726

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

CITY OF FOND DU LAC, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Wastewater	Total	
Cash flows from operating activities:				
Receipts from customers	$ 11,809,592	$ 10,830,026	$ 22,639,618	$ -
Payments to suppliers	(2,640,432)	(3,348,643)	(5,989,075)	(6,333,420)
Payments to employees	(1,263,727)	(1,814,238)	(3,077,965)	-
Internal activity - payments from (to) other funds	-	-	-	6,638,696
Other receipts	596,225	134,011	730,236	-
Net cash provided by operating activities	8,501,658	5,801,156	14,302,814	305,276
Cash flows from noncapital financing activities:				
Transfers to other funds	(1,422,395)	-	(1,422,395)	-
Repayment of advance to municipality	(500,000)	-	(500,000)	-
Net cash used by noncapital financing activities	(1,922,395)	-	(1,922,395)	-
Cash flows from capital and related financing activities:				
Net proceeds from issuance of long-term debt	7,246,748	-	7,246,748	-
Acquisition and construction of capital assets	(3,448,919)	(1,911,622)	(5,360,541)	-
Principal paid on long-term debt	(4,678,435)	(3,765,223)	(8,443,658)	-
Interest paid on long-term debt	(1,936,321)	(1,472,255)	(3,408,576)	-
Capital contributions	5,561	668,572	674,133	-
Net cash provided by (used for) capital and related financing activities	(2,811,366)	(6,480,528)	(9,291,894)	-
Cash flows from investing activities:				
Interest on investments	222,523	489,813	712,336	-
Net change in cash and cash equivalents	3,990,420	(189,559)	3,800,861	305,276
Cash and cash equivalents - January 1	14,341,238	14,150,124	28,491,362	1,116,031
Cash and cash equivalents - December 31	$ 18,331,658	$ 13,960,565	$ 32,292,223	$ 1,421,307
Cash and cash equivalents consist of the following:				
Unrestricted	$ 10,102,642	$ 11,812,657	$ 21,915,299	$ 1,421,307
Restricted	8,229,016	2,147,908	10,376,924	-
Total	$ 18,331,658	$ 13,960,565	$ 32,292,223	$ 1,421,307

(Continued)

CITY OF FOND DU LAC, WISCONSIN
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2011

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Wastewater	Total	
Reconciliation of operating income to net cash provided by operating activities				
Operating income	$ 6,124,344	$ 3,341,133	$ 9,465,477	$ 28,822
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,254,380	2,620,191	4,874,571	-
(Increase) decrease in assets:				
Receivables	(284,413)	(94,660)	(379,073)	76,373
Inventories	(6,675)	-	(6,675)	-
Increase (decrease) in liabilities:				
Accounts payable	311,512	(69,376)	242,136	180,152
Accrued compensation	120	(5,508)	(5,388)	(229)
Other	65,627	-	65,627	22,706
Unearned revenues	(1,946)	(2,153)	(4,099)	(2,548)
Compensated absences	2,535	-	2,535	-
Other post-employment benefits	36,174	32,698	68,872	-
Due to other local governments	-	(21,169)	(21,169)	-
Net cash provided by operating activities	$ 8,501,658	$ 5,801,156	$ 14,302,814	$ 305,276

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Fond du Lac, Wisconsin ("the City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

1. Reporting Entity
   The City of Fond du Lac is a municipal corporation governed by an elected seven member council. In accordance with GAAP, the basic financial statements are required to include the City (the primary government) and any separate component units that have a significant operational or financial relationship with the City. The City has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement Nos. 14 and 39.

2. Related Organization
   The City's officials are also responsible for appointing the members of the board of another organization, but the City's accountability for this organization does not extend beyond making the appointments. Therefore this organization is not included in the City's reporting entity. The City Council appoints the members of the following related organization:

   The Housing Authority of the City of Fond du Lac - The Housing Authority was established by the City to administer the low and moderate income housing program funded by federal grants and rental income. Although board members of the Housing Authority are appointed by the City Council, there is no financial interdependency with the City of Fond du Lac nor does the City have any significant influence over Housing Authority operations. The City does not provide funding for the Housing Authority. Additionally, the City does not hold title to any of the Housing Authority assets, nor does it have any right to the Housing Authority's surpluses. The City has no legal obligation to fund Housing Authority programs should grant funding no longer be available.

3. Government-Wide and Fund Financial Statements
   The government-wide financial statements (i.e., the statement of net assets 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major governmental funds:

GENERAL FUND

This is the City's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

DEBT SERVICE FUND

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

The City reports the following major enterprise funds:

WATER UTILITY

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

WASTEWATER COLLECTION AND TREATMENT SYSTEM

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the government reports the following fund types:

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

The City implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011. The City reports the following nonmajor special revenue funds, including the purpose and specific revenue source:

Fund	Purpose	Significant Revenues
Library	To account for transactions relating to the operation of the City's library.	Property taxes and grant revenues
City Grant Programs	To account for transactions relating to the administration of various City grants.	Grants
Community Development Block Grant	To account for transactions relating to the administration of the CDBG program.	Grants
Ambulance	To account for user charges and grants relating to the operation of the ambulance service.	Charges for services
Harbor & Boating Facilities	To account for user charges relating to the operation of the boat docks.	Charges for services
Community Projects	To account for transactions relating to the administration of the recycling and other community services programs.	Property taxes and grant revenues
Parking	To account for user charges relating to the operation of parking facilities.	Charges for services
Transit	To account for user charges and grants relating to the operation of the transit service.	Charges for services and grants
HazMat Agreement	To account for transactions relating to the administration of the HazMat program.	Grants
Fuel Pump Maintenance	To account for charges relating to the fuel pump maintenance.	Service fees
TIF Districts	To account for transactions relating to the operation of the City's TIF Districts.	Property taxes and grant revenues
Property Insurance Deductible	To accumulate funds to satisfy deductible requirements.	Service fees

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, other fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Assets, Liabilities and Net Assets or Equity

a. Cash and Investments
Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. 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 are considered to be cash equivalents.

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

c. Interfund Receivables and Payables
During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” and “due to other funds” in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as “advances to other funds” and are offset by a nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

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

d. Inventories
Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

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

e. Prepaid Items
Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $5,000 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

	Governmental Activities	Business-type Activities
	Years	
Assets		
Land improvements	15 - 20	15 - 20
Buildings	30 - 40	12 - 47
Machinery and equipment	2 - 20	5 - 45
Improvements other than buildings	-	25 - 77
Infrastructure	20 - 40	-

g. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

h. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet recognizable.

i. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

For the year ended December 31, 2011, the City implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement provides more clearly defined fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which fund balance amounts can be spent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.

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

- Committed fund balance - Amounts that are constrained for specific purposes by action of the City Council. These constraints can only be removed or changed by the City Council using the same action that was used to create them.

- Assigned fund balance - Amounts that are constrained for specific purposes by action of City management. The City Council has not authorized a specific employee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.

- Unassigned fund balance - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted net assets - Amount of net assets that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

- Unrestricted net assets - Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

6. Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting
   The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

   a. On or about October 1, the City Manager submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council resolution.

   b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.

   c. During the year, formal budgetary integration is employed as a management control device for the general fund, debt service fund, special revenue funds, except for the Community Development Grant, TIF Districts and Property Insurance Deductible Special Revenue Funds, and capital projects funds. The City Manager is authorized to transfer budgeted amounts between budget codes within a department; however, expenditures may not legally exceed appropriations at the above levels unless authorized by two-thirds vote of the City Council. Budgeted amounts are as originally adopted, or as amended by the City Council. Supplemental amendments were necessary during the year but were not material in relation to the original appropriation.

   d. The budget as enacted includes total expenditures at the organization level. An organization can be a department, division, fund or other activity. Expenditures cannot legally exceed appropriations at this level. The governmental funds have legally adopted budgets.

   The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2011.

NOTE B - STEWARDSHIP AND COMPLIANCE (Continued)

2. Excess of Expenditures over Budget Appropriations
The following expenditure accounts of the general, special revenue, debt service and capital projects funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2011 as follows:

Fund	Function	Excess Expenditures
General Fund		
Animal Control	General government	$ 968
Delinquent accounts	General government	42,005
Non-department insurance	General government	5,342
City wide	General government	910
Police	Public safety	28,254
Special Revenue Funds		
Library	Culture and recreation	167,707
City grant programs	General government	1,326
City grant programs	Public safety	30,272
Community projects	Public safety	96,729
Community projects	Community development	16,423
Parking	Community development	26,528
Transit	Community development	36,080
Fuel pump maintenance	Public works	184,768
TIF Districts	General government	4,500
TIF Districts	Public works	22,918
TIF Districts	Community development	1,672,768
TIF Districts	Capital outlay	1,025
Debt Service Fund		
Principal	Debt service	2,848
Other	Debt service	106,517
Capital Projects Funds		
General Capital Projects	Capital outlay	1,359,324
Streets	Capital outlay	1,770,144
Special assessments	Capital outlay	208,227

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

3. Deficit Fund Equity
The following funds had deficit fund equity as of December 31, 2011:

Fund	Deficit Fund Equity
Special Revenue Funds	
Library	$ 51,090
Parking	145,238
Transit	191,695

The City anticipates funding the above deficits from future revenues and tax levies.

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The City maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the City's cash and investments totaled $55,974,491 on December 31, 2011 as summarized below:

Petty cash and cash on hand	$ 23,398
Deposits with financial institutions	5,131,728
Investments	50,819,365
	$ 55,974,491
Basic financial statements	
Cash and investments	$ 45,597,567
Restricted cash and investments	10,376,924
	$ 55,974,491

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

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The City does not have an additional custodial credit risk 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 time and savings deposits and $250,000 for interest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions outside the State of Wisconsin are insured by the FDIC in the amount of $250,000 all time accounts, savings accounts and interest-bearing demand deposit accounts per official custodian per depository institution. In addition, the City's non-interest bearing transaction accounts are fully insured through December 31, 2011. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of $400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2011, none of the City's deposits with financial institutions were in excess of federal depository insurance limits and uncollateralized.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Federal National Mortgage Association	$ 12,192,517	$ -	$ 12,192,517	$ -	$ -
Federal Home Loan Mortgage Corporation	9,030,308	-	9,030,308	-	-
Federal Home Loan Bank	6,024,530	-	6,024,530	-	-
Wells Fargo Mutual Funds	2,651,100	-	-	-	2,651,100
U.S. Treasury Notes	1,521,421	1,521,421	-	-	-
Federal Farm Credit Bank	6,553,269	-	6,553,269	-	-
Wisconsin CLASS Holdings Investment Pool	2,500,000	-	-	-	2,500,000
Wisconsin Local Government Investment Pool	10,346,220	-	-	-	10,346,220
Totals	$ 50,819,365	$ 1,521,421	$ 33,800,624	$ -	$ 15,497,320

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount	Percent of Total Investments
Federal National Mortgage Association	Bonds	$ 12,192,517	24%
Federal Home Loan Mortgage Corporation	Bonds	9,030,308	18%
Federal Farm Credit Bank	Bonds	6,553,269	13%
Federal Home Loan Bank	Bonds	6,024,530	12%

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 as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Federal National Mortgage Association	$ 12,192,517	$ -	$ 1,067,466	$ 9,038,322	$ 2,086,729
Federal Home Loan Mortgage Corporation	9,030,308	-	-	7,517,810	1,512,498
Federal Home Loan Bank	6,024,530	-	-	2,005,995	4,018,535
Wells Fargo Mutual Funds	2,651,100	2,651,100	-	-	-
U.S. Treasury Notes	1,521,421	-	-	1,521,421	-
Federal Farm Credit Bank	6,553,269	4,788,523	-	-	1,764,746
Wisconsin CLASS Holdings Investment Pool	2,500,000	2,500,000	-	-	-
Wisconsin Local Government Investment Pool	10,346,220	10,346,220	-	-	-
Totals	$ 50,819,365	$ 20,285,843	$ 1,067,466	$ 20,083,548	$ 9,382,508

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

Highly Sensitive Investments	Fair Value at Year End
Federal National Mortgage Association	$ 12,192,517
Federal Home Loan Mortgage Corporation	9,030,308
Federal Farm Credit Bank	6,553,269
Federal Home Loan Bank	6,024,530

These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair value of these securities highly sensitive to changes in interest rates.

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of $10,346,220 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2011, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

Investments held by the City at year end were consistent with those held throughout the year.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

2. Property Taxes

The City's property taxes are levied on or about December 1 on the assessed valuation as of the prior January 1 for all property located in the City. Taxes become an enforceable lien on property the following January 1. Taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two installments on or before January 31, and July 31 with a minimum installment of $50. Real estate taxes not paid by July 31 are purchased by the County as part of the August tax settlement. Delinquent personal property taxes remain the collection responsibility of the City.

The City bills and collects its own property taxes and also levies and collects taxes for the Fond du Lac School District, North Fond du Lac School District, Fond du Lac County, Moraine Park Technical College and the State of Wisconsin, and the State Forestry tax. Tax settlements with each of the taxing units occurs fifteen days after each installment due date with the final settlement with the County on August 15.

