

City of Fond du Lac, WI  
First on the Lake

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**Comprehensive  
Annual Financial Report  
with Single Audit**

**Year ended December 31, 2013**

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# **Comprehensive Annual Financial Report**

**City of Fond du Lac, Wisconsin  
Year Ended December 31, 2013**

**Prepared by:**

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

**Hal M. Wortman, CPA, Director of Administration  
Tracy C. Salter, CPA, Deputy Comptroller/Treasurer  
Eileen M. Baus, Senior Accountant/Purchasing Manager  
Tricia M. Davi, Senior Accountant/Risk Manager**

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

**Arlene A. Mand, Publications Technician**

**CITY OF FOND DU LAC, WISCONSIN**  
December 31, 2013

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December 31, 2013

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# City of Fond du Lac

## First on the Lake

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

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

July 29, 2014

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, 2013. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the CAFR is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs have been included.

Wisconsin State Statutes require an annual audit of the financial transactions and accounts of the City by an independent public accountant selected by the City Council. This requirement has been met with the inclusion of the auditor's opinion in this report.

Schenck S.C., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Fond du Lac's financial statements for the year ended December 31, 2013 which means that in the opinion of our independent auditor, the financial statements are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is located at the front of the financial section of this report.

The City is required to undergo an annual single audit to conform with the provisions of 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 was incorporated in 1852 and is located in Fond du Lac County at the southern shore of Lake Winnebago, the largest inland lake in Wisconsin at 220 square miles. Five

major highways lead into the City, which is approximately one hour from each of the largest cities in the State; Milwaukee, Madison and Green Bay. The City encompasses just over 20 square miles and serves a population of 43,100.

Governance is provided by a Council-Manager form of government with seven council members comprising the governing body. The council members are elected at large on an alternating basis for a term of two years, not to exceed three consecutive terms. The City of Fond du Lac provides a full range of municipal services, including police and fire protection, ambulance, parks, public works operations, parking and transit services, water and sewer utilities, community development, and general administrative services.

## ***Financial Information***

### Reporting Entity

The City uses the criteria set forth by the Governmental Accounting Standards Board Statement No. 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. The level of control over budget adjustments varies for legally adopted budgets as follows: General Fund at division/department level and Debt Service Fund and Special Revenue Funds at the total fund level. Expenditures may not legally exceed appropriations at the above levels unless authorized by two-thirds vote of the City Council.

### 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 \$175,000 for each individual's total claims with aggregate group claims limited to an internal maximum aggregate of \$1 million. 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 2.6% from the previous year. The average 2013 unemployment rate was 7.5% for the City of Fond du Lac, 6.3% for Fond du Lac County and 6.7% for the State of Wisconsin.

In 2013, Fond du Lac continued to experience growth in residential, commercial and industrial development. There were 72 new housing units constructed, of which 32 units were one- and two-family and 40 were multi-family. Commercial and industrial growth continued in 2013 with \$53.5 million in construction of 23 new buildings and 181 additions.

Total equalized value (estimated fair market value) of real estate and personal property increased slightly to \$2,565,745,100 in 2013 from 2012. Over the past 10 years, the City's equalized value has increased 21%.

Wells Manufacturing completed a two-story, 64,000 square foot building addition to their facility on West Rolling Meadow Drive. Wells will add approximately 75 new jobs. The City took ownership of their former facility on South Brooke Street which will be redeveloped into commercial offices and a garden center in 2014. A portion of the 220,000 square foot facility will be razed to accommodate the redevelopment.

Con-Way Freight Service Center started construction on an approximately 49,000 square foot trucking terminal in the Fox Ridge Industrial Park. Con-Way will employ approximately 120 people at this location.

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

Unassigned fund balance in the general fund (23% of the subsequent year's budgeted general fund expenditures) falls within the policy guidelines (i.e. a minimum of 15% of subsequent year's total General Fund expenditures for working capital purposes) set by the Council for budgetary and planning purposes.

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

## ***Major Initiatives***

The budget for 2014 included a 3% increase in the property tax levy and no rate increases for residential garbage pickup or water and sewer utilities. The most significant issues facing the City for 2014 and 2015 relate to the continuing effects of a very restrictive state-mandated property tax levy limit and increasing debt payments.

An on-going program of reconstructing the City's sanitary sewer system in an effort to eliminate the entrance of clear water into the sanitary sewer system continues. The wastewater treatment plant completed construction of a biogas utilization project to utilize gases that are by-products of the wastewater treatment operations for energy consumption at the plant. Savings of electricity costs began late in 2013 with estimated savings of \$9,000-\$10,000 per month.

The water treatment plant project to convert to an H.M.O. process (Hydrous Manganese Oxide) to remove radium from the water is complete and providing great savings over the previous radium removal system.

The final two new City bus replacements were put into service in 2013 to complete this visible transit capital improvement project that both riders and the general public enjoy.

2011 Wisconsin Act 10, which eliminated most collective bargaining rights for City employees, excluding public safety and Transit employees, continues to affect City operations and its annual budget. As of 2013 all Transit union employees joined the non-represented employees, including decertified union employees pay 50% of general Wisconsin State Retirement System (WRS) pension costs (the employee share) contributions in 2013. The public safety and Transit collective bargaining groups each negotiated three-year contracts for 2014-2016. The police local union and supervisory unions are phasing in contributions for the employee share of WRS over the next three years along with a move to more attractive group health plans over those same years. Newly hired public safety employees are required to pay a share of their WRS costs, which is the same rate as paid by general employees. Each year this has a larger budget impact as turnover occurs.

## ***Awards and Acknowledgement***

### Awards

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

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

This is the fifteenth 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 2012 Comprehensive Annual Financial Reports.

Acknowledgment

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

Respectfully submitted,



Joseph P. Moore  
City Manager



Hal M. Wortman  
Director of Administration



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

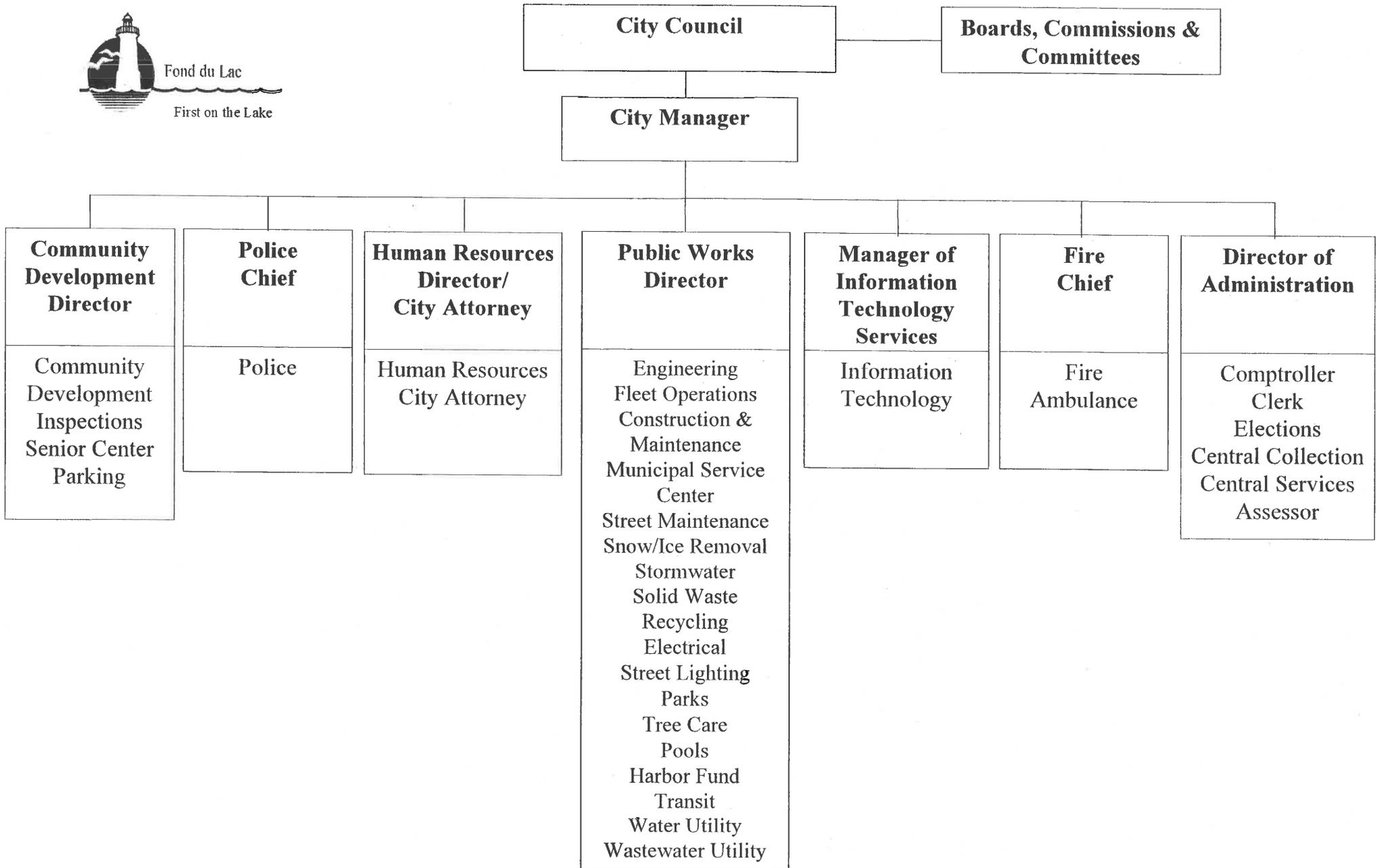
**City of Fond du Lac  
Wisconsin**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO

# Table of Organization



# CITY OF FOND DU LAC

## List of Principal Officials

December 31, 2013

### Elected Officials

		<u>Term Expires</u>
Samuel D. Meyer	City Council President	April, 2015
Lee Ann Lorrigan	City Council Vice-President	April, 2014
Brian J. Foster	City Council Member	April, 2014
Gary L. Miller	City Council Member	April, 2014
Catherine A. Block	City Council Member	April, 2015
Dan N. Manning	City Council Member	April, 2015
Karyn A. Merkel	City Council Member	April, 2015

### Non-Elected Officials

Joseph P. Moore	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
Jon Mark Bolthouse	Public Library Director
Paul C. DeVries	City Engineer
Sue L. Strands	City Clerk

**FINANCIAL  
SECTION**



## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Fond du Lac, Wisconsin

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fond du Lac, Wisconsin ("the City") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As described in Note E.6, the City recorded a prior period adjustment of \$100,000 in the Statement of Activities. The adjustment was to correct the recording of the advance refunding of debt in 2012.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress and the schedule of employer contributions on pages 13 through 25 and 64 through 65 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The financial information listed in the table of contents as supplementary information and the 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, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, the schedules of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Certified Public Accountants  
Green Bay, Wisconsin  
July 25, 2014

## 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, 2013. We encourage readers to consider the information presented here in conjunction with the letter of transmittal at the front of this report and the City's financial statements which follow this section.