3. Restricted Assets

Restricted assets on December 31, 2011 totaled $10,376,924 held for the following purposes:

Enterprise Funds	
Water Utility	
Bond redemption	$ 4,118,665
Water plant decommissioning	2,121,299
Construction improvements	1,989,052
Wastewater Utility	
Equipment replacement	1,235,466
Bond redemption	912,442
Total Enterprise Funds	$ 10,376,924

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 6,264,042	$ 56,177	$ -	$ 6,320,219
Construction in progress	1,351,595	994,291	1,351,595	994,291
Total capital assets, not being depreciated	7,615,637	1,050,468	1,351,595	7,314,510
Capital assets, being depreciated:				
Buildings	26,299,194	160,448	-	26,459,642
Improvements other than buildings	9,281,203	15,000	-	9,296,203
Equipment	19,091,749	4,104,579	1,433,890	21,762,438
Infrastructure	190,956,802	1,836,450	-	192,793,252
Subtotals	245,628,948	6,116,477	1,433,890	250,311,535
Less accumulated depreciation for:				
Buildings	10,938,795	663,004	-	11,601,799
Improvements other than buildings	4,894,234	367,942	-	5,262,176
Equipment	12,509,088	1,573,423	1,376,433	12,706,078
Infrastructure	65,873,796	4,796,532	-	70,670,328
Subtotals	94,215,913	7,400,901	1,376,433	100,240,381
Total capital assets, being depreciated, net	151,413,035	(1,284,424)	57,457	150,071,154
Governmental activities capital assets, net	$ 159,028,672	$ (233,956)	$ 1,409,052	157,385,664
Less related long-term debt outstanding				61,455,269
Invested in capital assets, net of related debt				$ 95,930,395
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 305,815	$ -	$ -	$ 305,815
Construction in progress	1,275,250	2,331,553	1,556,030	2,050,773
Total capital assets, not being depreciated	1,581,065	2,331,553	1,556,030	2,356,588
Capital assets, being depreciated:				
Buildings	86,789,377	368,066	-	87,157,443
Improvements other than buildings	100,189,249	3,989,589	135,961	104,042,877
Equipment	31,590,055	331,448	52,142	31,869,361
Subtotals	218,568,681	4,689,103	188,103	223,069,681
Less accumulated depreciation for:				
Buildings	10,433,632	2,294,749	-	12,728,381
Improvements other than buildings	17,950,224	1,569,078	147,050	19,372,252
Equipment	9,991,676	1,188,299	54,823	11,125,152
Subtotals	38,375,532	5,052,126	201,873	43,225,785
Total capital assets, being depreciated, net	180,193,149	(363,023)	(13,770)	179,843,896
Business-type activities capital assets, net	$ 181,774,214	$ 1,968,530	$ 1,542,260	182,200,484
Less related long-term debt outstanding				114,900,099
Invested in capital assets, net of related debt				$ 67,300,385

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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

Governmental activities	
General government	$ 217,287
Police	320,505
Fire	321,468
Ambulance	101,714
Public works	5,440,511
Culture and recreation	637,234
Community development	362,182
Total depreciation expense - governmental activities	$ 7,400,901
Business-type activities	
Water utility	$ 2,254,380
Water utility charged to clearing accounts	177,555
Wastewater utility	2,620,191
Total depreciation expense - business-type activities	$ 5,052,126

5. Interfund Receivable, Payables, and Transfers

Interfund transfers for the year ended December 31, 2011 were as follows:

	Transfer to:			
	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
Transfers from:				
General fund	$ -	$ -	$ 3,341,093	$ 3,341,093
Nonmajor Governmental Funds	16,419	673,438	5,828,169	6,518,026
Water Utility	1,422,395	-	-	1,422,395
Totals	$ 1,438,814	$ 673,438	$ 9,169,262	$ 11,281,514

Transfers are used to: (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2011 are detailed below:

	Interfund Receivables	Interfund Payables
Operating Accounts Between Funds		
General Fund	$ 690,635	$ -
Nonmajor Governmental Funds	-	690,635
Subtotal	$ 690,635	$ 690,635
Advances		
General Fund	$ 437,500	$ -
Water Utility Enterprise Fund	-	437,500
	$ 437,500	$ 437,500

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimburseable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

6. Deferred Revenues

Governmental activities and governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for resources that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue were as follows:

	Unavailable	Unearned	Total
Subsequent year tax levy receivable			
General Fund	$ -	$ 15,602,934	$ 15,602,934
Debt service fund	-	3,330,975	3,330,975
Nonmajor governmental funds		2,262,632	2,262,632
Postponed special assessment installments			
Debt service fund	598,916	-	598,916
Revenue received in advance			
General Fund	-	102,571	102,571
Debt service fund	-	15,603	15,603
Internal service fund	-	27,422	27,422
Loans receivable			
Nonmajor governmental fund			
Community development block grant fund	6,604,202	-	6,604,202
Totals	$ 7,203,118	$ 21,342,137	$ 28,545,255

Postponed special assessments are generally collectible in annual installments over a period of five years. The commercial and industrial revolving and debt service fund loans are being repaid to the City in installments at various rates. The housing revolving loans will be repaid to the City when the property is no longer the loan recipient's principal place of residence. The City recognizes revenue from the special assessments and loans receivable in the year payments are received.

7. Long-term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2011:

	Outstanding 1/1/11	Issued	Retired	Outstanding 12/31/11	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	$ 44,140,000	$ 11,075,000	$ 6,200,000	$ 49,015,000	$ 950,000
Notes	21,207,477	1,500,000	6,125,000	16,582,477	705,000
Total General Obligation Debt	65,347,477	12,575,000	12,325,000	65,597,477	1,655,000
Note anticipation notes	9,700,000	-	-	9,700,000	150,000
Capital leases	137,792	-	34,528	103,264	33,675
Other post-employment benefits	1,377,528	552,506	-	1,930,034	-
Compensated absences	1,675,239	1,666,479	1,745,166	1,596,552	1,537,605
Governmental activities					
Long-term obligations	$ 78,238,036	$ 14,793,985	$ 14,104,694	$ 78,927,327	$ 3,376,280
Business-type activities:					
Revenue bonds	$ 116,097,007	$ 7,246,750	$ 8,443,658	$ 114,900,099	$ 7,152,255
Other post-employment benefits	176,745	68,872	-	245,617	-
Compensated absences	172,343	146,869	144,334	174,878	146,870
Business-type activities					
Long-term obligations	$ 116,446,095	$ 7,462,491	$ 8,587,992	$ 115,320,594	$ 7,299,125

Total interest paid during the year on long-term debt totaled $6,878,933.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Description	Issue Amount	Interest	Maturity Date	Balance as of 12/31/11
General Obligation Bonds				
2004 Library refunding serial bonds	$ 3,925,000	4.25%	03/01/19	$ 3,325,000
2007 Capital improvement refunding bonds	10,950,000	5.00%	04/01/22	10,650,000
2009 Capital improvement refunding bonds	3,125,000	5.00%	05/01/23	2,900,000
2010 Capital improvement refunding bonds	10,665,000	3.96%	03/01/25	10,565,000
2010 Build America Bonds	7,800,000	3.74%	03/01/30	7,800,000
2010 Capital improvement refunding bonds	2,700,000	3.05%	04/01/21	2,700,000
2011 Capital improvement refunding bonds	5,700,000	4.65%	2/1/2026	5,700,000
2011 Capital improvement refunding bonds	5,375,000	3.68%	2/1/2021	5,375,000
Total Bonds				49,015,000
General Obligation Notes				
2002 State Trust Fund notes	1,310,000	4.50%	03/15/12	65,000
2004 Unfunded pension liability notes	5,000,000	5.25%	03/16/24	4,280,000
2007 Capital improvement project notes	6,100,000	4.25%	03/01/17	5,700,000
2007 TIF #10 refunding notes	1,730,000	4.25%	04/01/17	1,330,000
2007 Ready for Re-Use Loan	352,477	0.00%	11/01/16	352,477
2008 Capital improvement project notes	3,655,000	3.83%	03/01/16	3,355,000
2011 Capital improvement project notes	1,500,000	4.14%	2/1/2021	1,500,000
Total Notes				16,582,477
Total general obligation bonds and notes				$ 65,597,477

Annual principal and interest maturities of the outstanding general obligation debt on December 31, 2011 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2012	$ 1,655,000	$ 3,002,156	$ 4,657,156
2013	2,515,000	2,709,511	5,224,511
2014	3,040,000	2,616,118	5,656,118
2015	3,815,000	2,496,361	6,311,361
2016	5,022,477	2,343,578	7,366,055
2017-2021	29,195,000	5,218,142	34,413,142
2022-2026	16,755,000	2,787,405	19,542,405
2027-2030	3,600,000	468,563	4,068,563
	$ 65,597,477	$ 21,641,834	$ 87,239,311

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

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2011 was $67,757,667 as follows:

Equalized valuation of the City		$ 2,643,226,500
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		132,161,325
Total outstanding general obligation debt applicable to debt limitation	$ 65,597,477	
Less amount available for financing general obligation debt	1,193,819	
		64,403,658
Legal Margin for New Debt		$ 67,757,667

Build America Bonds

The general obligation debt issued on May 12, 2010 qualifies as Build America Bonds, as described in Section 54AA of the Internal Revenue Code. The interest on the debt is taxable as set forth in the regulations. The City is eligible to receive a 35% subsidy of the annual interest payment from the Federal government. In order to receive this subsidy, it is necessary for the City to file a claim form for each interest payment made.

Anticipation Notes

Anticipation notes outstanding on December 31, 2011 totaled $9,700,000 and consisted of the following issues used to finance capital improvements:

Description	Issue Amount	Interest	Maturity Date	Balance as of 12/31/11
2009 Note anticipation notes	$ 7,900,000	4.10%	03/01/14	$ 7,900,000
2010 Note anticipation notes	1,800,000	3.60%	05/01/13	1,800,000
				$ 9,700,000

Annual principal and interest maturities of the outstanding note anticipation notes on December 31, 2011 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2012	$ 150,000	$ 385,238	$ 535,238
2013	2,100,000	344,962	2,444,962
2014	7,450,000	153,656	7,603,656
	$ 9,700,000	$ 883,856	$ 10,583,856

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Capital Leases

The City has entered into lease agreements for the acquisition of library equipment. The lease agreements qualify as capital leases and have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The following is a schedule of future minimum lease payments under these capital leases, and the present value of the minimum lease payments at December 31, 2011.

Year	Payment
2012	$ 49,381
2013	49,381
2014	28,805
Less amount representing interest	(24,303)
	$ 103,264

Revenue Bonds

Revenue bond debt service requirements are financed from operations of the enterprise funds. Revenue bonds outstanding on December 31, 2011 totaling $114,900,099 are composed of the following issues:

Description	Issue Amount	Interest	Maturity Date	Balance as of 12/31/11
2001 Waterworks system revenue bonds	$ 6,330,000	4.49%	09/01/12	$ 750,000
2002 Waterworks system revenue bonds	2,475,000	4.83%	09/01/18	1,700,000
2003 Waterworks system revenue bonds	4,850,000	4.81%	09/01/23	3,800,000
2003 Sewerage system revenue bonds	1,195,000	3.87%	11/01/12	850,000
2004 Waterworks system revenue bonds	6,950,000	4.41%	09/01/23	6,275,000
2004 Sewerage system revenue bonds	4,950,000	3.87%	11/01/23	4,275,000
2005 Waterworks system revenue bonds	1,030,000	4.00%	09/01/12	175,000
2005 Sewerage system revenue bonds	1,050,000	3.87%	11/01/15	450,000
2007 Alliant Energy sewerage bonds	1,732,532	0.00%	05/01/12	169,222
2008 Sewerage system revenue bonds	57,396,631	2.37%	05/01/25	49,720,785
2008 Waterworks system revenue bonds	21,753,247	2.37%	05/01/27	18,972,302
2010 Waterworks system revenue bonds	10,990,743	2.20%	05/01/29	10,512,790
2010 Waterworks system revenue bonds	11,650,000	4.21%	09/01/29	11,225,000
2011 Waterworks system revenue bonds	6,025,000	4.03%	9/1/2029	6,025,000
Total Revenue Bonds				$ 114,900,099

The annual principal and interest maturities of the above outstanding revenue bonds are detailed below (in thousands of dollars):

Year Ended December 31	Business-type Activities		
	Principal	Interest	Total
2012	$ 7,152,255	$ 3,318,145	$ 10,470,400
2013	6,739,004	3,131,844	9,870,848
2014	6,597,468	2,949,168	9,546,636
2015	6,808,482	2,769,167	9,577,649
2016	6,847,108	2,580,380	9,427,488
2017-2021	37,410,680	9,831,213	47,241,893
2022-2026	34,890,296	4,097,231	38,987,527
2027-2029	8,454,806	571,216	9,026,022
	$ 114,900,099	$ 29,248,364	$ 144,148,463

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

The City has pledged future water and wastewater customer revenues, net of specified operating expenses, to repay the revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used by the City. The bonds are payable solely from the water and wastewater customer net revenues and are payable through 2025 and 2029, respectively. The total principal and interest remaining to be paid on the water bonds is $78,463,671. Principal and interest paid for the current year and total customer net revenues were $6,614,755 and $8,599,623 respectively. The total principal and interest remaining to be paid on the wastewater bonds is $65,684,790. Principal and interest paid for the current year and total customer net revenues were $5,237,478 and $6,448,984 respectively.

Defeased Debt

In 2011 and prior years, the City advance refunded the outstanding maturities of the 2004, 2005, and 2006 general obligation notes in order to restructure future debt service payments. As a result, the refunded notes are considered to be defeased and the liability has been removed from the financial statements. At December 31, 2011, $14,125,000 of outstanding general obligation notes are considered defeased.

8. Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2011, there were seven series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of $13,000,487.

9. Fund Equity

Net assets of the governmental activities reported on the government-wide statement of net assets at December 31, 2011 includes the following:

Invested in capital assets, net of related debt	
Land	$ 6,320,219
Improvements other than buildings	9,296,203
Buildings	26,459,642
Equipment	21,762,438
Infrastructure	192,793,252
Construction in progress	994,291
Less: Accumulated depreciation	(100,240,381)
Less: Related long-term debt outstanding	(61,455,269)
Total Invested in Capital Assets, Net of Related Debt	95,930,395
Restricted for debt service	1,193,819
Unrestricted	6,671,579
Total Governmental Activities Net Assets	$ 103,795,793

NOTE D - OTHER POST-EMPLOYMENT BENEFITS

Plan Description - The City provides health care insurance coverage only for City employees who retire until they reach the age of 65. The retired employee contributes 100% of the premium for family coverage or 100% of the premium for single coverage. There are 318 active and 49 retired employees in the plan.

Annual OPEB Cost and Net OPEB Obligation - The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and the amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Component	Amount
Annual required contribution	$ 1,009,366
Interest on net OPEB	40,375
Adjustment to annual required contribution	(48,183)
Annual OPEB cost	1,001,558
Contributions made	380,180
Change in net OPEB obligation	621,378
OPEB obligation - beginning of year	1,554,273
OPEB obligation - end of year	$ 2,175,651

The annual required contribution for the current year was determined as part of the January 1, 2010 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 4.00% inflation rate, and (b) projected salary increases at 1.50%.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level dollar amount of projected payroll. The remaining amortization period at December 31, 2011 is 28 years, and the remaining amount is $8,821,561.

Trend Information - The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the previous two years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2011	$1,001,558	38%	$2,175,651
12/31/2010	$990,124	52%	$1,554,273
12/31/2009	$873,439	40%	$1,078,231

Funded Status and Funding Progress - As of January 1, 2010, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was $8,821,561. The annual payroll for active employees covered by the plan for the 2011 fiscal year was $21,000,280 for a ratio of the UAAL to covered payroll of 42%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

NOTE D - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2010 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a rate of 4.00% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 9.60%, reduced by decrements to an ultimate rate of 5.5% after 25 years. The UAAL is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at December 31, 2011 was 28 years.

NOTE E - OTHER INFORMATION

1. Retirement Commitments

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All permanent employees hired before July 1, 2011 and expected to work over 600 hours a year (440 hours for teachers and educational support employees) or hired on or after July 1, 2011 and expected to work over 1200 hours a year (880 hours for teachers and educational support employees) are eligible to participate in the WRS. Covered employees in the General/Teacher/ Educational Support Personnel category are required by statute to contribute 5.8% of their salary (6.65% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 5.8% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for City employees covered by the WRS for the year ended December 31, 2011 was $20,138,967; the employer's total payroll was $21,000,280. The total required contribution for the year ended December 31, 2011 was $3,359,823, which consisted of $2,162,064, or 10.74% of covered payroll from the employer and $1,197,758, or 5.95% of covered payroll from employees. Total contributions for the years ending December 31, 2010 and 2009 were $2,531,912 and $2,989,013 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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 or after April 24, 1998 are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

NOTE E - OTHER INFORMATION (Continued)

The City currently provides contributions to the Wisconsin Retirement Fund for employees formerly covered under the City-sponsored and administered Police-Fire pension fund. This fund was terminated by State Statute in a prior year. In accordance with the statute terminating the pension funds, the City chose a "pay-as-you-go" basis for pension contributions in which payments are made to the Wisconsin Retirement Fund as the benefits become due and payable to the participants of the old plan. The total expenditures for 2011 were $50,109.

2. Risk Management

The City is exposed to various risks of loss related to medical claims. The City's risk management fund (an Internal Service Fund) is used to account for and finance its uninsured health risk of loss. Under this program, the risk management fund provides coverage for up to an annual maximum of $150,000 for each individual's total claims with group claims limited to 125% of expected claims annually. The City purchases commercial stop loss insurance for health claims in excess of coverage provided by the fund. Settled claims have not exceeded this commercial insurance coverage since inception of the fund.

All funds of the City participate in the health program and are charged amounts needed to pay prior - and current - year claims and to establish a reserve for future insurance costs. On December 31, 2011 that reserve was $610,858. The accounts payable of $774,942 reported in the fund at December 31, 2011 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's reported liability amount for 2011 and 2010 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2011	$ 594,790	$ 5,722,526	$ 5,542,374	$ 774,942
2010	570,346	5,214,698	5,190,254	594,790

All other risks, which include comprehensive general liability, automobile, Worker's Compensation, law enforcement, property, crime, public officials, and storage tank pollution are covered by commercial insurance. The gross cost of commercial insurance in 2011 was $891,231. 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 E - OTHER INFORMATION (Continued)

3. Tax Incremental Districts
The City has established separate debt service funds for its Tax Incremental Districts (TID). The TID's were created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the Districts were created, the property tax base within each District was "frozen" and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the City to finance such improvements. The Statutes allow a tax incremental district to incur eligible project costs for up to five years prior to the termination of the district. The intent of the City is to recover all project costs, including interest on debt used to finance the project costs, from future TID increment revenues prior to termination of the respective District.

Additional information about the City's TID's follows:

TID	Creation Date	Construction Period Ends	Termination Date
8	4/22/92	closed	5/2/19
9	5/24/00	5/24/18	1/1/24
10	8/25/04	8/25/22	1/1/28
11	1/1/06	6/24/24	1/1/30
12	8/13/08	8/13/26	1/1/32
13	3/30/10	3/30/25	3/30/30
14	11/10/10	11/10/32	11/10/37
15	8/23/11	8/23/33	8/23/38

4. 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 2011 budget year, the increase in the maximum allowable tax levy is limited to the greater of the percentage change in the City's January 1 equalized value as a result of net new construction, or 0.0%, whichever is greater. The actual limit for the City for the 2011 budget was 1.0%. For the 2012 budget year, 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 2012 budget was 0.81%. Wisconsin statutes allow the limit to be adjusted for increases in debt service.

5. Contingencies
   a. The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under OMB Circular A-133 and the *State Single Audit Guidelines* has been conducted but final acceptance is still pending. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

   b. From time to time, the City is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the City Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

6. Subsequent Events
On May 9, 2012 the City Council authorized the issuance of $5,475,000 General Obligation Refunding Bonds and $7,650,000 General Obligation Refunding Bonds.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF FOND DU LAC, WISCONSIN
Schedule of Funding Progress
Other Post-Employment Benefit Plan
December 31, 2011

Actuarial Valuation Date December 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Unit Credit	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2008	$ -	$ 8,634,315	0.00%	$ 8,634,315	$ 19,580,000	44%
2010	$ -	$ 8,821,561	0.00%	$ 8,821,561	$ 20,712,000	43%

The City implemented GASB Statement No. 45 for the fiscal year ended December 31, 2008. Information for prior years is not available.

CITY OF FOND DU LAC, WISCONSIN
Schedule of Employer Contributions
Other Post-Employment Benefit Plan
December 31, 2011

Year Ended December 31,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2008	$ 307,932	$ 860,429	36%
2009	$ 347,705	$ 873,439	40%
2010	$ 514,082	$ 1,001,557	51%
2011	$ 380,180	$ 1,001,558	38%

The City implemented GASB Statement No. 45 for the fiscal year ended December 31, 2008. Information for prior years is not available.

SUPPLEMENTAL INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are established to account for the proceeds of specific revenue sources or to finance specific activities as required by law or administrative regulations. Their revenues are segregated into individual funds to ensure that expenditures are made exclusively for qualified purposes.

LIBRARY - This fund is used to account for the operation of the Fond du Lac Public Library.

CITY GRANT PROGRAMS - This fund accounts for State of Wisconsin administered programs restricted for paramedic training and safety related equipment for the workplace.

COMMUNITY DEVELOPMENT BLOCK GRANT - This fund accounts for all of the community block grant programs.

AMBULANCE - This fund is used to account for the operation of the City of Fond du Lac's ambulance service.

HARBOR & BOATING FACILITIES - This fund was established to account for boat slip rental fees and boat launch fees accumulated specifically for maintaining and improving the City harbor and boating facilities.

COMMUNITY PROJECTS - This fund was established to account for donations designated for specific purposes to enhance the Fond du Lac community.

PARKING - This fund accounts for revenues from parking meters, permits, and lots. The revenues defray operational costs related to parking operations.

TRANSIT - This fund accounts for the operations and maintenance of the municipal public transportation system.

HAZ MAT AGREEMENT - This fund accounts for interagency haz mat funded by the City, County and users.

FUEL PUMP MAINTENANCE - This fund accounts for the maintenance and replacement of the municipal fuel pump system from fees charged on all fuel used by City departments.

TIF Districts - This fund accounts for the revenues and expenditures of the economic development of the City's Tax Incremental Financing Districts.

PROPERTY INSURANCE DEDUCTIBLE - This fund was established to provide funding for increased deductibles when claims are made.

Capital Projects Funds

Capital Project Funds are used to account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

GENERAL CAPITAL PROJECTS FUND - This fund accounts for the financing and costs of miscellaneous capital projects not accounted for in other funds.

STREET IMPROVEMENTS FUND - This fund accounts for the financing and reconstruction of existing streets, intersections and bridges.

STORM SEWER IMPROVEMENTS FUND - This fund accounts for the financing and construction of existing and new storm sewer projects.

PARK IMPROVEMENTS FUND - This fund accounts for the financing, construction and improvements of park facilities and playgrounds.

SPECIAL ASSESSMENTS FUND - This fund accounts for the financing and construction of new residential development projects including streets, street lighting, curb/gutters and sidewalks. Owners of the benefited property are assessed for the construction costs incurred..

CITY OF FOND DU LAC, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	$ 1,914,133	$ 7,639,106	$ 9,553,239
Accounts receivable	27,277	612	27,889
Ambulance receivable	384,591	-	384,591
Taxes receivable, net	2,262,632	-	2,262,632
Community development loans receivable	6,604,202	-	6,604,202
Due from other governments	1,601,940	298,550	1,900,490
Inventories	41,160	-	41,160
Other	30,201	103,165	133,366
Total assets	$ 12,866,136	$ 8,041,433	$ 20,907,569
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 306,919	$ 206,547	$ 513,466
Contracts payable	-	120,139	120,139
Accrued compensation	236,653	-	236,653
Due to other funds	690,635	-	690,635
Deferred revenues	8,866,834	-	8,866,834
Other	50,607	3,000	53,607
Total liabilities	10,151,648	329,686	10,481,334
Fund balances:			
Nonspendable			
Inventories	41,160	-	41,160
Restricted			
CDBG	1,023,837	-	1,023,837
Committed			
Nonmajor Special Revenue Funds	2,037,514	-	2,037,514
Nonmajor Capital Project Funds	-	7,711,747	7,711,747
Unassigned	(388,023)	-	(388,023)
Total fund balances	2,714,488	7,711,747	10,426,235
Total liabilities and fund balances	$ 12,866,136	$ 8,041,433	$ 20,907,569

CITY OF FOND DU LAC, WISCONSIN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	Library	City Grant Programs	Community Development Block Grant	Ambulance	Harbor & Boating Facilities	Community Projects	Parking
ASSETS							
Cash and investments	$ 66,612	$ 22,377	$ -	$ 349,675	$ 225,946	$ 440,130	$ -
Accounts receivable	1,488	-	157	13	-	-	25,457
Ambulance receivable	-	-	-	384,591	-	-	-
Taxes receivable, net	1,718,139	-	-	-	-	-	-
Community development loans receivable	-	-	6,604,202	-	-	-	-
Due from other governments	-	5,460	1,430,288	-	-	14,129	-
Inventories	-	-	-	16,678	-	24,482	-
Other	30,201	-	-	-	-	-	-
Total assets	$ 1,816,440	$ 27,837	$ 8,034,647	$ 750,957	$ 225,946	$ 478,741	$ 25,457
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ 95,860	$ 5,525	$ 50,857	$ 20,984	$ 619	$ 57,476	$ 4,381
Accrued compensation	53,531	-	-	118,149	-	-	43,572
Due to other funds	-	-	354,751	-	-	-	95,226
Deferred revenues	1,718,139	-	6,604,202	-	-	-	-
Other	-	-	1,000	-	38	210	27,516
Total liabilities	1,867,530	5,525	7,010,810	139,133	657	57,686	170,695
Fund balances:							
Nonspendable							
Inventories	-	-	-	16,678	-	24,482	-
Restricted							
Community development projects and loans	-	-	1,023,837	-	-	-	-
Committed							
Subsequent years' expenditures	-	22,312	-	595,146	225,289	396,573	-
Unassigned	(51,090)	-	-	-	-	-	(145,238)
Total fund balances	(51,090)	22,312	1,023,837	611,824	225,289	421,055	(145,238)
Total liabilities and fund balances	$ 1,816,440	$ 27,837	$ 8,034,647	$ 750,957	$ 225,946	$ 478,741	$ 25,457

(Continued)

CITY OF FOND DU LAC, WISCONSIN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	Transit	Haz Mat Agreement	Fuel Pump Maintenance	TIF Districts	Property Insurance Deductible	Total
ASSETS						
Cash and investments	$ -	$ 26,839	$ 58,494	$ 688,512	$ 35,548	$ 1,914,133
Accounts receivable	-	162	-	-	-	27,277
Ambulance receivable	-	-	-	-	-	384,591
Taxes receivable, net	-	-	-	544,493	-	2,262,632
Community development loans receivable	-	-	-	-	-	6,604,202
Due from other governments	152,063	-	-	-	-	1,601,940
Inventories	-	-	-	-	-	41,160
Other	-	-	-	-	-	30,201
Total assets	$ 152,063	$ 27,001	$ 58,494	$ 1,233,005	$ 35,548	$ 12,866,136
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 59,856	$ -	$ -	$ 11,361	$ -	$ 306,919
Accrued compensation	21,401	-	-	-	-	236,653
Due to other funds	240,658	-	-	-	-	690,635
Deferred revenues	-	-	-	544,493	-	8,866,834
Other	21,843	-	-	-	-	50,607
Total liabilities	343,758	-	-	555,854	-	10,151,648
Fund balances:						
Nonspendable						
Inventories	-	-	-	-	-	41,160
Restricted						
Community development projects and loans	-	-	-	-	-	1,023,837
Committed						
Subsequent years' expenditures	-	27,001	58,494	677,151	35,548	2,037,514
Unassigned	(191,695)	-	-	-	-	(388,023)
Total fund balances	(191,695)	27,001	58,494	677,151	35,548	2,714,488
Total liabilities and fund balances	$ 152,063	$ 27,001	$ 58,494	$ 1,233,005	$ 35,548	$ 12,866,136

CITY OF FOND DU LAC, WISCONSIN
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2011

	General Capital Projects	Streets	Storm Sewers	Parks	Special Assessments	Total
ASSETS						
Cash and investments	$ 1,126,301	$ 1,830,357	$ 4,076,220	$ 485,044	$ 121,184	$ 7,639,106
Accounts receivable	612	-	-	-	-	612
Due from other governments	23,550	-	275,000	-	-	298,550
Other	103,165	-	-	-	-	103,165
Total assets	$ 1,253,628	$ 1,830,357	$ 4,351,220	$ 485,044	$ 121,184	$ 8,041,433
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 150,249	$ 15,341	$ 40,957	$ -	$ -	$ 206,547
Contracts payable	2,806	18,417	98,916	-	-	120,139
Other	3,000	-	-	-	-	3,000
Total liabilities	156,055	33,758	139,873	-	-	329,686
Fund balances:						
Committed						
Future capital improvements	1,097,573	1,796,599	4,211,347	485,044	121,184	7,711,747
Total liabilities and fund balances	$ 1,253,628	$ 1,830,357	$ 4,351,220	$ 485,044	$ 121,184	$ 8,041,433

CITY OF FOND DU LAC, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Property taxes	$ 2,707,612	$ -	$ 2,707,612
Intergovernmental	5,033,228	1,896,187	6,929,415
Charges for services	3,474,741	-	3,474,741
Court and parking fines	82,515	-	82,515
Investment earnings	20,633	-	20,633
Miscellaneous	931,879	47,415	979,294
Total revenues	12,250,608	1,943,602	14,194,210
EXPENDITURES			
General government	10,122	-	10,122
Public safety	4,787,561	-	4,787,561
Public works	961,672	-	961,672
Culture and recreation	3,017,673	-	3,017,673
Community development	4,236,362	-	4,236,362
Interest and other charges	1,025	-	1,025
Capital outlay	3,345,950	7,318,198	10,664,148
Total expenditures	16,360,365	7,318,198	23,678,563
Excess (deficiency) of revenues over expenditures	(4,109,757)	(5,374,596)	(9,484,353)
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	1,500,000	1,500,000
Transfers in	2,586,628	6,582,634	9,169,262
Transfers out	(797,460)	(5,720,566)	(6,518,026)
Total other financing sources (uses)	1,789,168	2,362,068	4,151,236
Net change in fund balances	(2,320,589)	(3,012,528)	(5,333,117)
Fund balances - January 1	5,035,077	10,724,275	15,759,352
Fund balances - December 31	$ 2,714,488	$ 7,711,747	$ 10,426,235