### **Financial Highlights**

- The City has strong general fund reserves and a moderate overall debt burden.
- A net positive budget variance for 2013 operations was experienced through both revenues and expenses.
- The assets of the City exceeded the liabilities and deferred inflows of resources at December 31, 2013 by \$217 million.
- The City's total net position increased \$1.5 million (7 percent) over the course of this year's operations. The business-type activities had a \$4.4 million increase while the governmental activities had a \$2.9 million decrease.
- The unrestricted net position of the governmental activities was \$16.4 million.
- The unrestricted net position of the business-type activities was \$25.9 million.
- The City's general fund balance increased by \$1,142,000. The fund balance was budgeted to decrease by \$1,008,000, resulting in a positive variance of \$2,150,000 due primarily to lower than budgeted spending in many divisions. This positive budget variance will be helpful as the 2014 adopted budget anticipates using \$633,000 in general fund balance.
- The debt service fund balance was \$164,000, a decrease of \$211,000. The debt service fund was budgeted to have a decrease in fund balance of \$200,000. The largest portion of this negative budget variance is due to costs to refinance debt that will result in lower interest expense in future years.
- During 2013, the City advance refunded a general obligation bond issue and currently refunded a revenue bond issue and a state trust fund note to reduce annual debt payment amounts and resulting property tax levies required for debt service over the next ten to eleven years.
- The internal service fund for the self-funded City group health insurance benefits started 2013 with a net position of \$1.1 million and finished with a net position of \$2.55 million. There were no increases in premiums and premium revenue decreased due to fewer participants enrolled in the health plan. Expenditures including stop loss insurance premiums, medical claims and prescription drug claims drove the increase in net position for 2013.
- Other governmental funds had combined decreases in fund balances of \$2.2 million. All nonmajor governmental funds had positive fund balances at December 31, 2013.
- During 2013, nonmajor capital projects including clearwater-related utility street reconstruction and public works equipment replacement used just over \$2 million in funds that were borrowed or available prior to 2013.
- Nonmajor special revenue funds had an overall decrease in fund balance of \$186,000. The largest decrease was due to the change related to the Ambulance Special Revenue Fund which resulted in the fund balance for ambulance replacement being transferred to the Capital Projects Fund and the receivables and inventory being transferred to the General Fund. Offsetting this \$631,000 decrease were large increases in the Transit Fund and Community Development Block Grant Fund.
- The Transit Fund had an increase in fund balance of \$190,000 due to favorable budget variances in both revenues and expenditures.
- The Community Development Block Grant revenues exceeded the expenditures by \$174,000.

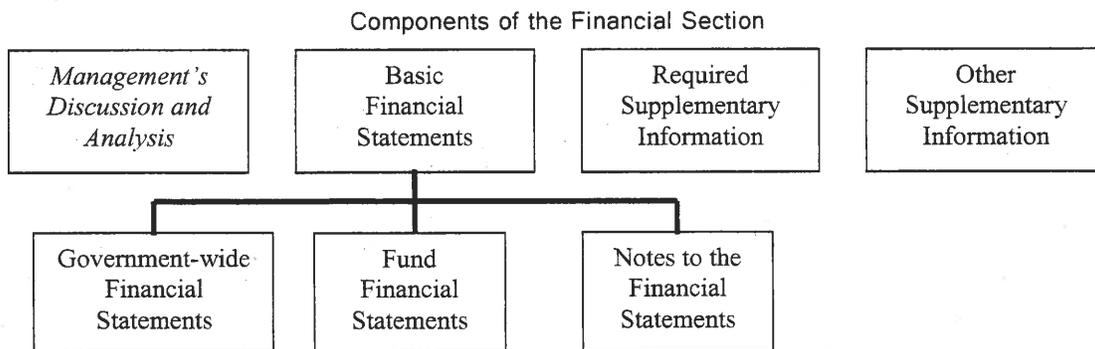
## Overview of the Financial Statement

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

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

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

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



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

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

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Data from the other sixteen governmental funds are combined into single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Utility and Wastewater 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 Position**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Fond du Lac, assets exceeded liabilities by \$217,485,017 at the close of 2013.

By far, the largest portion of the City of Fond du Lac's net position, 77 percent, reflects its investment in capital assets, net of depreciation, less the outstanding debt that was used to acquire those assets. The following table presents a summary of the Statements of Net position.

**City of Fond du Lac - Net Position**

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 100,593	\$ 98,939	\$ 36,132	\$ 43,153	\$ 136,725	\$ 142,092
Capital assets	152,273	153,145	190,838	188,024	343,111	341,169
Total assets	252,866	252,084	226,970	231,177	479,836	483,261
Non-current liabilities	82,132	80,206	100,825	108,124	182,957	188,330
Current and other liabilities	53,793	52,755	3,331	4,631	57,124	57,386
Total liabilities	135,925	132,961	104,156	112,755	240,081	245,716
Deferred inflows of resources						
Property taxes	22,270	21,479	-	-	22,270	21,479
Net position:						
Invested in capital assets, net of related debt	76,912	81,618	90,430	80,276	167,342	161,894
Restricted	1,407	1,444	6,452	8,393	7,859	9,837
Unrestricted	16,352	14,582	25,932	29,753	42,284	44,335
Total net position	\$ 94,671	\$ 97,644	\$ 122,814	\$ 118,422	\$ 217,485	\$ 216,066

## Statement of Activities

The following table summarizes the changes in net position for the City of Fond du lac for the fiscal year ended December, 31 2013.

### Changes in Net Position

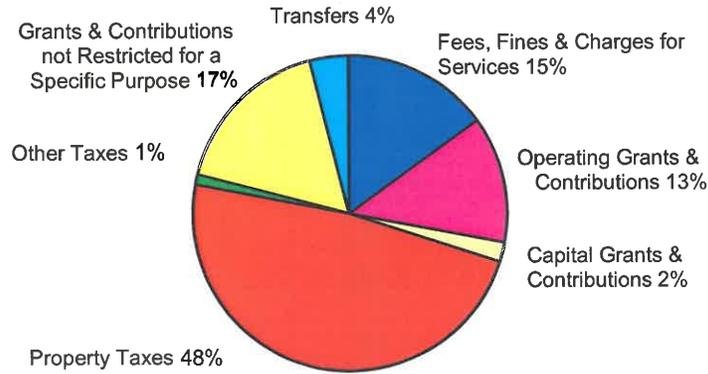
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Fees, fines and charges for services	\$ 6,680	\$ 6,112	\$ 23,629	\$ 24,433	\$ 30,309	\$ 30,545
Operating grants and contributions	6,090	5,567	-	-	6,090	5,567
Capital grants and contributions	1,004	3,506	-	8	1,004	3,514
General revenues:						
Property taxes	21,479	21,140	-	-	21,479	21,140
Other taxes	377	355	-	-	377	355
Grants and contributions not restricted to specific programs	7,801	7,433	-	-	7,801	7,433
Gain on disposal of capital assets	8	-	25	18	33	18
Earnings on investments	(111)	230	201	561	90	791
Miscellaneous	3	-	-	-	3	-
Total revenues	<u>43,331</u>	<u>44,343</u>	<u>23,855</u>	<u>25,020</u>	<u>67,186</u>	<u>69,363</u>
Expenses:						
General government	2,420	2,661	-	-	2,420	2,661
Public safety	17,553	19,912	-	-	17,553	19,912
Public works	16,542	15,442	-	-	16,542	15,442
Culture and recreation	6,006	5,377	-	-	6,006	5,377
Community development	2,095	5,242	-	-	2,095	5,242
Interest on long-term debt	3,219	3,358	-	-	3,219	3,358
Water	-	-	8,453	8,977	8,453	8,977
Wastewater	-	-	9,379	9,103	9,379	9,103
Total expenses	<u>47,835</u>	<u>51,992</u>	<u>17,832</u>	<u>18,080</u>	<u>65,667</u>	<u>70,072</u>
Increase (decrease) in net position before transfers	(4,504)	(7,649)	6,023	6,940	1,519	(709)
Transfers	1,631	1,497	(1,631)	(1,497)	-	-
Increase (decrease) in net position	(2,873)	(6,152)	4,392	5,443	1,519	(709)
Net position - 1/1	97,644	103,796	118,422	112,979	216,066	216,775
Prior period adjustment	(100)	-	-	-	(100)	-
Net position - 12/31	<u>\$ 94,671</u>	<u>\$ 97,644</u>	<u>\$ 122,814</u>	<u>\$ 118,422</u>	<u>\$ 217,485</u>	<u>\$ 216,066</u>

**Governmental activities.**

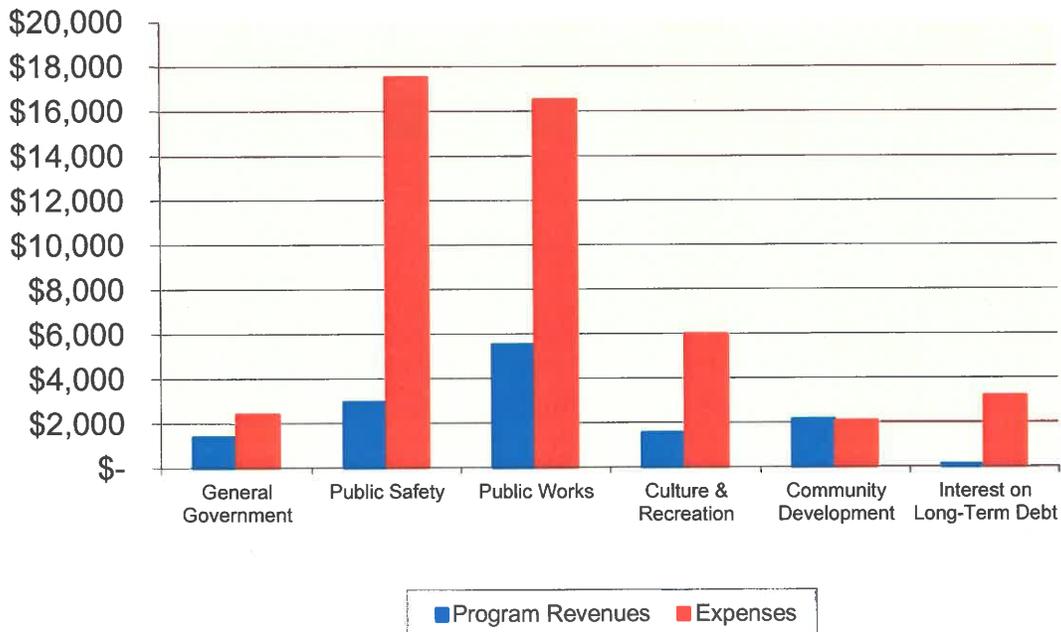
Revenues for the City’s governmental activities were \$45 million. Property taxes are the largest source of governmental activity revenues at \$21 million, or 48 percent. The sources of revenues are shown in the pie graph below.

**REVENUES BY SOURCE  
2013 GOVERNMENTAL ACTIVITIES**



The bar graph below compares the activities and expenses by function. Public safety represents the largest expense at almost \$17.6 million or 37 percent. Public works is the next largest area of expense at \$16.5 million or 35 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. Community Development includes the Inspections Division which collects significant revenues in the form of building permits. Public Safety includes ambulance services with fees billed to the patient.

**2013 Program Revenues and Expenses  
Governmental Activities**  
(thousands)



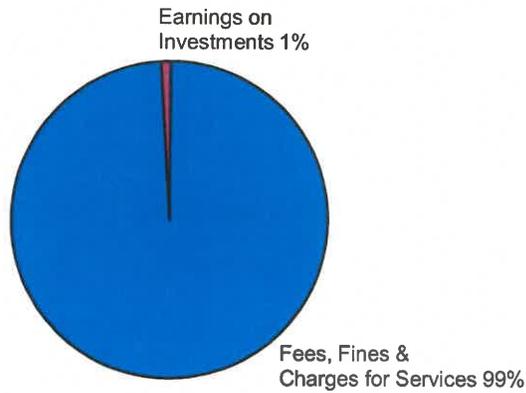
**Business-type activities.**

The business-type activities of the Water and Wastewater utilities increased the City's net position by \$4.4 million.

Water rate increases must be submitted to the Wisconsin Public Service Commission (PSCW) for approval. The last water rate increase was granted by the PSCW in 2009 and became effective January 1, 2010.

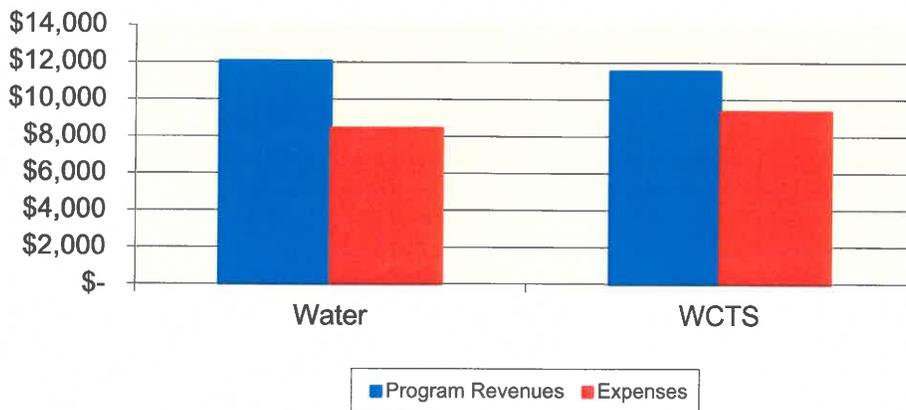
The last Wastewater Utility- rate increase was implemented in 2009.

**REVENUES BY SOURCE  
2013 BUSINESS-TYPE ACTIVITIES**



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

**2013 Revenues & Expenses for Enterprise Funds  
(thousands)**



## **Financial Analysis of the Government's Funds**

As noted earlier, the City of Fond du Lac uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Fond du Lac's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Fond du Lac's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Fond du Lac. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The City Council has adopted a minimum general fund working capital designation of 15 percent of the annual budgeted general fund appropriations. Unassigned general fund balance as of December 31, 2013 represents 24.2 percent of total actual 2013 general fund expenditures and other financing uses, while total fund balance represents 29.4 percent of that same amount. The unassigned fund balance includes the working capital goal of 15 percent of the 2014 budgeted expenditures. Total general fund balance increased by \$1.1 million in 2013, significantly better than the budgeted decrease of \$1,008,000 due to favorable budget variances for both revenues and expenditures.

The debt service fund balance is \$164,000, a decrease of \$211,000. This decrease was more than the \$200,000 budgeted use of fund balance due to additional expenditures incurred in refinancing debt to save future interest costs.

**Proprietary funds.** The City of Fond du Lac's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The total net position increased \$4.4 million during 2013 while the unrestricted net position decreased \$3.8 million due largely to investment in capital assets from operations. Increases from large capital projects offset by annual depreciation costs has increased the net investment in capital assets \$10 million. Favorable experience with operating revenues has also contributed to the positive net position.

## **General Fund Budgetary Highlights**

The total difference between the original budget and the final amended budget was a net decrease in fund balance of \$92,026. The changes between original budget and the final budget were the result of fund balance assigned for projects and the roll-over of encumbrances from 2012. Encumbrances made up \$27,400 of the amendment. The more material changes took place with the assignment of \$67,400 of 2012 fund balance by Council action after the start of the new year. The larger items assigned to the 2013 budget included lighting and landscaping of vacant downtown lot due to fire, agenda software, engineering survey equipment, fire and ambulance equipment, and building demolition funds for code enforcement and public safety issues.

These increases were funded entirely by the use of fund balance either in the form of encumbrances or assignment of the previous year 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 2013.

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

During this year, the net increase in fund balance was \$2.2 million higher than budget. The primary reasons for this are:

- Revenues produced a net \$467,000 positive budget variance.
  - Licenses and permits exceeded budget by \$343,000 primarily due to higher than anticipated building, plumbing, electrical and heating permits.
  - General transportation and connecting highway aids were \$200,000 higher than estimated in the budget process. Other net intergovernmental revenues were over budget by \$26,000.
  - Special assessment revenues exceeded budget by \$165,000.
  - Net ambulance billings were \$145,000 higher than budgeted.
  - Other taxes had a positive variance of \$48,000. This includes interest and penalty on delinquent personal property taxes and special assessments and the City share of room taxes.
  - Offsetting these positive variances were a large negative variance of \$378,000 in investment earnings.
  - Court and parking fines were short \$139,000 due to higher than normal patrol vacancies within the police department which resulted in fewer traffic and parking citations being issued.
- Total expenditures provided a net \$1.25 million favorable budget variance across all general fund divisions.
  - General government had an overall favorable variance of \$119,000.
    - Central services include the in-house printing and mail services. This division underspent postage and provided more services to other departments resulting in a favorable budget variance of \$12,000.
    - Human resources had a positive budget variance of \$45,000 which was budgeted, but not utilized for other outside services and a software subscription during the year.
    - Savings of \$15,000 in election costs were felt due to a primary election that was budgeted but not required and lower than anticipated costs in other areas of election administration.
    - Other savings were spread across several divisions due to efficiencies implemented.
  - Police had a net 2013 budget excess of \$78,000 caused by some 2013 budgeted retirements taking place in 2012 which moved the financial burden to 2012 and the savings in wages for empty positions which in combination exceeded the overtime due to vacancies.
  - The Fire department experienced a favorable budget variance of \$63,000 due to reductions in overtime and budgeted employee retirement costs not materializing.
  - The majority of the \$304,000 savings in the Ambulance operation was related to wage and benefit costs with overtime as largest single item.
  - The department of public works had a net \$470,000 favorable variance.
    - Engineering, fleet, construction and maintenance and electrical performed more work and provided more equipment and supplies that were charged to projects than was estimated which had a \$230,000 combined budget impact.
    - Stormwater maintenance of \$65,000 was unspent at year end.
    - Engineering had \$60,000 available for GIS aerial orthophotos for which a purchase order was issued, but the work could not be completed until 2014. This amount was encumbered from 2013 to the 2014 budget.

- Culture and recreation had a \$120,000 favorable variance.
  - Parks had savings of \$66,000 due largely to wages and benefits. Temporary payroll, overtime and a large retirement cost that did not happen were approximately \$53,000 of the savings. The balance was due to several smaller areas including utilities.
  - The Fairgrounds pool had \$33,000 of savings mainly from fewer lifeguard hours of \$13,000, lower concession supplies of \$10,000 and utilities of \$7,000,
  - Of the \$20,000 unspent senior center budget, \$13,000 was in wage and benefits, \$3,000 was in utility savings and the balance was spread over several material and supply accounts.
- Community development had a \$95,000 favorable variance.
  - The community development division's budget surplus can be attributed to performing more work attributable to grants for which the wages and benefits are charged to those grants, not utilizing all of the funds budgeted for economic development and not hiring an intern that was included in the budget.
  - City inspections was under budget \$60,000. When the City must step in and raze properties due to code enforcement violations and public safety concerns, the costs are paid for through the inspections budget and billed to the property owner. There were fewer demolitions during 2013 which resulted in \$20,000 of unspent funds. One of the inspections staff members spends much of his time working on grant funded rehabilitation projects. More of his time was attributable and charged to the grants than anticipated in the budget reflecting a \$24,000 favorable budget variance. Technology improvements with a cost of \$7,000 were not done in anticipation of upcoming software upgades.
- Transfers out were over budget by \$36,000 partially due to an unbudgeted transfer of \$69,000 to the Parking Special Revenue Fund to cover a fund deficit.