CITY OF FOND DU LAC, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011

	Library	City Grant Programs	Community Development Block Grant	Ambulance	Harbor & Boating Facilities	Community Projects	Parking
REVENUES							
Property taxes	$ 1,782,300	$ -	$ -	$ -	$ -	$ 351,978	$ -
Intergovernmental	823,726	43,403	2,538,377	278,713	-	199,276	-
Charges for services	78,221	-	-	2,586,084	184,945	-	339,550
Court and parking fines	-	-	-	-	6,566	-	75,949
Investment earnings	-	-	20,375	-	3,753	378	-
Miscellaneous	171,301	2,500	365,136	117	-	192,724	-
Total revenues	2,855,548	45,903	2,923,888	2,864,914	195,264	744,356	415,499
EXPENDITURES							
General government	-	3,126	-	-	-	-	-
Public safety	-	40,272	-	4,577,575	-	142,448	-
Public works	-	-	-	-	-	749,086	-
Culture and recreation	2,910,572	-	-	-	98,288	8,813	-
Community development	-	14,894	167,690	-	-	16,423	480,226
Interest and other charges	-	-	-	-	-	-	-
Capital outlay	-	-	3,345,950	-	-	-	-
Total expenditures	2,910,572	58,292	3,513,640	4,577,575	98,288	916,770	480,226
Excess (deficiency) of revenues over expenditures	(55,024)	(12,389)	(589,752)	(1,712,661)	96,976	(172,414)	(64,727)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	1,500	-	1,969,006	-	330,250	-
Transfers out	(49,381)	-	-	(34,603)	(83,613)	-	-
Total other financing sources (uses)	(49,381)	1,500	-	1,934,403	(83,613)	330,250	-
Net change in fund balances	(104,405)	(10,889)	(589,752)	221,742	13,363	157,836	(64,727)
Fund balances (deficit) - January 1	53,315	33,201	1,613,589	390,082	211,926	263,219	(80,511)
Fund balances (deficit) - December 31	$ (51,090)	$ 22,312	$ 1,023,837	$ 611,824	$ 225,289	$ 421,055	$ (145,238)

(Continued)

CITY OF FOND DU LAC, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011

	Transit	HazMat Agreement	Fuel Pump Maintenance	TIF Districts	Property Insurance Deductible	Total
REVENUES						
Property taxes	$ -	$ -	$ -	$ 573,334	$ -	$ 2,707,612
Intergovernmental	1,127,484	19,520	-	2,729	-	5,033,228
Charges for services	285,652	289	-	-	-	3,474,741
Court and parking fines	-	-	-	-	-	82,515
Investment earnings	(3,873)	-	-	-	-	20,633
Miscellaneous	15,987	-	33,069	148,545	2,500	931,879
Total revenues	1,425,250	19,809	33,069	724,608	2,500	12,250,608
EXPENDITURES						
General government	-	-	-	4,500	2,496	10,122
Public safety	-	27,266	-	-	-	4,787,561
Public works	-	-	188,768	23,818	-	961,672
Culture and recreation	-	-	-	-	-	3,017,673
Community development	1,664,366	-	-	1,892,763	-	4,236,362
Interest and other charges	-	-	-	1,025	-	1,025
Capital outlay	-	-	-	-	-	3,345,950
Total expenditures	1,664,366	27,266	188,768	1,922,106	2,496	16,360,365
Excess (deficiency) of revenues over expenditures	(239,116)	(7,457)	(155,699)	(1,197,498)	4	(4,109,757)
OTHER FINANCING SOURCES (USES)						
Transfers in	278,372	7,500	-	-	-	2,586,628
Transfers out	(73,000)	-	-	(556,863)	-	(797,460)
Total other financing sources (uses)	205,372	7,500	-	(556,863)	-	1,789,168
Net change in fund balances	(33,744)	43	(155,699)	(1,754,361)	4	(2,320,589)
Fund balances (deficit) - January 1	(157,951)	26,958	214,193	2,431,512	35,544	5,035,077
Fund balances (deficit) - December 31	$ (191,695)	$ 27,001	$ 58,494	$ 677,151	$ 35,548	$ 2,714,488

CITY OF FOND DU LAC, WISCONSIN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the Year Ended December 31, 2011

	General Capital Projects	Streets	Storm Sewers	Parks	Special Assessments	Total
REVENUES						
Intergovernmental	$ 1,528,798	$ 92,389	$ 275,000	$ -	$ -	$ 1,896,187
Miscellaneous	47,415	-	-	-	-	47,415
Total revenues	1,576,213	92,389	275,000	-	-	1,943,602
EXPENDITURES						
Capital outlay	3,520,789	1,770,144	1,759,184	59,854	208,227	7,318,198
Excess (deficiency) of revenues over expenditures	(1,944,576)	(1,677,755)	(1,484,184)	(59,854)	(208,227)	(5,374,596)
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	1,174,665	35,335	-	-	290,000	1,500,000
Transfers in	1,056,275	2,902,118	2,442,544	162,838	18,859	6,582,634
Transfers out	(708,207)	(2,563,769)	(2,340,894)	(100,838)	(6,858)	(5,720,566)
Total other financing sources (uses)	1,522,733	373,684	101,650	62,000	302,001	2,362,068
Net change in fund balances	(421,843)	(1,304,071)	(1,382,534)	2,146	93,774	(3,012,528)
Fund balances - January 1	1,519,416	3,100,670	5,593,881	482,898	27,410	10,724,275
Fund balances - December 31	$ 1,097,573	$ 1,796,599	$ 4,211,347	$ 485,044	$ 121,184	$ 7,711,747

CITY OF FOND DU LAC, WISCONSIN

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2011

	Library			City Grant Programs			Ambulance			Harbor & Boating Facilities		
	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)
REVENUES												
Property taxes	$ 1,782,300	$ 1,782,300	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	823,991	823,726	(265)	27,900	43,403	15,503	278,698	278,713	15	-	-	-
Charges for services	67,111	78,221	11,110	-	-	-	2,391,158	2,586,084	194,926	194,000	184,945	(9,055)
Court and parking fines	-	-	-	-	-	-	-	-	-	4,750	6,566	1,816
Investment earnings	-	-	-	-	-	-	-	-	-	3,000	3,753	753
Miscellaneous	110,846	171,301	60,455	-	2,500	2,500	-	117	117	-	-	-
Total revenues	2,784,248	2,855,548	71,300	27,900	45,903	18,003	2,669,856	2,864,914	195,058	201,750	195,264	(6,486)
EXPENDITURES												
General government	-	-	-	1,800	3,126	(1,326)	-	-	-	-	-	-
Public safety	-	-	-	10,000	40,272	(30,272)	4,614,875	4,577,575	37,300	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	2,742,865	2,910,572	(167,707)	-	-	-	-	-	-	150,422	98,288	52,134
Community development	-	-	-	17,000	14,894	2,106	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	2,742,865	2,910,572	(167,707)	28,800	58,292	(29,492)	4,614,875	4,577,575	37,300	150,422	98,288	52,134
Excess (deficiency) of revenues over expenditures	41,383	(55,024)	(96,407)	(900)	(12,389)	(11,489)	(1,945,019)	(1,712,661)	232,358	51,328	96,976	45,648
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	-	1,500	(1,500)	1,969,006	1,969,006	-	-	-	-
Transfers out	(49,381)	(49,381)	-	-	-	-	(37,500)	(34,603)	2,897	(83,613)	(83,613)	-
Total other financing sources (uses)	(49,381)	(49,381)	-	-	1,500	(1,500)	1,931,506	1,934,403	2,897	(83,613)	(83,613)	-
Net change in fund balances	(7,998)	(104,405)	(96,407)	(900)	(10,889)	(12,989)	(13,513)	221,742	235,255	(32,285)	13,363	45,648
Fund balances (deficit) - January 1	53,315	53,315	-	33,201	33,201	-	390,082	390,082	-	211,926	211,926	-
Fund balances (deficit) - December 31	$ 45,317	$ (51,090)	$ (96,407)	$ 32,301	$ 22,312	$ (12,989)	$ 376,569	$ 611,824	$ 235,255	$ 179,641	$ 225,289	$ 45,648

(Continued)

CITY OF FOND DU LAC, WISCONSIN

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2011

	Community Projects			Parking			Transit			HazMat Agreement		
	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)
REVENUES												
Property taxes	$ 351,978	$ 351,978	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	234,719	199,276	(35,443)	-	-	-	1,069,014	1,127,484	58,470	15,000	19,520	4,520
Charges for services	-	-	-	380,000	339,550	(40,450)	255,900	285,652	29,752	-	289	289
Court and parking fines	-	-	-	93,000	75,949	(17,051)	-	-	-	-	-	-
Investment earnings	50	378	328	-	-	-	5,000	(3,873)	(8,873)	-	-	-
Miscellaneous	39,725	192,724	152,999	-	-	-	20,000	15,987	(4,013)	-	-	-
Total revenues	626,472	744,356	117,884	473,000	415,499	(57,501)	1,349,914	1,425,250	75,336	15,000	19,809	4,809
EXPENDITURES												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	45,719	142,448	(96,729)	-	-	-	-	-	-	36,299	27,266	9,033
Public works	900,500	749,086	151,414	-	-	-	-	-	-	-	-	-
Culture and recreation	26,000	8,813	17,187	-	-	-	-	-	-	-	-	-
Community development	-	16,423	(16,423)	453,698	480,226	(26,528)	1,628,286	1,664,366	(36,080)	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	972,219	916,770	55,449	453,698	480,226	(26,528)	1,628,286	1,664,366	(36,080)	36,299	27,266	9,033
Excess (deficiency) of revenues over expenditures	(345,747)	(172,414)	173,333	19,302	(64,727)	(84,029)	(278,372)	(239,116)	39,256	(21,299)	(7,457)	13,842
OTHER FINANCING SOURCES (USES)												
Transfers in	330,250	330,250	-	-	-	-	-	278,372	(278,372)	7,500	7,500	-
Transfers out	-	-	-	-	-	-	(73,000)	(73,000)	-	-	-	-
Total other financing sources (uses)	330,250	330,250	-	-	-	-	(73,000)	205,372	(278,372)	7,500	7,500	-
Net change in fund balances	(15,497)	157,836	173,333	19,302	(64,727)	(84,029)	(351,372)	(33,744)	(239,116)	(13,799)	43	13,842
Fund balances (deficit) - January 1	263,219	263,219	-	(80,511)	(80,511)	-	(157,951)	(157,951)	-	26,958	26,958	-
Fund balances (deficit) - December 31	$ 247,722	$ 421,055	$ 173,333	$ (61,209)	$ (145,238)	$ (84,029)	$ (509,323)	$ (191,695)	$ (239,116)	$ 13,159	$ 27,001	$ 13,842

(Continued)

CITY OF FOND DU LAC, WISCONSIN

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual

Nonmajor Special Revenue Funds

For the Year Ended December 31, 2011

	Fuel Pump Maintenance			TIF Districts		
	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)
REVENUES						
Property taxes	$ -	$ -	$ -	$ 573,334	$ 573,334	$ -
Intergovernmental	-	-	-	2,729	2,729	-
Charges for services	-	-	-	-	-	-
Court and parking fines	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-
Miscellaneous	48,000	33,069	(14,931)	148,545	148,545	-
Total revenues	48,000	33,069	(14,931)	724,608	724,608	-
EXPENDITURES						
General government	-	-	-	-	4,500	(4,500)
Public safety	-	-	-	-	-	-
Public works	4,000	188,768	(184,768)	900	23,818	(22,918)
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	219,995	1,892,763	(1,672,768)
Capital outlay	-	-	-	-	1,025	(1,025)
Total expenditures	4,000	188,768	(184,768)	220,895	1,922,106	(1,701,211)
Excess (deficiency) of revenues over expenditures	44,000	(155,699)	(199,699)	503,713	(1,197,498)	(1,701,211)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(558,663)	(556,863)	1,800
Total other financing sources (uses)	-	-	-	(558,663)	(556,863)	1,800
Net change in fund balances	44,000	(155,699)	(199,699)	(54,950)	(1,754,361)	(1,699,411)
Fund balances (deficit) - January 1	214,193	214,193	-	2,431,512	2,431,512	-
Fund balances (deficit) - December 31	$ 258,193	$ 58,494	$ (199,699)	$ 2,376,562	$ 677,151	$ (1,699,411)

CITY OF FOND DU LAC, WISCONSIN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual

Debt Service Fund

For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
Property taxes	$ 2,908,105	$ 2,908,105	$ 2,908,105	$ -
Intergovernmental	195,065	195,065	195,065	-
Charges for services	-	-	50	50
Special assessments	214,000	214,000	218,540	4,540
Investment interest	59,000	59,000	182,633	123,633
Miscellaneous	-	-	-	-
Total revenues	3,376,170	3,376,170	3,504,393	128,223
EXPENDITURES				
Debt Service				
Principal	1,631,680	1,631,680	1,634,528	(2,848)
Interest	3,560,465	3,560,465	3,470,358	90,107
Other	6,075	6,075	112,592	(106,517)
Total expenditures	5,198,220	5,198,220	5,217,478	(19,258)
Excess (deficiency) of revenues over expenditures	(1,822,050)	(1,822,050)	(1,713,085)	108,965
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	10,725,000	10,725,000	11,075,000	350,000
Premium on long-term debt issued	-	-	121,705	121,705
Payment to refunding escrow agent	(10,725,000)	(10,725,000)	(11,090,063)	(365,063)
Transfers in	691,657	691,657	673,438	(18,219)
Total other financing sources (uses)	691,657	691,657	780,080	88,423
Net change in fund balances	(1,130,393)	(1,130,393)	(933,005)	197,388
Fund balances - January 1	2,126,824	2,126,824	2,126,824	-
Fund balances - December 31	$ 996,431	$ 996,431	$ 1,193,819	$ 197,388

CITY OF FOND DU LAC, WISCONSIN

Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Capital Project Funds

For the Year Ended December 31, 2011

	General Capital Projects			Streets			Storm Sewers		
	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)
REVENUES									
Intergovernmental	$ 292,000	$ 1,528,798	$ 1,236,798	$ 1,684,500	$ 92,389	$ (1,592,111)	$ 319,500	$ 275,000	$ (44,500)
Miscellaneous	-	47,415	47,415	-	-	-	-	-	-
Total revenues	292,000	1,576,213	1,284,213	1,684,500	92,389	(1,592,111)	319,500	275,000	(44,500)
EXPENDITURES									
Capital outlay	2,161,465	3,520,789	(1,359,324)	-	1,770,144	(1,770,144)	2,567,125	1,759,184	807,941
Total expenditures	2,161,465	3,520,789	(1,359,324)	-	1,770,144	(1,770,144)	2,567,125	1,759,184	807,941
Excess (deficiency) of revenues over expenditures	(1,869,465)	(1,944,576)	(75,111)	1,684,500	(1,677,755)	(3,362,255)	(2,247,625)	(1,484,184)	763,441
OTHER FINANCING SOURCES (USES)									
Long-term debt issued	1,149,000	1,174,665	25,665	35,335	35,335	-	1,900,000	-	(1,900,000)
Transfers in	297,965	1,056,275	758,310	550,000	2,902,118	2,352,118	172,000	2,442,544	2,270,544
Transfers out	-	(708,207)	(708,207)	(3,801,250)	(2,563,769)	1,237,481	-	(2,340,894)	(2,340,894)
Total other financing sources (uses)	1,446,965	1,522,733	75,768	(3,215,915)	373,684	3,589,599	2,072,000	101,650	(1,970,350)
Net change in fund balances	(422,500)	(421,843)	657	(1,531,415)	(1,304,071)	227,344	(175,625)	(1,382,534)	(1,206,909)
Fund balances - January 1	1,519,416	1,519,416	-	3,100,670	3,100,670	-	5,593,881	5,593,881	-
Fund balances - December 31	$ 1,096,916	$ 1,097,573	$ 657	$ 1,569,255	$ 1,796,599	$ 227,344	$ 5,418,256	$ 4,211,347	$ (1,206,909)

(Continued)

CITY OF FOND DU LAC, WISCONSIN

Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Capital Project Funds

For the Year Ended December 31, 2011

	Parks			Special Assessments		
	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)
REVENUES						
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -
Miscellaneous	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-
EXPENDITURES						
Capital outlay	85,000	59,854	25,146	-	208,227	(208,227)
Total expenditures	85,000	59,854	25,146	-	208,227	(208,227)
Excess (deficiency) of revenues over expenditures	(85,000)	(59,854)	25,146	-	(208,227)	(208,227)
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	-	-	-	-	290,000	290,000
Transfers in	-	162,838	162,838	-	18,859	18,859
Transfers out	-	(100,838)	(100,838)	-	(6,858)	(6,858)
Total other financing sources (uses)	-	62,000	62,000	-	302,001	302,001
Net change in fund balances	(85,000)	2,146	87,146	-	93,774	93,774
Fund balances - January 1	482,898	482,898	-	27,410	27,410	-
Fund balances - December 31	$ 397,898	$ 485,044	$ 87,146	$ 27,410	$ 121,184	$ 93,774

CITY OF FOND DU LAC, WISCONSIN

Schedule of Governmental Capital Assets - By Source

December 31, 2011

	2011
Governmental capital assets:	
Land	$ 6,320,219
Buildings	26,459,642
Improvements other than buildings	9,296,203
Equipment	21,762,438
Infrastructure	192,793,252
Construction in progress	994,291
Total governmental capital assets	$ 257,626,045
Investments in governmental capital assets by source:	
Capital projects funds - General obligation bonds/notes	$ 228,528,025
General fund revenues	10,221,194
Gifts	484,950
Private development	3,458,365
City owned	6,000
Non-cash transactions	86,922
Special revenue funds	8,938,857
Federal grants	4,957,936
State grants	943,796
Total governmental funds capital assets	$ 257,626,045

CITY OF FOND DU LAC, WISCONSIN
Schedule of Governmental Capital Assets by Function and Activity
December 31, 2011

	Land	Buildings	Improvements Other Than Buildings	Equipment	Infrastructure	Construction in Progress	Total
General government	$ 1,757,261	$ 3,267,281	$ 311,684	$ 1,814,746	$ 146,029	$ -	$ 7,297,001
Public safety							
Police protection	377,000	2,656,169	8,400	2,546,515	-	-	5,588,084
Fire protection	454,342	2,599,572	23,541	3,864,364	-	-	6,941,819
Ambulance	-	-	-	1,138,152	-	-	1,138,152
Public works	1,583,525	6,817,958	8,021,119	9,432,637	192,647,223	994,291	219,496,753
Senior Center	155,080	976,178	10,008	-	-	-	1,141,266
Library	-	4,841,531	-	206,942	-	-	5,048,473
Transit	-	485,272	127,484	2,682,521	-	-	3,295,277
Parking	1,993,011	4,815,681	793,967	76,561	-	-	7,679,220
Total governmental capital assets	$ 6,320,219	$ 26,459,642	$ 9,296,203	$ 21,762,438	$ 192,793,252	$ 994,291	$ 257,626,045

CITY OF FOND DU LAC, WISCONSIN

Schedule of Changes in Governmental Capital Assets - By Function and Activity

For the Year Ended December 31, 2011

	Balance December 31, 2010	2011 Additions and Transfers	2011 Deductions and Transfers	Balance December 31, 2011
General government	$ 7,214,981	$ 82,020	$ -	$ 7,297,001
Public safety				
Police protection	5,471,668	295,494	179,078	5,588,084
Fire protection	6,553,620	712,811	324,612	6,941,819
Ambulance	945,917	192,235	-	1,138,152
Public works	216,416,320	4,471,878	1,391,445	219,496,753
Senior Center	1,141,266	-	-	1,141,266
Library	5,021,493	26,980	-	5,048,473
Transit	2,800,100	1,388,526	893,349	3,295,277
Parking	7,679,220	-	-	7,679,220
Total governmental capital assets	$ 253,244,585	$ 7,169,944	$ 2,788,484	$ 257,626,045

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 finanical health.

Category	Pages
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.	83 - 87
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	88 - 91
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.	92 - 97
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.	98 - 99
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.	100 - 102

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Fond du Lac, Wisconsin

NET ASSETS BY COMPONENT

Last Nine Fiscal Years

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	$ 104,611,289	$ 114,763,055	$ 107,220,232	$ 107,412,441	$ 106,473,954	$ 104,098,121	$ 95,685,038	$ 98,081,195	$ 95,930,395
Restricted	2,697,914	-	1,783,067	2,092,982	3,701,801	4,580,770	4,085,076	2,126,824	2,217,656
Unrestricted	11,246,432	14,520,544	18,583,789	20,270,954	19,258,033	17,773,361	19,697,434	12,357,734	5,647,742
Total government activities net assets	$ 118,555,635	$ 129,283,599	$ 127,587,088	$ 129,776,377	$ 129,433,788	$ 126,452,252	$ 119,467,548	$ 112,565,753	$ 103,795,793
Business-type activities									
Invested in capital assets, net of related debt	$ 41,730,135	$ 48,198,600	$ 51,995,538	$ 66,061,153	$ 68,077,271	$ 66,483,919	$ 65,864,910	$ 65,677,207	$ 67,300,385
Restricted	11,552,486	16,101,206	12,347,326	13,129,295	8,192,121	9,580,648	14,131,694	14,316,382	10,376,924
Unrestricted	7,113,904	1,358,034	4,536,385	(249,756)	7,663,590	13,513,824	24,545,964	27,668,488	35,301,494
Total business-type activities net assets	$ 60,396,525	$ 65,657,840	$ 68,879,249	$ 78,940,692	$ 83,932,982	$ 89,578,391	$ 104,542,568	$ 107,662,077	$ 112,978,803
Primary government									
Invested in capital assets, net of related debt	$ 146,341,424	$ 162,961,655	$ 159,215,770	$ 173,473,594	$ 174,551,225	$ 170,582,040	$ 161,549,948	$ 163,758,402	$ 163,230,780
Restricted	14,250,400	16,101,206	14,130,393	15,222,277	11,893,922	14,161,418	18,216,770	16,443,206	12,594,580
Unrestricted	18,360,336	15,878,578	23,120,174	20,021,198	26,921,623	31,287,185	44,243,398	40,026,222	40,949,236
Total primary government	$ 178,952,160	$ 194,941,439	$ 196,466,337	$ 208,717,069	$ 213,366,770	$ 216,030,643	$ 224,010,116	$ 220,227,830	$ 216,774,596

City of Fond du Lac, Wisconsin

CHANGES IN NET ASSETS

Last Nine Fiscal Years

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities									
General government	$ 2,859,287	$ 2,330,705	$ 2,556,567	$ 2,779,444	$ 2,833,948	$ 2,814,325	$ 2,914,420	$ 3,304,979	$ 3,016,950
Public safety									
Police	7,379,182	7,181,838	7,494,643	7,968,549	8,398,117	9,133,179	9,000,024	9,461,405	10,039,871
Fire	3,751,721	3,954,671	4,063,646	4,417,020	4,383,733	4,811,381	4,759,846	5,032,647	4,899,980
Ambulance	2,847,742	2,964,868	3,108,221	3,502,869	3,737,590	4,218,163	3,926,524	4,025,495	4,937,905
Public works	11,218,086	12,454,348	12,288,173	11,341,445	11,951,185	13,404,462	13,726,304	12,477,656	12,905,660
Culture and recreation	4,341,642	4,278,115	4,492,145	4,702,299	4,972,988	5,288,562	5,487,129	5,380,792	5,640,176
Community development	4,388,318	4,277,530	6,539,414	6,607,423	5,879,691	5,675,255	6,222,465	5,080,481	10,715,615
Interest on long-term debt	2,069,254	2,359,710	2,457,213	2,602,518	2,151,306	2,681,123	2,897,520	3,591,877	3,729,586
Total governmental activities expenses	38,855,232	39,801,785	43,000,022	43,921,567	44,308,558	48,026,450	48,934,232	48,355,332	55,885,743
Business-type activities									
Water	4,780,356	5,030,026	5,403,345	5,605,735	6,567,412	6,784,438	8,952,958	8,873,799	8,585,366
Wastewater	5,560,274	5,927,194	6,052,581	5,936,627	5,818,120	8,082,591	8,811,583	8,865,809	9,176,950
Total business-type activities	10,340,630	10,957,220	11,455,926	11,542,362	12,385,532	14,867,029	17,764,541	17,739,608	17,762,316
Total primary government expenses	$ 49,195,862	$ 50,759,005	$ 54,455,948	$ 55,463,929	$ 56,694,090	$ 62,893,479	$ 66,698,773	$ 66,094,940	$ 73,648,059
Program Revenues									
Governmental activities:									
Fees, fines and charges for services:									
General government	$ 865,672	$ 941,341	$ 1,011,330	$ 919,690	$ 971,074	$ 934,277	$ 960,688	$ 1,233,397	$ 1,069,724
Public safety									
Police	187,725	154,084	283,133	217,162	214,356	171,602	148,394	139,424	141,226
Fire	60,460	22,708	20,347	33,319	13,015	20,280	15,585	20,539	15,148
Ambulance	1,188,313	1,321,524	1,393,765	1,718,604	1,914,063	2,309,403	1,921,153	2,026,810	2,586,201
Public works	125,504	194,526	436,184	90,542	77,967	91,387	51,321	161,744	168,178
Culture and recreation	430,335	407,431	256,157	445,567	480,882	481,240	480,903	532,432	468,079
Community development	1,108,737	1,724,393	3,273,131	1,134,012	1,110,255	1,190,361	1,204,156	1,133,562	1,406,663
Operating grants and contributions	4,813,907	4,871,032	5,945,937	7,205,374	7,630,860	8,376,196	7,387,543	5,848,654	6,171,946
Capital grants and contributions	3,629,568	4,389,940	583,678	4,689,710	1,627,396	1,286,360	1,337,995	1,300,464	4,793,415
Total governmental activities program revenue	12,410,221	14,026,979	13,203,662	16,453,980	14,039,868	14,861,106	13,507,738	12,397,026	16,820,580

City of Fond du Lac, Wisconsin

CHANGES IN NET ASSETS

Last Nine Fiscal Years

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities									
Charges for services:									
Water	5,294,657	6,257,177	6,513,120	6,444,899	6,366,839	9,467,849	9,790,165	11,652,164	12,690,230
Wastewater	6,819,265	7,442,569	7,084,687	8,356,916	8,993,893	9,493,569	10,382,485	9,817,874	11,058,697
Capital grants and contributions	1,372,350	2,447,899	845,280	6,173,951	81,021	410,635	12,662,614	159,758	20,588
Total business-type activities program revenue	13,486,272	16,147,645	14,443,087	20,975,766	15,441,753	19,372,053	32,835,264	21,629,796	23,769,515
Total primary government program revenue	$ 25,896,493	$ 30,174,624	$ 27,646,749	$ 37,429,746	$ 29,481,621	$ 34,233,159	$ 46,343,002	$ 34,026,822	$ 40,590,095
Net (Expense)/Revenue									
Govenmental activities	$(26,445,011)	$(25,774,806)	$(29,796,360)	$(27,467,587)	$(30,268,690)	$(33,165,344)	$(35,426,494)	$(35,958,306)	$(39,065,163)
Business-type activities	3,145,642	5,190,425	2,987,161	9,433,404	3,056,221	4,505,024	15,070,723	3,890,188	6,007,199
Total primary government net expense	$(23,299,369)	$(20,584,381)	$(26,809,199)	$(18,034,183)	$(27,212,469)	$(28,660,320)	$(20,355,771)	$(32,068,118)	$(33,057,964)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	$ 17,507,843	$ 17,814,426	$ 18,997,340	$ 19,656,739	$ 19,427,161	$ 19,983,470	$ 20,229,326	$ 20,033,237	$ 20,859,387
Other taxes	188,281	151,415	153,802	149,767	171,395	146,544	176,958	196,919	246,540
Grants and contributions not restricted to specific programs	8,264,647	7,608,754	7,569,264	7,708,789	7,736,267	7,803,266	7,996,190	7,294,988	7,228,574
Investment earnings	429,762	383,882	880,455	1,491,215	1,923,391	1,528,254	434,415	261,771	538,307
Transfers	250,000	250,000	498,988	650,366	667,887	722,274	877,398	1,269,596	1,422,395
Total governmental activities	26,640,533	26,208,477	28,099,849	29,656,876	29,926,101	30,183,808	29,714,287	29,056,511	30,295,203
Business-type activities:									
Investment earnings	211,644	319,613	733,236	1,267,885	2,603,956	1,861,833	770,306	498,917	708,559
Gain on disposal of capital assets	-	1,277	-	10,520	-	826	546	-	23,363
Transfers	(250,000)	(250,000)	(498,988)	(650,366)	(667,887)	(722,274)	(877,398)	(1,269,596)	(1,422,395)
Total business-type activities	(38,356)	70,890	234,248	628,039	1,936,069	1,140,385	(106,546)	(770,679)	(690,473)
Total primary government	$ 26,602,177	$ 26,279,367	$ 28,334,097	$ 30,284,915	$ 31,862,170	$ 31,324,193	$ 29,607,741	$ 28,285,832	$ 29,604,730
Changes in Net Assets									
Governmental activities	$ 195,522	$ 433,671	$ (1,696,511)	$ 2,189,289	$ (342,589)	$ (2,981,536)	$ (5,712,207)	$ (6,901,795)	$ (8,769,960)
Business-type activities	3,107,286	5,261,315	3,221,409	10,061,443	4,992,290	5,645,409	14,964,177	3,119,509	5,316,726
Total primary government	$ 3,302,808	$ 5,694,986	$ 1,524,898	$ 12,250,732	$ 4,649,701	$ 2,663,873	$ 9,251,970	$ (3,782,286)	$ (3,453,234)