**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, 2013, amounts to \$343,110,292 (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	
	2013	2012	2013	2012	2013	2012
Land and construction in progress	\$ 9,279	\$ 7,470	\$ 1,761	\$ 8,908	\$ 11,040	\$ 16,378
Infrastructure	116,076	118,971	-	-	116,076	118,971
Buildings	14,010	14,122	69,818	72,124	83,828	86,246
Improvements other than buildings	3,862	3,868	88,315	87,188	92,177	91,056
Equipment	9,045	8,714	30,944	19,804	39,989	28,518
<b>Total</b>	<b>\$ 152,272</b>	<b>\$ 153,145</b>	<b>\$ 190,838</b>	<b>\$ 188,024</b>	<b>\$ 343,110</b>	<b>\$ 341,169</b>

Capital assets net of depreciation increased by \$1.9 million, just over one-half of one percent. The business-type activities had a net increase of \$2.8 million, with water increasing \$3.6 million and wastewater decreasing \$769,000. Governmental capital assets, net of depreciation decreased by \$873,000 due largely to 2013 depreciation expense of \$7.6 million, outpacing capital asset additions.

Major governmental capital activity included additional construction in progress work on the Pioneer Road railroad grade separation project of \$2.5 million, stormwater and street infrastructure of \$1.8 million, replacement of two city buses for \$725,000, two dump trucks of \$316,000, fire station three remodeling project of \$570,000, an ambulance replacement of \$228,000 and a police swat vehicle of \$219,000. Additions and retirements of large public works equipment items and squad cars are on normal replacement schedules with no major changes planned.

Major business-type capital asset additions in the Water Utility included \$4.7 million for a Hydrous Manganese Oxide (HMO) equipment conversion project and \$868,000 for utility street reconstruction. Significant Wastewater projects included \$453,000 for sewer manhole rehabilitation projects and \$940,000 for utility street reconstruction. Depreciation expense for 2012 was \$5.2 million, split almost equally between water and wastewater.

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 \$178,563,839.

**Outstanding Debt - General Obligation and Revenue Bonds**

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 65,400	\$ 61,190	\$ -	\$ -	\$ 65,400	\$ 61,190
General obligation notes	12,805	14,055	-	-	12,805	14,055
Revenue bonds	-	-	100,359	107,748	100,359	107,748
<b>Total</b>	<b>\$ 78,205</b>	<b>\$ 75,245</b>	<b>\$ 100,359</b>	<b>\$ 107,748</b>	<b>\$ 178,564</b>	<b>\$ 182,993</b>

The total debt of the City of Fond du Lac decreased \$4.5 million, or 2.5 percent during 2013. The City issued general obligation notes to finance 2013 capital improvement projects of \$3,190,000. Advance refunding of a 2004 general obligation bond issue was accomplished by issuing \$3,085,000 of general obligation refunding bonds, acting to defease the 2004 issue.

A 2004 State Trust Fund Note was currently refunded with \$3,975,000 of general obligation refunding bonds. The City also currently refunded the 2002 and 2003 revenue bond issues with \$4,325,000 of general obligation refunding bonds. The effect of the advanced and current refundings is to reduce total debt service payments over the life of the debt.

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, 2013 was \$128,287,725, which was in excess of the net outstanding general obligation debt applicable to debt limitation of \$78,040,632. The available legal margin for new debt was \$50,246,623.

Additional information on the City's debt may be found in note C.6 of the Notes to Basic Financial Statements.

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

- The 2012 unemployment rate for the City of Fond du Lac was 7.7 percent, which is 0.9 percent lower than a year ago. The May, 2013 unemployment rate is 7.5 percent, unchanged from last May.
- Population in the City of Fond du lac increased slightly from 2011 to 2012.
- The City's total property tax levy to fund the 2013 budget is up 1.5 percent. The equalized tax rate increased 4.7 percent and the assessed tax rate increased 0.6 percent.

Rates for the City's business-type activities remained unchanged for 2011, 2012 and 2013 as follows:

- The water utility had no rate increases for 2011, 2012 or 2013. 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 2013 with no proposed increases.

These factors were considered in preparing the City of Fond du Lac's budget for 2014.

### ***Requests for Information***

This financial report is designed to provide a general overview of the City of Fond du Lac's finances and to demonstrate the City's accountability for the money it receives to our citizens, taxpayers, customers, and investors and creditors. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administration, City of Fond du Lac, 160 South Macy Street, PO Box 150, Fond du Lac, WI 54936-0150.

# **BASIC FINANCIAL STATEMENTS**

**CITY OF FOND DU LAC, WISCONSIN**  
Statement of Net Position  
December 31, 2013

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 29,599,843	\$ 13,143,180	\$ 42,743,023
Receivables			
Accounts	1,075,276	5,403,104	6,478,380
Special assessments	427,229	746,460	1,173,689
Accrued interest	-	1,728	1,728
Taxes	44,051,426	3,112	44,054,538
Community development loans	6,161,723	-	6,161,723
Due from other governments	18,635,061	9,611,330	28,246,391
Internal balances	(223,032)	223,032	-
Inventories	680,975	385,555	1,066,530
Prepaid items	174,000	-	174,000
Restricted assets	-	6,452,250	6,452,250
Noncurrent special assessments	-	85,965	85,965
Other - noncurrent	10,607	76,138	86,745
Capital assets:			
Land and construction in progress	9,278,645	1,761,093	11,039,738
Infrastructure	196,423,628	-	196,423,628
Buildings	26,898,085	87,157,443	114,055,528
Improvements other than buildings	9,715,849	110,895,991	120,611,840
Equipment	22,294,215	43,399,303	65,693,518
Accumulated depreciation	(112,338,071)	(52,375,889)	(164,713,960)
<b>Total Assets</b>	<b>252,865,459</b>	<b>226,969,795</b>	<b>479,835,254</b>
<b>LIABILITIES</b>			
Accounts payable	1,708,189	812,619	2,520,808
Contracts payable	136,894	26,395	163,289
Accrued expenses	1,392,229	135,540	1,527,769
Accrued interest	972,859	647,559	1,620,418
Due to other governments	47,305,411	-	47,305,411
Unearned revenues	1,404,798	88,184	1,492,982
Other	872,847	1,620,851	2,493,698
Noncurrent liabilities:			
Due within one year			
Long-term obligations	5,508,893	6,649,440	12,158,333
Due in more than one year			
Long-term obligations	76,623,064	94,174,839	170,797,903
<b>Total liabilities</b>	<b>135,925,184</b>	<b>104,155,427</b>	<b>240,080,611</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	22,269,626	-	22,269,626
<b>NET POSITION</b>			
Net investment in capital assets	76,912,015	90,430,362	167,342,377
Restricted for:			
Equipment replacement	-	1,727,173	1,727,173
Debt service	164,368	4,725,077	4,889,445
Community development projects and loans	1,242,630	-	1,242,630
Unrestricted	16,351,636	25,931,756	42,283,392
<b>Total Net Position</b>	<b>\$ 94,670,649</b>	<b>\$ 122,814,368</b>	<b>\$ 217,485,017</b>

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, 2013

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,419,911	\$ 1,288,711	\$ 114,667	\$ -
Public safety				
Police	9,326,591	126,566	446,806	-
Fire	4,824,058	17,511	133,695	39,475
Ambulance	3,401,988	1,638,447	559,374	-
Public works	16,542,768	1,802,173	3,217,266	527,344
Culture and recreation	6,006,313	478,373	1,083,323	-
Community development	2,095,011	1,327,924	392,768	437,036
Interest on long-term debt	3,218,799	-	142,197	-
Total governmental activities	<u>47,835,439</u>	<u>6,679,705</u>	<u>6,090,096</u>	<u>1,003,855</u>
Business-type activities:				
Water	8,452,508	12,084,957	-	-
Wastewater	9,379,421	11,544,534	-	-
Total business-type activities	<u>17,831,929</u>	<u>23,629,491</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b>\$ 65,667,368</b>	<b>\$ 30,309,196</b>	<b>\$ 6,090,096</b>	<b>\$ 1,003,855</b>

General revenues:	
Property taxes	21,478,702
Other taxes	377,172
Grants and contributions not restricted to specific programs	7,801,227
Gain on disposal of capital assets	8,500
Earnings on investments	(111,182)
Miscellaneous	2,739
Transfers	1,631,170
Total general revenues and transfers	<u>31,188,328</u>

Change in net position

Net position - January 1

Prior period adjustment

Net position - December 31

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (1,016,533)	\$ -	\$ (1,016,533)
(8,753,219)	-	(8,753,219)
(4,633,377)	-	(4,633,377)
(1,204,167)	-	(1,204,167)
(10,995,985)	-	(10,995,985)
(4,444,617)	-	(4,444,617)
62,717	-	62,717
(3,076,602)	-	(3,076,602)
<u>(34,061,783)</u>	<u>-</u>	<u>(34,061,783)</u>
-	3,632,449	3,632,449
-	2,165,113	2,165,113
-	<u>5,797,562</u>	<u>5,797,562</u>
<u>(34,061,783)</u>	<u>5,797,562</u>	<u>(28,264,221)</u>
21,478,702	-	21,478,702
377,172	-	377,172
7,801,227	-	7,801,227
8,500	25,450	33,950
(111,182)	201,006	89,824
2,739	-	2,739
1,631,170	(1,631,170)	-
<u>31,188,328</u>	<u>(1,404,714)</u>	<u>29,783,614</u>
(2,873,455)	4,392,848	1,519,393
97,644,104	118,421,520	216,065,624
(100,000)	-	(100,000)
<u>\$ 94,670,649</u>	<u>\$ 122,814,368</u>	<u>\$ 217,485,017</u>