City of Fond du Lac, Wisconsin

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund										
Nonspendable	$ 185,091	$ 2,735,309	$ 2,626,617	$ 2,606,575	$ 2,550,438	$ 2,556,790	$ 2,358,384	$ 2,249,429	$ 1,772,134	$ 1,107,100
Committed	40,965	60,715	74,215	98,715	42,015	53,115	353,587	592,917	962,169	876,223
Assigned	193,808	53,238	1,043,916	120,015	63,761	147,345	312,681	275,838	192,985	260,398
Unassigned	5,323,764	3,236,186	1,915,317	2,499,956	3,297,226	4,236,897	4,317,152	4,385,152	4,641,479	4,998,576
Total general fund	$ 5,743,628	$ 6,085,448	$ 5,660,065	$ 5,325,261	$ 5,953,440	$ 6,994,147	$ 7,341,804	$ 7,503,336	$ 7,568,767	$ 7,242,297
All other governmental funds										
Nonspendable	$ 13,710	$ 15,360	$ 16,735	$ 69,851	$ 65,297	$ 53,371	$ 41,803	$ 37,381	$ 30,052	$ 41,160
Restricted, reported in:										
Debt service fund	4,367,046	2,697,914	1,497,374	1,783,067	2,092,982	3,701,801	4,580,770	4,085,076	2,126,824	1,193,819
Community development projects a	1,962,634	1,792,730	2,079,582	2,286,658	1,888,456	1,766,788	1,754,933	1,640,008	1,613,589	1,023,837
Committed	2,187,528	2,960,207	3,725,120	9,751,580	11,469,002	10,201,926	8,727,028	10,318,067	14,354,173	9,749,261
Unassigned	(98,899)						-	(52,076)	(238,462)	(388,023)
Total all other governmental funds	$ 8,432,019	$ 7,466,211	$ 7,318,811	$ 13,891,156	$ 15,515,737	$ 15,723,886	$ 15,104,534	$ 16,028,456	$ 17,886,176	$ 11,620,054

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

City of Fond du Lac, Wisconsin

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
REVENUES										
Property taxes	$ 17,258,809	$ 17,507,843	$ 17,814,426	$ 18,997,340	$ 19,656,739	$ 19,427,161	$ 19,983,470	$ 20,229,326	$ 20,033,237	$ 20,859,387
Other taxes	170,049	188,281	160,062	179,538	178,210	171,395	146,544	176,958	196,919	246,540
Licenses and permits	895,295	1,015,324	1,077,142	1,081,317	1,097,384	1,084,835	1,138,145	1,147,849	1,234,646	1,209,983
Intergovernmental	13,329,916	13,850,956	12,625,665	13,340,173	13,779,007	13,917,398	14,302,252	13,999,108	14,444,821	17,190,473
Intragovernmental	1,627,519	-	-	-	-	-	-	-	-	-
Charges for services	2,177,687	2,600,628	2,545,464	2,754,042	3,028,447	3,283,043	3,580,348	3,166,985	3,277,855	3,864,344
Court and parking fines	374,899	361,956	414,073	418,603	363,741	412,033	440,903	463,420	453,954	429,803
Special assessments	1,087,702	915,493	970,249	830,198	1,333,122	819,254	766,582	633,167	359,422	218,540
Investment earnings	409,595	429,762	286,539	785,426	1,393,932	1,882,463	1,501,709	408,409	232,934	500,637
Miscellaneous	1,659,699	2,553,227	3,875,141	2,637,072	1,896,709	2,094,300	2,137,901	2,107,539	1,355,857	1,140,772
Total revenues	38,991,170	39,423,470	39,768,761	41,023,709	42,727,291	43,091,882	43,997,854	42,332,761	41,589,645	45,660,479
EXPENDITURES										
Current:										
General government	2,876,303	2,556,582	2,178,256	2,201,341	2,422,297	2,260,811	2,469,837	2,513,658	2,666,406	2,761,850
Public safety	13,118,705	13,556,055	13,762,897	14,068,156	14,936,046	15,555,215	16,749,212	16,977,423	17,636,588	18,764,003
Public works	7,173,499	5,956,408	6,430,525	6,421,198	6,321,022	6,640,655	7,440,021	7,245,428	7,257,838	7,696,054
Culture and recreation	3,071,954	3,978,739	3,880,144	4,012,123	4,159,573	4,406,245	4,530,666	4,554,243	4,822,958	4,786,149
Community development	3,008,854	2,728,637	3,018,791	3,050,456	3,200,090	3,413,893	3,506,176	3,578,074	3,455,705	5,391,401
Other	116,932	106,313	49,199	13,800	10,750	342,537	13,989	882,528	443,019	112,592
Debt service:										
Principal	5,728,688	7,145,766	17,522,697	4,826,044	5,387,725	7,850,683	3,796,664	2,904,936	5,556,926	1,634,528
Interest and other charges	2,487,852	2,154,183	2,113,237	2,294,739	2,632,828	2,612,083	2,635,376	2,628,258	3,078,799	3,471,383
Capital outlay	6,943,736	11,684,449	8,652,640	9,677,299	8,419,566	8,213,852	10,204,882	8,967,963	8,739,564	10,664,148
Total expenditures	44,526,523	49,867,132	57,608,386	46,565,156	47,489,897	51,295,974	51,346,823	50,252,511	53,657,803	55,282,108
Excess (deficiency) of revenues over expenditures	(5,535,353)	(10,443,662)	(17,839,625)	(5,541,447)	(4,762,606)	(8,204,092)	(7,348,969)	(7,919,750)	(12,068,158)	(9,621,629)
OTHER FINANCING SOURCES (USES)										
Refunding bonds issued		1,450,000	11,925,000	-	-	13,210,000	-	3,125,000	21,165,000	11,075,000
Long-term debt issued	7,042,589	8,035,000	5,091,842	11,280,000	6,365,000	5,922,477	6,355,000	7,900,000	9,674,718	1,500,000
Premium on long-term debt issued	-	84,673	-	-	-	527,584	-	77,806	34,517	121,705
Payment to refunding escrow agent	-	-	-	-	-	(10,875,000)	-	(2,975,000)	(18,152,522)	(11,090,063)
Proceeds from sales of City properties	485,454	-	-	-	-	-	-	-	-	-
Transfers in	7,074,571	3,575,755	4,994,695	5,820,068	5,258,054	10,258,837	8,717,019	6,720,570	12,086,536	11,281,514
Transfers out	(7,074,571)	(3,325,755)	(4,744,695)	(5,321,080)	(4,607,688)	(9,590,950)	(7,994,745)	(5,843,172)	(10,816,940)	(9,859,119)
Total other financing sources (uses)	7,528,043	9,819,673	17,266,842	11,778,988	7,015,366	9,452,948	7,077,274	9,005,204	13,991,309	3,029,037
Net change in fund balances	$ 1,992,690	$ (623,989)	$ (572,783)	$ 6,237,541	$ 2,252,760	$ 1,248,856	$ (271,695)	$ 1,085,454	$ 1,923,151	$ (6,592,592)
Debt service (net of principal refinancings) as a percentage of noncapital expenditures	19.90%	23.25%	38.38%	17.30%	20.09%	23.20%	14.63%	12.53%	18.21%	10.32%

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 Total Assessed to Estimated Actual Value
2011	$ 2,491,291,200	$ 124,925,480	$ 2,616,216,680	7.858	$ 2,643,226,500	98.98%
2010	2,481,796,900	123,207,470	2,605,004,370	7.699	$ 2,696,593,500	96.60
2009	2,443,319,300	122,162,520	2,565,481,820	7.471	2,736,857,700	93.74
2008	2,426,900,000	123,431,680	2,550,331,680	7.568	2,674,717,400	95.35
2007	2,386,851,900	110,286,160	2,497,138,060	7.527	2,560,199,300	97.54
2006	2,349,237,900	107,222,780	2,456,460,680	8.256	2,431,370,400	101.03
2005	2,103,154,400	99,655,110	2,202,809,510	8.058	2,340,276,200	94.13
2004	2,074,618,100	99,205,670	2,173,823,770	7.671	2,234,550,300	97.28
2003	2,034,044,900	104,220,950	2,138,265,850	9.954	2,127,775,000	100.49
2002	1,546,536,700	80,364,410	1,626,901,110	9.867	2,022,155,400	80.45

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 Deparment of Revenue Supervisor of Assessments.

City of Fond du Lac, Wisconsin

PRINCIPAL TAXPAYERS

Current Year and Nine Years Ago

2011				2002			
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	$ 34,582,800	1.32%	John Mark Apt. Complexes	Apartments	$ 35,260,900	2.17%
Agnesian Healthcare Inc	Hospital/Health Care Facility	30,420,460	1.16%	Valley Realty LLC	Apartments	16,984,820	1.04%
John Mark Apt. Complexes	Apartments	28,015,400	1.07%	Agnesian Health Care	Hospital/Health Care Facility	16,477,680	1.01%
Simon Properties	Shopping Mall	17,753,310	0.68%	Simon Properties	Shopping Mall	11,224,880	0.69%
Aurora Medical Group	Health Care Facility	16,377,170	0.63%	Aurora Medical Group	Health care	10,265,840	0.63%
VH Enterprises	Warehousing	16,247,370	0.62%	Yunker/Shaline	Apartments	10,253,970	0.63%
Eagle Fond du Lac LLC	Warehousing	16,205,560	0.62%	Unicare Service	Rehabilitation Center	8,301,600	0.51%
Wal-Mart	Retail Shopping Facility	15,885,150	0.61%	Giddings & Lewis LLC	Manufacturing of Machine Tools	7,280,900	0.45%
J.F. Ahern	Metal Fabrication	14,347,240	0.55%	J.F. Ahern	Mechanical & Fire Protection Contractor	7,224,640	0.44%
1115 East Johnson LLC	Grocery / Retail	13,472,360	0.51%	Wisco, WZ (Holiday Inn)	Hotel	5,979,700	0.37%
Principal Taxpayers Total		203,306,820	7.77%	Principal Taxpayers Total		129,254,930	7.94%
All Other		2,412,909,860	92.23%	All Other		1,497,646,180	92.06%
Total		$ 2,616,216,680	100.00%	Total		$ 1,626,901,110	100.00%

Sources:

[a] 2011 City Assessment Roll.

[b] 2002 City Assessment Roll.

City of Fond du Lac, Wisconsin

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal[1] Year	Total[2 a] Tax Levied	Current[3 b] Tax Collected	Percent of Levy Collected
2011	$ 20,470,060	$ 20,457,299	99.938 %
2010	19,751,289	19,004,908	99.962
2009	19,054,315	19,049,995	99.978
2008	18,897,278	18,890,043	99.962
2007	18,490,470	18,486,466	99.978
2006	18,186,840	18,179,179	99.958
2005	17,516,586	17,511,288	99.970
2004	16,401,688	16,394,429	99.956
2003	16,193,477	16,180,339	99.919
2002	15,859,926	15,842,284	99.889

Notes:

[1] Fiscal year is the year in which the tax is collected. The 2011 fiscal year consists of the 2010 tax bills due in 2011 and used to finance the 2011 budget.

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

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

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

Sources:

[a] Tax levy reconciliation file.

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

City of Fond du Lac, Wisconsin

PROPERTY TAX RATES AND TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS

ASSESSED VALUE BASIS

Last Ten Fiscal Years

Fiscal[1] Year	City of Fond du Lac		Fond du Lac School District		Moraine Park Technical College		Fond du Lac County		State of Wisconsin		Gross Tax Rate	State Tax Credit		Net Tax Rate	Total
	Tax Rates per $1,000 of Assessed Value and Percent of Total														
2011	7.858	33.9%	9.510	41.1%	1.507	6.5%	5.558	24.0%	0.176	0.8%	24.609	1.444	6.2%	23.165	100.0%
2010	7.699	34.1	9.247	41.0	1.478	6.6	5.388	23.9	0.181	0.8	23.993	1.429	6.3	22.564	100.0
2009	7.471	35.1	8.577	40.3	1.408	6.6	5.096	24.0	0.178	0.8	22.730	1.447	6.8	21.283	100.0
2008	7.568	35.9	8.352	39.6	1.374	6.5	4.958	23.5	0.174	0.8	22.426	1.342	6.3	21.084	100.0
2007	7.527	37.2	7.619	37.6	1.356	6.7	4.800	23.7	0.174	0.9	21.476	1.229	6.1	20.247	100.0
2006	8.256	36.2	8.654	37.9	1.517	6.6	5.272	23.1	0.199	0.9	23.898	1.076	4.7	22.822	100.0
2005	8.058	35.6	8.870	39.2	1.515	6.7	5.095	22.5	0.206	0.9	23.743	1.102	4.9	22.640	100.0
2004	7.671	35.5	8.442	39.0	1.518	7.0	4.930	22.8	0.199	0.9	22.760	1.135	5.2	21.625	100.0
2003	9.954	37.2	10.170	38.0	1.940	7.3	5.966	22.3	0.249	0.9	28.279	1.535	5.7	26.743	100.0
2002	9.867	37.2	10.563	39.8	1.877	7.1	5.512	20.8	0.240	0.9	28.059	1.547	5.8	26.512	100.0

	Tax Levies					Total
2011	$ 20,470,060	$ 24,145,645	$ 3,925,948	$ 1,478,642	$ 618,297	$ 50,638,592
2010	19,751,289	23,129,717	3,792,413	13,823,980	464,462	60,961,861
2009	19,054,315	21,317,456	3,591,530	12,995,963	453,916	57,413,180
2008	18,897,278	20,313,809	3,431,018	12,381,718	434,482	55,458,305
2007	18,490,470	18,241,868	3,329,928	11,790,957	426,976	52,280,199
2006	18,186,840	18,578,489	3,341,709	11,613,092	438,989	52,159,119
2005	17,516,586	18,803,388	3,292,492	11,076,153	446,910	51,135,529
2004	16,401,688	17,605,848	3,246,125	10,540,744	425,555	48,219,960
2003	16,193,477	16,175,931	3,156,200	9,705,282	404,431	45,635,321
2002	15,859,926	16,599,077	3,016,919	8,859,185	385,602	44,720,709

Notes:
[1]Fiscal year is the year in which the tax is collected. The 2011 fiscal year consists of the 2010 tax bills due in 2011 and used to finance the 2011 budget.

City of Fond du Lac, Wisconsin

RATIO OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

	Governmental Activities			Business-type Activities				
Fiscal Year	General Obligation Bonds	General Obligation Notes	Capital Leases	Revenue Bond Debt	General Obligation Bonds	Total Primary Government	Percentage of Personal Income[1]	Per Capita[1]
2011	$ 49,015,000	$ 16,582,477	$ 103,264	$ 114,900,099		$ 180,600,840	N/A	$ 4,193
2010	44,140,000	21,207,477	137,792	116,097,007	-	181,582,276	2.1%	4,221
2009	23,775,000	44,027,477	-	129,762,566	-	197,565,043	1.8	4,531
2008	21,325,000	41,332,413	-	131,787,567	-	194,444,980	1.8	4,474
2007	22,075,000	38,009,110	14,967	128,004,763	-	188,103,840	1.8	4,347
2006	12,025,000	47,605,253	62,030	70,878,256	-	130,570,539	2.5	3,018
2005	13,125,000	45,460,949	129,059	39,921,349	-	98,636,357	3.2	2,288
2004	14,075,000	37,993,867	192,185	35,855,687	-	88,116,739	3.4	2,056
2003	14,960,000	31,925,724	182,546	26,225,573	-	73,293,843	4.0	1,710
2002	16,635,000	22,867,674	226,362	22,006,209	-	61,735,245	4.6	1,449

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

N/A = Not Available.

[1] See the Schedule of Demographic and Economic Statistics on page 99 for personal income and population data.

City of Fond du Lac, Wisconsin

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	General Bonded Debt	Less: Amounts Available in Debt Service Fund	Total	Percentage of Assessed Value[1]	Percentage of Equalized Value[1]	Per Capita[2]
2011	$ 65,597,477	$ 1,193,819	$ 64,403,658	2.46%	2.44%	$ 1,495.15
2010	65,347,477	2,126,824	63,220,653	2.43	2.34	1,469.53
2009	67,802,477	4,085,076	63,717,401	2.28	2.33	1,461.41
2008	62,657,413	4,580,770	58,076,643	2.28	2.17	1,336.32
2007	60,084,110	3,701,801	56,382,309	2.26	2.20	1,303.03
2006	59,630,253	2,092,982	57,537,271	2.34	2.37	1,329.73
2005	58,585,949	1,783,067	56,802,882	2.58	2.43	1,317.90
2004	52,068,867	1,497,374	50,460,428	2.32	2.26	1,177.19
2003	46,885,725	2,697,914	44,187,811	2.07	2.08	1,031.08
2002	44,502,674	4,367,046	40,135,628	2.47	1.98	941.73

Notes:

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

[1]See the Schedule of Assessed and Estimated Actual Value of Taxable Property on page 88 for property value data.

[2]Population data can be found in the Schedule of Demographic and Economic Statistics on page 98.

City of Fond du Lac, Wisconsin

COMPUTATION OF LEGAL DEBT MARGIN

Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assessed Value[a]	$1,626,901,110	$2,138,265,850	$2,173,823,770	$2,202,809,510	$2,456,460,680	$2,497,138,060	$2,550,331,680	$2,565,481,820	$2,605,004,370	$2,616,216,680
Equalized Value[a]	2,022,155,400	2,127,775,000	2,234,550,300	2,340,276,200	2,431,370,400	2,560,199,300	2,674,717,400	2,736,857,700	2,696,593,500	2,643,226,500
Debt Limit Five Percent of Equalized Value[1]	101,107,770	106,388,750	111,727,515	117,013,810	121,568,520	128,009,965	133,735,870	136,842,885	134,829,675	132,161,325
Amount of Debt Applicable to Debt Limit:										
General Obligation Bonds	16,635,000	14,960,000	13,075,000	13,125,000	12,025,000	22,075,000	21,325,000	23,775,000	44,140,000	49,015,000
General Obligation Notes	27,867,674	31,925,725	37,993,867	45,460,949	47,605,253	38,009,110	41,332,413	44,027,477	21,207,477	16,582,477
Total Debt	44,502,674	46,885,725	51,068,867	58,585,949	59,630,253	60,084,110	62,657,413	67,802,477	65,347,477	65,597,477
Deduct:										
Debt Service Fund Balance	4,367,046	2,697,914	1,497,374	1,783,067	2,092,982	3,701,801	4,580,770	4,085,076	2,126,824	1,193,819
Total Amount of Debt Applicable to Debt Limit	40,135,628	44,187,811	49,571,493	56,802,882	57,537,271	56,382,309	58,076,643	63,717,401	63,220,653	64,403,658
Legal Debt Margin	$ 60,972,142	$ 62,200,939	$ 62,156,022	$ 60,210,928	$ 64,031,249	$ 71,627,656	$ 75,659,227	$ 73,125,484	$ 71,609,022	$ 67,757,667
Percent of Legal Debt Limit Avaliable	60.3%	58.5%	55.6%	51.5%	52.7%	56.0%	56.6%	53.4%	53.1%	51.3%

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, 2011

	Net Debt Outstanding	Percentage Applicable to City of Fond du Lac[1]	City of Fond du Lac Share of Debt
Direct Debt:			
City of Fond du Lac	$ 65,597,477	100.0 %	$ 65,597,477
Overlapping Debt:			
Fond du Lac County	109,766,319	38.6	42,369,799
Moraine Park Technical College	22,790,000	10.8	2,461,320
Fond du Lac School District	45,055,000	73.8	33,235,630
School District of North Fond du Lac	7,160,000	13.9	993,565
Total - overlapping debt			79,060,314
	TOTAL		$ 144,657,791

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	
2011	$ 12,690,230	$ 4,211,058	$ 239,655	$ 8,718,827	$ 4,553,435	$ 1,435,783	$ 5,989,218	1.46
2010	11,652,164	4,246,162	99,737	7,505,739	3,690,834	1,439,536	5,130,370	1.46
2009	9,790,165	3,794,684	229,195	6,224,676	2,433,629	2,537,005	4,970,634	1.25
2008	9,467,849	2,877,200	1,144,089	7,734,738	1,495,000	2,413,104	3,908,104	1.98
2007	6,366,839	3,215,283	1,656,724	4,808,280	1,440,000	1,324,938	2,764,938	1.74
2006	6,444,899	3,193,931	686,273	3,937,241	1,365,000	1,314,663	2,679,663	1.47
2005	6,513,120	2,994,138	370,890	3,889,872	2,290,000	1,294,089	3,584,089	1.09
2004	6,257,178	2,762,798	143,258	3,637,638	1,150,000	987,518	2,137,518	1.70
2003	5,294,656	3,068,737	59,234	2,285,153	1,100,000	774,769	1,874,769	1.22
2002	4,829,897	2,391,414	41,096	2,479,579	950,000	704,352	1,654,352	1.50

Notes:

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

[2] Principal requirements do not include payments used to refinance revenue bond anticipation notes.

Sources:

[a] Water Utility Audit Workpapers, Summary of Long-Term Debt.

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	
2011	$ 11,058,697	$ 5,097,373	$ 492,267	$ 6,453,591	$ 3,364,921	$ 1,464,521	$ 4,829,442	1.34
2010	9,817,874	4,742,028	399,180	5,475,026	4,166,627	1,589,302	5,755,929	0.95
2009	10,382,485	4,587,204	541,657	6,336,938	3,466,288	332,346	3,798,634	1.67
2008	9,493,569	4,761,646	718,570	5,450,493	560,492	353,466	913,958	5.96
2007	8,993,893	4,455,720	947,232	5,485,405	506,365	371,436	877,801	6.25
2006	8,356,916	4,575,161	581,612	4,363,367	672,392	391,955	1,064,347	4.10
2005	7,084,687	4,732,161	362,346	2,714,872	1,573,568	447,477	2,021,045	1.34
2004	7,442,569	4,669,796	177,632	2,950,405	1,119,886	410,824	1,530,710	1.93
2003	6,819,264	4,430,962	152,410	2,540,712	1,086,342	302,610	1,388,952	1.83
2002	6,899,917	3,980,449	179,058	3,098,526	1,052,930	320,868	1,373,798	2.26

Notes:

[1] Operating expenses do not include depreciation.

[2] Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the Wastewater Collection and Treatment System fund.

[3] Principal requirements do not include payments used to refinance revenue bond anticipation notes.

Sources:

[a]WCTS Audit Workpapers, Summary of Long-Term 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
2011	43,075	N/A	N/A	N/A	36.9	8.5 %	7,438	484
2010	43,021	$ 46,437	$ 3,765,312	$ 37,036	36.9	9.9	7,366	515
2009	43,600	43,479	3,541,333	35,389	35.7	10.9	7,349	558
2008	43,460	55,108	3,594,000	36,142	36.9	5.7	7,365	525
2007	43,270	44,211	3,475,319	35,089	36.4	5.5	7,545	470
2006	43,270	44,295	3,266,869	33,110	36.4	5.6	7,515	495
2005	43,101	40,836	3,132,685	31,839	36.4	5.5	7,605	451
2004	42,865	40,066	3,035,520	30,904	33.6	5.5	7,240	503
2003	42,856	38,443	2,952,326	30,139	33.6	6.7	7,246	516
2002	42,619	37,144	2,866,995	29,321	33.6	6.1	7,245	464

Notes:
N/A = Not Available.

[1] Includes Fond du Lac County and Metropolitan Area

Sources:
[a] Demographic Services Center - State of Wisconsin (2010 - U.S. Census Bureau)

[b] Wisconsin Department of Revenue

[c] U.S. Department of Commerce, Bureau of Economic Analysis

[d] U.S. Department of Labor - Bureau of Labor Statistics

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

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

City of Fond du Lac, Wisconsin

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

2011			2002		
Name	**Employees[a]**	**Percentage of Total City Employment[1]**	**Name**	**Employees[a]**	**Percentage of Total City Employment[1]**
Agnesian Healthcare Inc	2,814	6.27%	Mercury Marine	3,400	7.11%
Mercury Marine	2,412	5.37%	Agnesian Health Care	2,100	4.39%
Fond du Lac County	950	2.12%	Fond du Lac County	1,084	2.27%
Fond du Lac School District	803	1.79%	Fond du Lac School District	800	1.67%
J.F. Ahern Co.	449	1.00%	Wisconsin Central Railroad	750	1.57%
Moraine Park Technical College	415	0.92%	J.F. Ahern Co.	700	1.46%
Taycheedah Correctional Facility	360	0.80%	Giddings & Lewis	690	1.44%
City of Fond du Lac	319	0.71%	Moraine Park Technical College	425	0.89%
Marian University	257	0.57%	Pick n' Save	410	0.86%
Total	5,965	13.20%	Total	10,359	21.49%

Notes:

[1] Wisconsin's WorkNet Current Employment Statistics

Sources:

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

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
2011	29.5	148.0	61.0	13.0	22.1	273.6
2010	29.4	148.0	61.0	13.0	22.1	273.5
2009	29.4	147.0	64.6	12.6	23.5	277.1
2008	29.1	146.0	64.6	12.6	23.8	276.1
2007	28.8	144.0	64.6	12.7	23.7	273.8
2006	27.9	144.0	63.6	12.7	23.7	271.9
2005	29.7	144.0	64.6	12.7	23.7	274.7
2004	29.7	141.0	65.0	12.6	22.7	271.0
2003	33.7	153.0	68.0	14.6	22.7	292.0
2002	32.7	154.0	71.0	14.8	25.7	298.2

Notes:
Contains governmental funds permanent full and part-time employees under City Council's authority.
Does not include Library employees or enterprise fund employees