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

**CITY OF FOND DU LAC, WISCONSIN**

Balance Sheet  
Governmental Funds  
December 31, 2013

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 17,940,910	\$ 164,368	\$ 8,381,981	\$ 26,487,259
Accounts receivable	1,010,251	-	31,558	1,041,809
Taxes receivable, net	34,422,824	5,166,160	4,462,442	44,051,426
Special assessments receivable	405,799	-	21,430	427,229
Community development loans receivable	-	-	6,161,723	6,161,723
Due from other governmental funds	8,693	-	-	8,693
Due from other governments	18,199,532	-	435,529	18,635,061
Inventories	657,434	-	23,541	680,975
Other	-	-	10,607	10,607
<b>Total assets</b>	<b>\$ 72,645,443</b>	<b>\$ 5,330,528</b>	<b>\$ 19,528,811</b>	<b>\$ 97,504,782</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 352,020	\$ -	\$ 788,909	\$ 1,140,929
Contracts payable	74,279	-	62,615	136,894
Accrued compensation	1,280,115	-	111,814	1,391,929
Due to other funds	-	-	8,693	8,693
Due to other governmental units	47,306,390	-	-	47,306,390
Unearned revenue	120,788	-	1,254,722	1,375,510
Other	665,781	-	52,776	718,557
<b>Total liabilities</b>	<b>49,799,373</b>	<b>-</b>	<b>2,279,529</b>	<b>52,078,902</b>
Deferred inflows of resources:				
Property taxes	13,895,876	5,166,160	3,207,590	22,269,626
Special assessments	477,963	-	-	477,963
Loans receivable	-	-	6,161,723	6,161,723
<b>Total deferred inflows of resources</b>	<b>14,373,839</b>	<b>5,166,160</b>	<b>9,369,313</b>	<b>28,909,312</b>
Fund balances:				
Nonspendable				
Inventories and prepaid items	657,434	-	23,541	680,975
Restricted				
Debt service	-	164,368	-	164,368
Community development projects and loans	-	-	1,242,630	1,242,630
Committed				
Subsequent years' expenditures	110,500	-	6,622,491	6,732,991
Assigned				
Subsequent years' expenditures	726,392	-	-	726,392
Unassigned	6,977,905	-	(8,693)	6,969,212
<b>Total fund balances</b>	<b>8,472,231</b>	<b>164,368</b>	<b>7,879,969</b>	<b>16,516,568</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 72,645,443</b>	<b>\$ 5,330,528</b>	<b>\$ 19,528,811</b>	<b>\$ 97,504,782</b>

**CITY OF FOND DU LAC, WISCONSIN**

Balance Sheet (Continued)

Governmental Funds

December 31, 2013

Reconciliation of Fund Balances to Net Position

Total Fund Balance as shown from previous page \$ 16,516,568

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 152,272,351

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	\$ 477,963	
Loans receivable	6,161,723	
Net adjustment	<u>6,639,686</u>	6,639,686

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 position. 2,550,231

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. (223,032)

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	(78,205,000)	
Bond premium	(361,318)	
Capital leases	(26,976)	
Compensated absences	(1,602,278)	
Other post-employment benefits	(1,916,724)	
Accrued interest on long-term obligations	(972,859)	
Net adjustment	<u>(83,085,155)</u>	(83,085,155)

Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 26) \$ 94,670,649

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, 2013

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 13,960,668	\$ 4,514,819	\$ 3,003,215	\$ 21,478,702
Other taxes	316,871	-	60,301	377,172
Licenses and permits	1,584,967	-	-	1,584,967
Intergovernmental	9,337,893	142,197	3,615,225	13,095,315
Charges for services	2,049,031	-	2,141,870	4,190,901
Court and parking fines	341,173	-	62,086	403,259
Special assessments	310,994	-	-	310,994
Investment earnings	(137,691)	-	(7,830)	(145,521)
Miscellaneous	148,299	-	2,083,347	2,231,646
Total revenues	<u>27,912,205</u>	<u>4,657,016</u>	<u>10,958,214</u>	<u>43,527,435</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,563,822	-	12,465	2,576,287
Public safety	17,529,840	-	65,540	17,595,380
Public works	5,505,470	-	3,481,979	8,987,449
Culture and recreation	1,812,502	-	3,041,916	4,854,418
Community development	1,110,554	-	684,994	1,795,548
Other	-	82,258	-	82,258
Debt service:				
Principal	-	7,907,613	-	7,907,613
Interest and other charges	-	3,347,760	1,225	3,348,985
Capital outlay	-	-	8,468,176	8,468,176
Total expenditures	<u>28,522,188</u>	<u>11,337,631</u>	<u>15,756,295</u>	<u>55,616,114</u>
Excess (deficiency) of revenues over expenditures	<u>(609,983)</u>	<u>(6,680,615)</u>	<u>(4,798,081)</u>	<u>(12,088,679)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	-	8,860,000	-	8,860,000
Long-term debt issued	-	-	3,190,000	3,190,000
Premium on long-term debt issued	-	376,520	-	376,520
Payment to refunding escrow agent	-	(3,257,783)	-	(3,257,783)
Transfers in	2,036,276	490,872	3,396,300	5,923,448
Transfers out	(284,023)	-	(4,008,255)	(4,292,278)
Total other financing sources (uses)	<u>1,752,253</u>	<u>6,469,609</u>	<u>2,578,045</u>	<u>10,799,907</u>
Net change in fund balances	1,142,270	(211,006)	(2,220,036)	(1,288,772)
Fund balances - January 1	<u>7,329,961</u>	<u>375,374</u>	<u>10,100,005</u>	<u>17,805,340</u>
Fund balances - December 31	<u>\$ 8,472,231</u>	<u>\$ 164,368</u>	<u>\$ 7,879,969</u>	<u>\$ 16,516,568</u>

**CITY OF FOND DU LAC, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
Governmental Funds  
For the Year Ended December 31, 2013

Reconciliation of Changes in Fund Balance to Changes in Net Position

Net Change in Fund Balances as shown on previous page \$ (1,288,772)

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	\$ 6,711,615	
Loss on disposals	(27,716)	
Depreciation expense	<u>(7,556,973)</u>	
Net adjustment		(873,074)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (189,384)

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 position. Also, governmental funds report the effect of 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	(12,050,000)	
Premium on issuance of debt	(376,520)	
Principal paid on long-term debt	10,990,000	
Payment of capital lease	<u>42,613</u>	
Net adjustment		(1,393,907)

Bond premiums and discounts are reported in the governmental funds as revenues and expenditures. In the statement of activities these costs are capitalized and amortized over the life of the bonds.

Bond premium 15,202

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	(47,230)	
Other post-employment benefits	(380,111)	
Accrued interest	<u>329,200</u>	
Net adjustment		(98,141)

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.

954,621

Change in Net Position of Governmental Activities as Reported on the Statement of Activities (see pages 27 - 28)

\$ (2,873,455)

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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 13,957,516	\$ 13,957,516	\$ 13,960,668	\$ 3,152
Other taxes	268,878	268,878	316,871	47,993
Licenses and permits	1,242,245	1,242,245	1,584,967	342,722
Intergovernmental	9,111,403	9,111,403	9,337,893	226,490
Special assessments	145,700	145,700	310,994	165,294
Charges for services	1,908,792	1,908,792	2,049,031	140,239
Court and parking fines	480,000	480,000	341,173	(138,827)
Investment earnings	239,900	239,900	(137,691)	(377,591)
Miscellaneous	90,438	90,438	148,299	57,861
Total revenues	<u>27,444,872</u>	<u>27,444,872</u>	<u>27,912,205</u>	<u>467,333</u>
<b>EXPENDITURES</b>				
General government				
City council	56,255	62,255	58,615	3,640
City manager	245,682	245,809	237,405	8,404
Clerk	282,854	301,662	297,400	4,262
Central services	102,252	102,316	90,545	11,771
Elections	69,144	69,144	54,264	14,880
Board of review	4,050	4,050	2,193	1,857
Comptrollers	707,753	715,863	715,707	156
Central collections	93,565	86,319	80,679	5,640
Assessment	319,392	319,392	318,214	1,178
Attorney	208,049	239,176	238,593	583
Human resources	416,273	386,058	340,609	45,449
Animal control	102,798	102,798	102,798	-
Delinquent accounts	15,900	15,900	669	15,231
Non-departmental insurance	31,692	31,692	26,131	5,561
City wide	8,454	-	-	-
Total general government	<u>2,664,113</u>	<u>2,682,434</u>	<u>2,563,822</u>	<u>118,612</u>
Public safety				
Police	9,472,950	9,488,003	9,409,600	78,403
Fire	4,603,198	4,616,765	4,553,464	63,301
Ambulance	3,872,254	3,870,880	3,566,776	304,104
Total public safety	<u>17,948,402</u>	<u>17,975,648</u>	<u>17,529,840</u>	<u>445,808</u>

(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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
<b>EXPENDITURES (Continued)</b>				
Public works				
Engineering	1,006,304	1,019,408	870,074	149,334
Fleet operations	612,702	553,509	414,782	138,727
Construction and maintenance	1,771,370	1,753,740	1,684,861	68,879
Municipal service center	512,515	545,807	545,014	793
Highway maintenance	430,461	384,191	376,914	7,277
Snow and ice removal	129,100	282,600	282,105	495
Stormwater maintenance	469,673	480,689	415,924	64,765
Electrical	336,990	310,565	280,453	30,112
Street lights	381,000	338,416	337,340	1,076
Trees	306,880	306,880	298,003	8,877
Total public works	<u>5,956,995</u>	<u>5,975,805</u>	<u>5,505,470</u>	<u>470,335</u>
Culture and recreation				
Parks	1,349,848	1,350,039	1,284,428	65,611
Fairgrounds pool	89,088	227,496	194,607	32,889
Taylor pool	234,796	96,388	95,244	1,144
Senior center	255,162	258,456	238,223	20,233
Total culture and recreation	<u>1,928,894</u>	<u>1,932,379</u>	<u>1,812,502</u>	<u>119,877</u>
Community development				
Community development	456,617	472,380	438,021	34,359
Inspections	620,350	628,751	568,305	60,446
Economic development	104,228	104,228	104,228	-
Total community development	<u>1,181,195</u>	<u>1,205,359</u>	<u>1,110,554</u>	<u>94,805</u>
Total expenditures	<u>29,679,599</u>	<u>29,771,625</u>	<u>28,522,188</u>	<u>1,249,437</u>
Excess (deficiency) of revenues over expenditures	<u>(2,234,727)</u>	<u>(2,326,753)</u>	<u>(609,983)</u>	<u>1,716,770</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,567,007	1,567,007	2,036,276	469,269
Transfers out	(248,050)	(248,050)	(284,023)	(35,973)
Total other financing sources (uses)	<u>1,318,957</u>	<u>1,318,957</u>	<u>1,752,253</u>	<u>433,296</u>
Net change in fund balances	(915,770)	(1,007,796)	1,142,270	2,150,066
Fund balances - January 1	<u>7,329,961</u>	<u>7,329,961</u>	<u>7,329,961</u>	<u>-</u>
Fund balances - December 31	<u>\$ 6,414,191</u>	<u>\$ 6,322,165</u>	<u>\$ 8,472,231</u>	<u>\$ 2,150,066</u>

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

**CITY OF FOND DU LAC, WISCONSIN**

Statement of Net Position

Proprietary Funds

December 31, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service
	Water	Wastewater	Total	
<b>ASSETS</b>				
Current assets:				
Cash and Investments	\$ 4,896,231	\$ 8,246,949	\$ 13,143,180	\$ 3,112,584
Receivables				
Accounts	3,009,899	2,393,205	5,403,104	33,467
Special assessments	449,370	297,090	746,460	-
Accrued interest	635	1,093	1,728	-
Taxes	3,112	-	3,112	-
Prepaid items	-	-	-	174,000
Inventories	385,555	-	385,555	-
Total current assets	<u>8,744,802</u>	<u>10,938,337</u>	<u>19,683,139</u>	<u>3,320,051</u>
Noncurrent assets:				
Restricted assets	4,131,114	2,321,136	6,452,250	-
Special assessment receivables	54,366	31,599	85,965	-
Due from other governments	124	9,611,206	9,611,330	-
Other	76,138	-	76,138	-
Capital assets:				
Land	387,830	-	387,830	-
Building	15,505,560	71,651,883	87,157,443	-
Improvements other than buildings	53,197,234	57,698,757	110,895,991	-
Equipment	35,361,323	8,037,980	43,399,303	-
Construction in progress	360,295	1,012,968	1,373,263	-
Less: accumulated depreciation	(24,193,986)	(28,181,903)	(52,375,889)	-
Total noncurrent assets	<u>84,879,998</u>	<u>122,183,626</u>	<u>207,063,624</u>	<u>-</u>
Total assets	<u>93,624,800</u>	<u>133,121,963</u>	<u>226,746,763</u>	<u>3,320,051</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	685,982	126,637	812,619	567,260
Contracts payable	15,395	11,000	26,395	-
Accrued interest	446,783	200,776	647,559	-
Accrued compensation	58,247	77,293	135,540	-
Unearned revenue	66,980	21,204	88,184	29,288
Other	1,620,851	-	1,620,851	153,611
Compensated absences	78,390	93,582	171,972	16,325
Bonds, notes, and loans payable	2,995,480	3,481,988	6,477,468	-
Total current liabilities	<u>5,968,108</u>	<u>4,012,480</u>	<u>9,980,588</u>	<u>766,484</u>
Noncurrent liabilities:				
Other post-employment benefits	124,568	120,160	244,728	3,336
Bonds, notes, and loans payable	49,935,993	43,994,118	93,930,111	-
Total noncurrent liabilities	<u>50,060,561</u>	<u>44,114,278</u>	<u>94,174,839</u>	<u>3,336</u>
Total liabilities	<u>56,028,669</u>	<u>48,126,758</u>	<u>104,155,427</u>	<u>769,820</u>
<b>NET POSITION</b>				
Net investment in capital assets	27,686,783	62,743,579	90,430,362	-
Restricted for equipment replacement	-	1,727,173	1,727,173	-
Restricted for bond redemption	4,131,114	593,963	4,725,077	-
Unrestricted	5,778,234	19,930,490	25,708,724	2,550,231
Total Net Position	<u>\$ 37,596,131</u>	<u>\$ 84,995,205</u>	122,591,336	<u>\$ 2,550,231</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			72,182	
			<u>\$ 122,663,518</u>	

**CITY OF FOND DU LAC, WISCONSIN**

Balance Sheet (Continued)

Proprietary Funds

December 31, 2013

Reconciliation of Fund Balances to Net Position

Total Net Position Balance as shown from previous page

\$ 122,663,518

Amounts reported for business-type activities in the statement of net position 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.

150,850

Net Position of Business-type Activities as Reported on the Statement of Net Position (see page 26)

\$ 122,814,368

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 Position  
Proprietary Funds  
For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Wastewater	Total	
Operating revenues:				
Charges for services	\$ 11,688,908	\$ 11,405,212	\$ 23,094,120	\$ 7,308,600
Other	389,517	139,322	528,839	-
Total operating revenues	<u>12,078,425</u>	<u>11,544,534</u>	<u>23,622,959</u>	<u>7,308,600</u>
Operating expenses:				
Personal services	1,223,997	1,709,142	2,933,139	409,214
Contractual services	687,572	2,021,874	2,709,446	67,107
Materials and supplies	1,722,020	1,174,082	2,896,102	683,115
Utilities	597,635	586,903	1,184,538	23,583
Insurance claims and expenses	-	-	-	5,020,110
Taxes	69,462	-	69,462	-
Depreciation	2,419,459	2,644,711	5,064,170	-
Total operating expenses	<u>6,720,145</u>	<u>8,136,712</u>	<u>14,856,857</u>	<u>6,203,129</u>
Operating income	<u>5,358,280</u>	<u>3,407,822</u>	<u>8,766,102</u>	<u>1,105,471</u>
Nonoperating revenues (expenses):				
Gain (loss) on disposal of capital assets	25,450	(61,005)	(35,555)	-
Merchandising and jobbing	6,532	-	6,532	-
Interest and investment revenue (loss)	(20,212)	221,218	201,006	-
Interest and fiscal charges	(1,814,053)	(1,250,864)	(3,064,917)	-
Total nonoperating revenue (expenses)	<u>(1,802,283)</u>	<u>(1,090,651)</u>	<u>(2,892,934)</u>	<u>-</u>
Income before transfers	3,555,997	2,317,171	5,873,168	1,105,471
Transfers out	<u>(1,631,170)</u>	<u>-</u>	<u>(1,631,170)</u>	<u>-</u>
Change in net position	1,924,827	2,317,171	4,241,998	1,105,471
Total net position - January 1	<u>35,671,304</u>	<u>82,678,034</u>	<u>118,349,338</u>	<u>1,444,760</u>
Total net position - December 31	<u>\$ 37,596,131</u>	<u>\$ 84,995,205</u>	<u>\$ 122,591,336</u>	<u>\$ 2,550,231</u>

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 Position (Continued)  
Proprietary Funds  
For the Year Ended December 31, 2013

Reconciliation of Changes in Fund Balance to Changes in Net Position

Net Change in Net Position from previous page \$ 4,241,998

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.

150,850

Change in Net Position of Proprietary Activities as Reported on the Statement of Activities (see pages 27 - 28)

\$ 4,392,848

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, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Wastewater	Total	
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 12,059,222	\$ 12,563,164	\$ 24,622,386	\$ 7,329,631
Payments to suppliers	(3,843,169)	(3,928,062)	(7,771,231)	(5,530,177)
Payments to employees	(1,214,242)	(1,673,734)	(2,887,976)	(747,239)
Other receipts	389,517	139,322	528,839	-
Net cash provided by operating activities	<u>7,391,328</u>	<u>7,100,690</u>	<u>14,492,018</u>	<u>1,052,215</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers to other funds	<u>(1,631,170)</u>	-	<u>(1,631,170)</u>	-
<b>Cash flows from capital and related financing activities:</b>				
Net proceeds from issuance of long-term debt	4,325,000	-	4,325,000	-
Proceeds from sale of capital assets	25,450	-	25,450	-
Debt premium on issuance	(50,000)	-	(50,000)	-
Acquisition and construction of capital assets	(6,254,769)	(1,936,699)	(8,191,468)	-
Cost of removal of capital assets	(13,796)	-	(13,796)	-
Principal paid on long-term debt	(7,630,684)	(4,083,320)	(11,714,004)	-
Interest paid on long-term debt	(1,883,516)	(1,269,777)	(3,153,293)	-
Special assessment collections	37,281	33,135	70,416	-
Net cash used by capital and related financing activities	<u>(11,445,034)</u>	<u>(7,256,661)</u>	<u>(18,701,695)</u>	-
<b>Cash flows from investing activities:</b>				
Interest on investments	<u>25,654</u>	<u>221,609</u>	<u>247,263</u>	-
Net change in cash and cash equivalents	(5,659,222)	65,638	(5,593,584)	1,052,215
Cash and cash equivalents - January 1	<u>14,686,567</u>	<u>10,502,447</u>	<u>25,189,014</u>	<u>2,060,369</u>
Cash and cash equivalents - December 31	<u>\$ 9,027,345</u>	<u>\$ 10,568,085</u>	<u>\$ 19,595,430</u>	<u>\$ 3,112,584</u>
Cash and cash equivalents consist of the following:				
Unrestricted	\$ 4,896,231	\$ 8,246,949	\$ 13,143,180	\$ 3,112,584
Restricted	4,131,114	2,321,136	6,452,250	-
Total	<u>\$ 9,027,345</u>	<u>\$ 10,568,085</u>	<u>\$ 19,595,430</u>	<u>\$ 3,112,584</u>

(Continued)

**CITY OF FOND DU LAC, WISCONSIN**  
Statement of Cash Flows (Continued)  
Proprietary Funds  
For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Wastewater	Total	
<b>Reconciliation of operating income to net cash provided by operating activities</b>				
Operating income	\$ 5,358,280	\$ 3,407,822	\$ 8,766,102	\$ 1,105,471
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,419,459	2,644,711	5,064,170	-
Depreciation charged to other operating accounts	277,173	-	277,173	-
Merchandising and jobbing	6,532	-	6,532	-
(Increase) decrease in assets:				
Receivables	370,663	476,135	846,798	11,811
Due from other governmental units	105	682,208	682,313	-
Prepaid expenses	-	-	-	34,840
Inventories	21,420	-	21,420	-
Increase (decrease) in liabilities:				
Accounts payable	(1,094,051)	(43,368)	(1,137,419)	(38,358)
Contracts payable	(71,176)	(101,835)	(173,011)	-
Accrued compensation	(2,480)	6,871	4,391	(90,430)
Other	93,622	-	93,622	-
Unearned revenues	(454)	(391)	(845)	9,220
Compensated absences	(4,447)	11,021	6,574	16,325
Other post-employment benefits	16,682	17,516	34,198	3,336
Net cash provided by operating activities	<u>\$ 7,391,328</u>	<u>\$ 7,100,690</u>	<u>\$ 14,492,018</u>	<u>\$ 1,052,215</u>

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

**CITY OF FOND DU LAC, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**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 No. 61.