City of Fond du Lac, Wisconsin

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:										
Community Development										
Building Permits Issued	4,736	4,719	4,805	4,129	4,235	3,885	4,845	3,663	3,591	2,941
Total Valuation of Building Permits	72,202,946	41,141,053	45,663,434	70,958,906	50,040,160	65,553,150	54,655,768	38,448,200	36,156,303	41,464,109
New site plans reviewed	50	43	40	40	34	35	26	15	11	19
Rezonings/special use permits applied for	42	35	34	31	34	21	14	12	13	13
Variances applied for	44	57	46	44	59	50	42	48	38	39
New lots/parcels created	119	206	51	61	87	12	27	11	14	6
Housing Code Enforcement-complaints filed	553	574	540	469	516	497	418	477	397	418
Housing Code Enforcement-violations cured	981	949	894	912	814	962	718	809	648	739
Housing rehabilitation value of loans approved	471,850	511,543	499,898	470,400	561,763	620,670	557,250	460,771	351,044	325,501
Downtown parking revenue	N/A	342,927	343,264	337,607	343,262	307,295	322,799	328,505	318,828	338,259
Downtown parking violations-tickets issued*	N/A	7,454	5,056	3,953	7,334	5,556	6,463	6,235	6,107	6,217
Transit ridership	254,907	169,010	157,800	163,639	166,800	146,657	159,735	167,049	157,314	181,002
Transit farebox revenue	186,435	168,352	176,792	176,997	206,013	198,614	200,422	234,057	221,752	287,350
Culture and Recreation										
Library	1	1	1	1	1	1	1	1	1	1
Library Volumes	181,026	187,589	193,590	206,100	208,453	195,178	209,757	203,479	191,694	209,759
Circulation	610,800	588,064	638,161	728,451	761,980	772,506	799,490	835,262	851,842	859,012
Senior Center number of visits	26,672	28,543	34,572	38,445	47,550	45,325	45,378	47,039	46,562	49,237
Senior Center volunteer hours worked	18,139	14,832	13,993	15,720	17,655	17,758	17,387	16,189	16,608	17,411
Business-type activities:										
Water Utility										
Average No. of Customers:										
Residential	14,749	14,749	13,850	13,951	14,028	14,060	14,103	14,152	14,239	14,214
Commercial	1,327	1,327	1,351	1,355	1,362	1,367	1,383	1,380	1,384	1,385
Industrial	56	56	61	58	55	56	58	57	55	56
Public	90	90	82	74	77	73	72	71	70	72
Gallons of Water Sold:										
Residential	803,773,000	803,773,000	682,641,000	699,287,000	675,808,052	668,406,614	631,339,055	613,009,263	590,568,073	587,827,244
Commercial	428,482,000	428,482,000	433,209,000	423,793,000	411,200,015	397,121,009	382,916,197	360,302,534	356,280,172	368,500,375
Industrial	384,016,000	384,016,000	303,608,000	322,219,000	318,813,727	317,491,502	213,231,560	153,712,025	189,314,970	346,566,644
Public	78,034,000	78,034,000	72,666,000	66,635,000	66,634,525	78,298,628	71,582,613	72,665,776	65,842,281	58,930,350
Plant Capacity (gallons/day)	9,075,000	9,075,000	10,303,000	7,983,000	7,323,000	14,925,000	7,274,000	8,410,000	5,664,000	6,061,000
Watewater Collection & Treatment System										
Average No. of Customers:										
Residential	14,749	14,749	13,850	13,951	14,028	14,060	14,103	14,152	14,239	14,214
Commercial	1,327	1,327	1,351	1,355	1,362	1,367	1,383	1,380	1,384	1,385
Industrial	56	56	61	58	55	56	58	57	55	56
Public	90	90	82	74	77	73	72	71	70	72
System Usage in Gallons										
Residential	803,773,000	803,773,000	682,641,000	699,287,000	675,808,052	668,406,614	631,339,055	613,009,263	590,568,073	587,827,244
Commercial	428,482,000	428,482,000	433,209,000	423,793,000	411,200,015	397,121,009	382,916,197	360,302,534	356,280,172	368,500,375
Industrial	384,016,000	384,016,000	303,608,000	322,219,000	318,813,727	317,491,502	213,231,560	153,712,025	189,314,970	346,566,644
Public	78,034,000	78,034,000	72,666,000	66,635,000	66,634,525	78,298,628	71,582,613	72,665,776	65,842,281	58,930,350

Notes: N/A = Not Available

*The parking fund first began issuing parking tickets in the downtown area in 2003

City of Fond du Lac, Wisconsin

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities:										
Public Safety										
Police Protection										
Sworn Personnel - Authorized Positions	69	69	69	72	71	71	74	74	75	75
Fire and EMS Protection										
Number of Stations	3	3	3	3	3	3	3	3	3	3
Firefighting Force	66	64	64	64	61	65	63	64	65	65
Firefighting Vehicles	7	6	6	6	6	6	6	6	6	6
Ambulances	5	4	4	4	4	4	5	5	5	5
Public Works										
Miles of Streets	189	189	160.32	161.50	162.40	169.04	169.29	170.33	170.93	107.94
Miles of Storm Sewers	189	189	155	163	163.70	165.8	165.85	169.3	171.35	172.77
Recreation and Culture										
Playgrounds	15	15	15	15	15	15	15	15	15	15
City Parks	21	21	21	21	21	21	21	21	21	21
Acres of City Park Land	520	520	520	520	520	520	520	520	520	520
Indoor Skating Facility	1	1	1	1	1	1	1	1	1	1
Outdoor Skating Facility	-	-	-	-	1	1	1	1	1	1
Outdoor Skateboarding Facility	1	1	1	1	1	1	1	1	1	1
Outdoor Pools	1	1	1	1	1	1	1	1	1	1
Outdoor Water Park	1	1	1	1	1	1	1	1	1	1
Disc Golf Course	1	1	1	1	1	1	1	1	1	1
Band Shelters	1	1	1	1	1	1	1	1	1	1
Boat Launches	16	16	16	16	16	16	16	16	16	16
Business-type activities:										
Water Utility										
Miles of Mains	204	204	208	205.9	209.5	211	219.98	220.44	220.42	220.07
Hydrants	1,599	1,599	1,732	1,739	1,774	1,773	1,803	1,817	1,826	1,824
Watewater Collection & Treatment System										
Miles of Sanitary Sewers	189	189	190	196.5	197	193.65	193.76	203.51	197.23	197.29

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CPAs AND SO MUCH MORE.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council
City of Fond du Lac, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fond du Lac, Wisconsin, as of and for the year ended December 31, 2011, which collectively comprise the City of Fond du Lac's basic financial statements and have issued our report thereon dated June 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City of Fond du Lac, Wisconsin is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Fond du Lac, Wisconsin's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the City of Fond du Lac, Wisconsin's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Fond du Lac, Wisconsin's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Fond du Lac, Wisconsin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of City of Fond du Lac, Wisconsin in a separate letter dated June 21, 2012.

This report is intended solely for the information and use of management, and City Council, and is not intended to be and should not be used by anyone other than these specified parties.

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Certified Public Accountants
Green Bay, Wisconsin
June 21, 2012

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CPAs AND SO MUCH MORE.

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES

To the City Council
City of Fond du Lac, Wisconsin

Compliance

We have audited City of Fond du Lac, Wisconsin's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2011. City of Fond du Lac, Wisconsin's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of City of Fond du Lac, Wisconsin's management. Our responsibility is to express an opinion on City of Fond du Lac, Wisconsin's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, OMB Circular A-133 and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about City of Fond du Lac, Wisconsin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Fond du Lac, Wisconsin's compliance with those requirements.

In our opinion, City of Fond du Lac, Wisconsin complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the City of Fond du Lac, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered City of Fond du Lac, Wisconsin's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal

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control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City Council, others within the City, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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Certified Public Accountants
Green Bay, Wisconsin
June 21, 2012

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2011

Grantor/Pass-Through Grantor/Program Title	Federal CFDA/ State ID Number	Pass-Through Grantor's Number	Program or Award Amount	Cash/ Receivable at January 1, 2011	Receipts or Revenue Recognized	Disbursements/ Expenditures	(Deferred Revenue)/ Receivable at December 31, 2011
U. S. Department of Housing and Urban Development							
Community Development Block Grant	14.228	--	$ 1,231,937	$ 108,323	$ 534,085	$ 708,834	$ 283,072
Community Development Block Grant- ARRA	14.228	--	$ 108,063	-	4,665	4,665	-
Community Development Block Grant- EAP	14.228	--	$ 3,450,000	74,160	1,119,887	2,112,647	1,066,920
Total U. S. Department of Housing and Urban Development				182,483	1,658,637	2,826,146	1,349,992
U. S. Department of Transportation							
Passed through State Department of Transportation:							
Operating Assistance - 2011	20.507	--	$ 505,592	-	505,592	505,592	-
Capital Assistance Grant - ARRA	20.500	--	$ 1,347,200	-	1,347,200	1,347,200	-
Alcohol Enforcement - 2010/2011	20.607	0938-41-37	$ 30,000	2,592	2,592	-	-
Alcohol Enforcement - 2011/2012	20.607	--	$ 30,000	-	20,687	20,687	-
Speed Enforcement - 2010/2011	20.600	0950-40-03	$ 30,000	4,324	4,324	-	-
Speed Enforcement - 2011/2012	20.600	--	$ 30,000	-	20,989	25,782	4,793
Pedestrian Safety Equipment	20.600	--	$ 2,000	-	1,941	1,941	-
Bicycle Enforcement	20.600	--	$ 2,000	-	1,980	1,980	-
Youth Alcohol Enforcement	20.600	--	$ 6,577	-	5,223	5,223	-
Total U. S. Department of Transportation				6,916	1,910,528	1,908,405	4,793
U.S. Department of Justice							
Edward Byrne Memorial Justice Assistance Grant-2010	16.738	--	$ 24,007	16,330	17,276	946	-
Edward Byrne Memorial Justice Assistance Grant-2011	16.738	2011-DJ-BX-3325	$ 19,746	-	-	899	899
Edward Byrne Memorial Justice Assistance Grant-2010-SRO's	16.738	2009-SB-B9-2782	$ 122,090	16,325	16,325	-	-
Community Oriented Policing (COPS) Grant	16.710	--	$ 385,000	3,060	25,800	46,290	23,550
Passed through Wisconsin Dept of Admin-Office of Justice Assistance							-
Bulletproof Vest Partnership Program	16.607	--	$ 10,215	-	2,785	2,785	-
Homeland Security Training	97.067	2010-HS-03-9189	$ 7,681	-	5,915	5,915	-
Homeland Security /WISCOM Enhancement	97.067	2010-HS-05-9279	$ 800,000	-	-	12,510	12,510
Homeland Security /WISCOM Daily User	97.067	2008-HS-05-9282	$ 256,642	-	-	720	720
Innovative Law Enforcement Program (FDL Watches)	16.803	2009-DS-01-7345	$ 19,765	3,566	3,566	-	-
Total U.S. Department of Justice				39,281	71,667	70,065	37,679
U.S Environmental Protection Agency							
Passed through Wisconsin Department of Administration							
Safe Drinking Water Loan Program	66.468	--	$ 10,990,743	-	940,458	940,458	-
Total U.S. Environmental Protection Agency				-	940,458	940,458	-
U.S. Department of Homeland Security							
Passed through Wisconsin Dept of Military Affairs							
Assistance to Firefighters	97.044	EMW-2010-FO-04913	$ 19,350	-	19,350	19,350	-
Total U.S. Department of Homeland Security				-	19,350	19,350	-
TOTAL FEDERAL AWARDS				$ 228,680	$ 4,600,640	$ 5,764,424	$ 1,392,464

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended December 31, 2011

Grantor/Pass-Through Grantor/Program Title	Federal CFDA/ State ID Number	Pass-Through Grantor's Number	Program or Award Amount	Cash/ Receivable at January 1, 2011	Receipts or Revenue Recognized	Disbursements/ Expenditures	(Deferred Revenue)/ Receivable at December 31, 2011
Wisconsin Department of Administration							
Office of Justice Assistance Grant-Beat Patrol	--	2010-BP-01-7499	$ 134,927	$ -	$ 134,927	$ 134,927	$ -
Wisconsin Department of Health & Family Services							
EMS-FAP Grant	435.167	--	$ 10,430	(26,359)	8,159	18,425	(16,093)
Wisconsin Department of Natural Resources							
All-Terrain Vehicle Trail	370.577	ATV-2021	$ 5,000	-	1,349	1,349	-
All-Terrain Vehicle Trail	370.577	ATV-2150	$ 6,500	-	-	5,460	5,460
All-Terrain Vehicle Trail	370.577	ATV-1911	$ 12,000	3,651	3,651	-	-
All-Terrain Vehicle Trail	370.577	ATV-2022	$ 10,000	-	8,085	8,085	-
Total Wisconsin Department of Natural Resources				3,651	13,085	14,894	5,460
Wisconsin Department of Transportation							
Operating Assistance Grant - 2009	395.104	--	$ 402,568	40,257	-	-	40,257
Operating Assistance Grant - 2010	395.104	--	$ 423,617	105,905	63,543	-	42,362
Operating Assistance Grant - 2011	395.104	--	$ 436,369	-	392,731	436,369	43,638
Total Wisconsin Department of Transportation				146,162	456,274	436,369	126,257
TOTAL STATE AWARDS				$ 123,454	$ 612,445	$ 604,615	$ 115,624
TOTAL FEDERAL AND STATE AWARDS				$ 352,134	$ 5,213,085	$ 6,369,039	$ 1,508,088

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

CITY OF FOND DU LAC, WISCONSIN
Notes to the Schedule of Expenditures of Federal and State Awards
December 31, 2011

NOTE A - BASIS OF PRESENTATION

In accordance with audit requirements issued by the Office of Management and Budget (OMB) Circular A-133 and the State Single Audit Guidelines issued by the Wisconsin Department of Administration, supplemental information is presented by the City in regard to federal and state financial assistance programs administered by the City.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedule are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the City's 2011 financial statements. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the City in the succeeding year while deferred revenue represents advances for federal and state programs that exceed recorded City expenditures.

Federal Programs: The City of Fond du Lac qualifies as a low risk auditee in accordance with paragraph 530 of OMB Circular A-133. Therefore major programs, as identified in Section I of the Schedule of Findings and Questioned Costs, represent those with combined expenditures exceeding 25% of total federal awards that also were deemed major programs based on the auditor's risk assessment. All other federal programs are considered non-major programs.

State Programs: Major programs represent state assistance programs with expenditures of $100,000 or more and other state programs classified as major in the State Single Audit Guidelines. All other state assistance programs required to be included in the Schedule of Expenditures of State Awards in accordance with Appendix H of the State Single Audit Guidelines are non-major programs.

NOTE C - OVERSIGHT AGENCIES

The Federal oversight agency for the City is the U.S. Department of Housing and Urban Development.

The State cognizant agency for the City is the Wisconsin Department of Administration.

CITY OF FOND DU LAC, WISCONSIN
Schedule of Findings and Questioned Costs
Year Ended December 31, 2011

Section I - Summary of Auditors' Results

Basic Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency identified?	None Reported
Noncompliance material to basic financial statements noted?	No

Federal Awards Programs

Internal control over major program:	
• Material weakness(es) identified	No
• Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No

Identification of major federal program:

CFDA Number	Name of Federal Program
20.500	Mass Transit Capital Assistance
20.507	Mass Transit Operating Assistance

Identification of major state programs:

State ID Number	Name of State Program
395.104	Urban Mass Transit Operating Assistance

Audit threshold used to determine between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee	Yes

Section II - Financial Statement Findings

There are no findings related to the basic financial statements required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2011.

Section III - Federal Award Findings and Questioned Costs

There are no audit findings and questioned costs required to be reported under OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations" and the *State Single Audit Guidelines* for the year ended December 31, 2011.

CITY OF FOND DU LAC, WISCONSIN
Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended December 31, 2011

Prior Year Audit Findings

There were no findings or questioned costs for federal awards for the year ended December 31, 2011.

Corrective Action Plan

No corrective action plan is required.