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

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

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

**CITY OF FOND DU LAC, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**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; financing and related debt service.

Additionally, the government reports the following fund types:

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

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2013

**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.

**CITY OF FOND DU LAC, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

5. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

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 position 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.

**CITY OF FOND DU LAC, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2013

**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:

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

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 Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category, property taxes. This amount will be recognized as an inflow of resources in the subsequent year for which it was levied. The City also has additional type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources, special assessments and loans receivable. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

**CITY OF FOND DU LAC, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds, if material. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the current period.

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.

j. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance - Amounts that are constrained for specific purposes by action of the City Council through the adoption of an ordinance. 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.

**CITY OF FOND DU LAC, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2013

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, 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 position - Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - Net position that is neither classified as restricted nor as 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, and special revenue funds, except for the Community Development Grant, TIF Districts and Property Insurance Deductible Special Revenue 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 made during the year totaling \$1,207,134.
- 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, 2013.

**CITY OF FOND DU LAC, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**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, 2013 as follows:

Fund	Function	Excess Expenditures
Special Revenue Funds		
Library	Culture and Recreation	\$ 5,719
City grant programs	Public safety	17,804
Community projects	Public safety	9,585
Community projects	Culture and Recreation	40,498
Community projects	Community development	2,955
Solid waste and recycling	Public works	19,276
TIF Districts	General government	1,500
TIF Districts	Interest and other charges	1,625
Debt Service Fund		
Principal	Debt service	6,089
Interest	Debt service	86,600
Other	Debt service	75,658

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

At December 31, 2013, the Special Events Special Revenue Fund had a deficit fund balance of \$8,693. The City anticipates funding the deficit from future revenues of the fund.

**CITY OF FOND DU LAC, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**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 \$49,195,273 on December 31, 2013 as summarized below:

Petty cash and cash on hand	\$ 22,997
Deposits with financial institutions	9,752,855
Investments	39,419,421
	\$ 49,195,273

Government-wide Statement of Net Position	
Cash and investments	\$ 42,743,023
Restricted cash and investments	6,452,250
	\$ 49,195,273

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. All security transactions, including collateral for repurchase agreements, entered into by the City of Fond du Lac shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the Director of Administration.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2013, none of the City's deposits with financial institutions were in excess of federal and state depository insurance limits and uncollateralized.

**CITY OF FOND DU LAC, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

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

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Wells Fargo Mutual Funds	\$ 27,818	\$ -	\$ -	\$ -	\$ 27,818
U.S. Treasury Notes	1,519,042	1,519,042	-	-	-
Federal National Mortgage Association	8,078,187	-	8,078,187	-	-
Federal Home Loan Mortgage Corporation	15,356,245	-	15,356,245	-	-
Federal Farm Credit Bank	5,765,250	-	5,765,250	-	-
Wisconsin Local Government Investment Pool	8,672,879	-	-	-	8,672,879
<b>Totals</b>	<b>\$ 39,419,421</b>	<b>\$ 1,519,042</b>	<b>\$ 29,199,682</b>	<b>\$ -</b>	<b>\$ 8,700,697</b>

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	\$ 8,078,187	20%
Federal Home Loan Mortgage Corporation	Bonds	15,356,245	39%
Federal Farm Credit Bank	Bonds	5,765,250	15%

**CITY OF FOND DU LAC, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2013

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Wells Fargo Mutual Funds	\$ 27,818	\$ 27,818	\$ -	\$ -	\$ -
U.S. Treasury Notes	1,519,042	-	-	1,519,042	-
Federal National Mortgage Association	8,078,187	-	-	6,539,242	1,538,945
Federal Home Loan Mortgage Corporation	15,356,245	-	-	11,595,888	3,760,357
Federal Farm Credit Bank	5,765,250	-	-	3,653,385	2,111,865
Wisconsin Local Government Investment Pool	8,672,879	8,672,879	-	-	-
<b>Totals</b>	<b>\$ 39,419,421</b>	<b>\$ 8,700,697</b>	<b>\$ -</b>	<b>\$ 23,307,557</b>	<b>\$ 7,411,167</b>

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	\$ 8,078,187
Federal Home Loan Mortgage Corporation	15,356,245
Federal Farm Credit Bank	5,765,250

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.

**CITY OF FOND DU LAC, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$8,672,879 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, 2013, 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.

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, 2013 totaled \$6,452,250 held for the following purposes:

Enterprise Funds

Water Utility	\$ 4,131,114
Bond redemption	
Wastewater Utility	1,727,173
Equipment replacement	
Bond redemption	593,963
Total Enterprise Funds	\$ 6,452,250

**CITY OF FOND DU LAC, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2013

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

4. Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,314,920	\$ -	\$ -	\$ 6,314,920
Construction in progress	1,154,663	2,963,725	1,154,663	2,963,725
Total capital assets, not being depreciated	<u>7,469,583</u>	<u>2,963,725</u>	<u>1,154,663</u>	<u>9,278,645</u>
Capital assets, being depreciated:				
Buildings	26,327,736	570,349	-	26,898,085
Improvements other than buildings	9,380,760	335,089	-	9,715,849
Equipment	21,734,392	2,031,270	1,471,447	22,294,215
Infrastructure	194,457,783	1,965,845	-	196,423,628
Subtotals	<u>251,900,671</u>	<u>4,902,553</u>	<u>1,471,447</u>	<u>255,331,777</u>
Less accumulated depreciation for:				
Buildings	12,205,245	2,126,083	1,443,731	12,887,597
Improvements other than buildings	5,512,660	341,152	-	5,853,812
Equipment	13,020,026	229,293	-	13,249,319
Infrastructure	75,486,898	4,860,445	-	80,347,343
Subtotals	<u>106,224,829</u>	<u>7,556,973</u>	<u>1,443,731</u>	<u>112,338,071</u>
Total capital assets, being depreciated, net	<u>145,675,842</u>	<u>(2,654,420)</u>	<u>27,716</u>	<u>142,993,706</u>
Governmental activities capital assets, net	<u>\$ 153,145,425</u>	<u>\$ 309,305</u>	<u>\$ 1,182,379</u>	<u>152,272,351</u>
Less related long-term debt outstanding				<u>75,360,336</u>
Net investment in capital assets				<u>\$ 76,912,015</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 305,815	\$ 82,015	\$ -	\$ 387,830
Construction in progress	8,602,696	2,272,009	9,501,442	1,373,263
Total capital assets, not being depreciated	<u>8,908,511</u>	<u>2,354,024</u>	<u>9,501,442</u>	<u>1,761,093</u>
Capital assets, being depreciated:				
Buildings	87,157,443	-	-	87,157,443
Improvements other than buildings	108,152,940	2,912,107	169,056	110,895,991
Equipment	32,030,221	12,426,533	1,057,451	43,399,303
Subtotals	<u>227,340,604</u>	<u>15,338,640</u>	<u>1,226,507</u>	<u>241,452,737</u>
Less accumulated depreciation for:				
Buildings	15,033,927	2,305,546	-	17,339,473
Improvements other than buildings	20,965,113	1,785,420	169,400	22,581,133
Equipment	12,226,527	1,250,377	1,021,621	12,455,283
Subtotals	<u>48,225,567</u>	<u>5,341,343</u>	<u>1,191,021</u>	<u>52,375,889</u>
Total capital assets, being depreciated, net	<u>179,115,037</u>	<u>9,997,297</u>	<u>35,486</u>	<u>189,076,848</u>
Business-type activities capital assets, net	<u>\$ 188,023,548</u>	<u>\$ 12,351,321</u>	<u>\$ 9,536,928</u>	<u>190,837,941</u>
Less related long-term debt outstanding				<u>100,407,579</u>
Net investment in capital assets				<u>\$ 90,430,362</u>

**CITY OF FOND DU LAC, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

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

Governmental activities	
General government	\$ 223,063
Police	287,398
Fire	368,391
Ambulance	108,131
Public works	5,841,911
Culture and recreation	605,238
Community development	122,841
Total depreciation expense - governmental activities	<u>\$ 7,556,973</u>
Business-type activities	
Water utility	\$ 2,419,459
Water utility charged to clearing accounts	277,173
Wastewater utility	2,644,711
Total depreciation expense - business-type activities	<u>\$ 5,341,343</u>

5. Interfund Receivable, Payables, and Transfers

Interfund transfers for the year ended December 31, 2013 were as follows:

	Transfer to:			Totals
	General Fund	Debt Service Fund	Nonmajor Governmental Funds	
Transfers from:				
General fund	\$ -	\$ -	\$ 284,023	\$ 284,023
Nonmajor Governmental Funds	405,106	490,872	3,112,277	4,008,255
Water Utility	1,631,170	-	-	1,631,170
Totals	<u>\$ 2,036,276</u>	<u>\$ 490,872</u>	<u>\$ 3,396,300</u>	<u>\$ 5,923,448</u>

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.

As of December 31, 2013, the City's General Fund financed the \$8,693 operating cash deficit of the Special Events Special Revenue Fund. This amount is reported as due from other funds in the General Fund and due to other funds in the Special Events Special Revenue Fund.

**CITY OF FOND DU LAC, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

6. Long-term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2013:

	Outstanding 1/1/13	Issued	Retired	Outstanding 12/31/13	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Debt					
Bonds	\$ 61,190,000	\$ 8,860,000	\$ 4,650,000	\$ 65,400,000	\$ 2,060,000
Notes	14,155,000	3,190,000	4,540,000	12,805,000	1,795,000
Total General Obligation Debt	75,345,000	12,050,000	9,190,000	78,205,000	3,855,000
Note anticipation notes	1,800,000	-	1,800,000	-	-
Premium on debt issued	-	376,520	15,202	361,318	35,734
Capital leases	69,589	-	42,613	26,976	26,976
Other post-employment benefits	1,536,613	383,447	-	1,920,060	-
Compensated absences	1,555,048	1,787,866	1,724,311	1,618,603	1,591,183
Governmental activities Long-term obligations	<u>\$ 80,306,250</u>	<u>\$ 14,597,833</u>	<u>\$ 12,772,126</u>	<u>\$ 82,131,957</u>	<u>\$ 5,508,893</u>
<b>Business-type activities:</b>					
Revenue bonds	\$ 107,747,843	\$ 4,325,000	\$ 11,714,004	\$ 100,358,839	\$ 6,472,468
Premium on debt issued	-	50,000	1,260	48,740	5,000
Other post-employment benefits	210,530	34,198	-	244,728	-
Compensated absences	165,398	171,972	165,398	171,972	171,972
Business-type activities Long-term obligations	<u>\$ 108,123,771</u>	<u>\$ 4,581,170</u>	<u>\$ 11,880,662</u>	<u>\$ 100,824,279</u>	<u>\$ 6,649,440</u>

Total interest paid during the year on long-term debt totaled \$6,474,971.

**CITY OF FOND DU LAC, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**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 12/31/13
<u>General Obligation Bonds</u>				
2007 Capital improvement refunding bonds	\$ 10,950,000	5.00%	04/01/22	\$ 10,125,000
2009 Capital improvement refunding bonds	3,125,000	5.00%	05/01/23	2,625,000
2010 Capital improvement refunding bonds	10,665,000	3.96%	03/01/25	10,365,000
2010 Build America Bonds	7,800,000	3.74%	03/01/30	7,600,000
2010 Capital improvement refunding bonds	2,700,000	3.05%	04/01/21	2,625,000
2011 Capital improvement refunding bonds	5,700,000	4.65%	2/1/2026	5,600,000
2011 Capital improvement refunding bonds	5,375,000	3.68%	2/1/2021	4,475,000
2012 Refunding bonds	7,650,000	3.72%	9/1/2032	7,650,000
2012 Refunding bonds	5,475,000	3.40%	9/1/2027	5,475,000
2013 Refunding Bonds	3,975,000	2.67%	4/1/2024	3,975,000
2013 Refunding Bonds	1,800,000	3.79%	4/1/2032	1,800,000
2013 Refunding Bonds	3,085,000	2.39%	3/1/2023	3,085,000
Total Bonds				<u>65,400,000</u>

General Obligation Notes

2007 Capital improvement project notes	6,100,000	4.25%	03/01/17	200,000
2007 TIF #10 refunding notes	1,730,000	4.25%	04/01/17	1,105,000
2008 Capital improvement project notes	3,655,000	3.83%	03/01/16	3,155,000
2011 Capital improvement project notes	1,500,000	4.14%	2/1/2021	1,425,000
2012 Taxable note TIF #17	1,055,000	2.50%	9/1/2014	1,055,000
2012 Capital improvement project notes	2,800,000	2.57%	9/1/2022	2,675,000
2013 Capital Improvement Project Note	3,190,000	2.43%	4/1/2022	3,190,000
Total Notes				<u>12,805,000</u>

Total General Obligation Bonds and Notes \$ 78,205,000

Annual principal and interest maturities of the outstanding general obligation debt on December 31, 2013 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2014	\$ 3,855,000	\$ 3,338,504	\$ 7,189,504
2015	3,600,000	2,900,486	6,396,486
2016	4,325,000	2,787,555	7,110,555
2017	4,875,000	2,675,233	7,550,233
2018	7,505,000	2,534,693	10,039,693
2019-2023	31,720,000	9,252,555	40,972,555
2024-2028	15,900,000	3,790,909	19,690,909
2029-2032	6,425,000	764,984	7,189,984
	<u>\$ 78,205,000</u>	<u>\$ 28,044,919</u>	<u>\$ 106,139,919</u>

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

**CITY OF FOND DU LAC, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2013

**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, 2013 was \$50,246,623 as follows:

Equalized valuation of the City		\$ 2,565,745,100
Statutory limitation percentage		<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		128,287,255
Total outstanding general obligation debt applicable to debt limitation	\$ 78,205,000	
Less amount available for financing general obligation debt	<u>164,368</u>	
		<u>78,040,632</u>
Legal Margin for New Debt		<u><u>\$ 50,246,623</u></u>

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.

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, 2013.

Year	Payment
2014	\$ 27,975
Less amount representing interest	(999)
	<u>\$ 26,976</u>

Revenue Bonds

Revenue bond debt service requirements are financed from operations of the enterprise funds. Revenue bonds outstanding on December 31, 2013 totaling \$100,358,839 are composed of the following issues:

Description	Issue Amount	Interest	Maturity Date	Balance as of 12/31/13
2004 Waterworks system revenue bonds	\$ 6,950,000	4.41%	09/01/23	\$ 5,800,000
2004 Sewerage system revenue bonds	4,950,000	3.87%	11/01/23	3,900,000
2008 Sewerage system revenue bonds	57,396,631	2.37%	05/01/25	43,576,106
2008 Waterworks system revenue bonds	21,753,247	2.37%	05/01/27	16,970,223
2010 Waterworks system revenue bonds	10,990,743	2.20%	05/01/29	9,537,510
2010 Waterworks system revenue bonds	11,650,000	4.21%	09/01/29	10,950,000
2011 Waterworks system revenue bonds	6,025,000	4.03%	9/1/2029	5,300,000
2013 Waterworks System Revenue Bond	4,325,000	3.05%	9/1/2023	4,325,000
Total Revenue Bonds				<u><u>\$ 100,358,839</u></u>

**CITY OF FOND DU LAC, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

The annual principal and interest maturities of the above outstanding revenue bonds are detailed below:

Year Ended December 31	Business-type Activities		
	Principal	Interest	Total
2014	\$ 6,472,468	\$ 2,816,163	\$ 9,288,631
2015	6,683,483	2,667,204	9,350,687
2016	6,847,107	2,500,180	9,347,287
2017	7,038,405	2,324,953	9,363,358
2018	7,257,438	2,135,332	9,392,770
2019-2023	39,273,007	7,437,165	46,710,172
2024-2028	24,338,677	2,257,692	26,596,369
2029	2,448,254	90,781	2,539,035
	<u>\$ 100,358,839</u>	<u>\$ 22,229,470</u>	<u>\$ 122,588,309</u>

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 \$67,573,077. Principal and interest paid for the current year and total customer net revenues were \$9,514,200 and \$7,840,570 respectively. The total principal and interest remaining to be paid on the wastewater bonds is \$55,015,232. Principal and interest paid for the current year and total customer net revenues were \$5,353,097 and \$6,273,751 respectively.

Advance Refunding

During 2013, the City advance refunded a general obligation bond issue from 2004. The City issued \$3,085,000 of general obligation refunding bonds to provide resources to purchase U.S. Government and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$335,289 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$274,680.

Current Refunding

During 2013, the City currently refunded a State Trust Fund Note from 2004. The City issued \$3,975,000 of general obligation refunding bonds to call the refunded debt. This current refunding was undertaken to reduce total debt service payments over the next 11 years by \$653,671 and to obtain an economic gain of \$644,821.

During 2013, the City currently refunded a revenue bond issue from 2002 and a revenue bond issue from 2003. The City issued \$4,325,000 of general obligation refunding bonds to call the refunded debt. This current refunding was undertaken to reduce total debt service payments over the next 10 years by \$951,404 and to obtain an economic gain of \$411,570.

Defeased Debt

In 2013 and prior years, the City advance refunded the outstanding maturities of the 2004, 2005, 2006, and 2007 general obligation notes and 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, 2013, \$11,650,000 of outstanding general obligation notes are considered defeased.

**CITY OF FOND DU LAC, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

7. 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, 2013, there were eight series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$28,000,000.

8. Fund Equity

Net position of the governmental activities reported on the government-wide statement of net position at December 31, 2013 includes the following:

Net Investment in Capital Assets

Land	\$ 6,314,920
Improvements other than buildings	9,715,849
Buildings	26,898,085
Equipment	22,294,215
Infrastructure	196,423,628
Construction in progress	2,963,725
Less: Accumulated depreciation	(112,338,071)
Less: Related long-term debt outstanding	<u>(75,360,336)</u>
Total Net Investment in Capital Assets	<u>76,912,015</u>
 Restricted for debt service	 <u>164,368</u>
 Restricted for community development projects and loans	 <u>1,242,630</u>
 Unrestricted	 <u>16,351,636</u>
 Total Governmental Activities Net Position	 <u>\$ 94,670,649</u>

**CITY OF FOND DU LAC, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2013

**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 301 active and 43 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	\$ 822,896
Interest on net OPEB	69,885
Adjustment to annual required contribution	(76,646)
Annual OPEB cost	<u>816,135</u>
Contributions made	<u>(398,490)</u>
Change in net OPEB obligation	417,645
OPEB obligation - beginning of year	<u>1,747,143</u>
OPEB obligation - end of year	<u><u>\$ 2,164,788</u></u>

The annual required contribution for the current year was determined as part of the January 1, 2012 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 3.00% 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, 2013 is 28 years, and the remaining amount is \$6,332,156.

*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 2013 and the previous two years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	\$ 816,135	49%	\$ 2,164,788
12/31/2012	217,065	29%	1,747,143
12/31/2011	1,001,558	38%	2,175,651

*Funded Status and Funding Progress* - As of January 1, 2012, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$6,332,156. The annual payroll for active employees covered by the plan for the 2013 fiscal year was \$20,890,304 for a ratio of the UAAL to covered payroll of 30%.

**CITY OF FOND DU LAC, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE D - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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. *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, 2012 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 7.9%, 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, 2013 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 employees initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire, are eligible to participate in the WRS. All employees initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire, are eligible to participate in the WRS. Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General category, including Teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates are as follows:

	2013	
	Employee	Employer
General (including Teachers)	6.65%	6.65%
Elected Officials	7.0%	7.0%
Protective with Social Security	6.65%	16.35%
Protective without Social Security	6.65%	18.95%

The payroll for City employees covered by the WRS for the year ended December 31, 2013 was \$20,138,061; the employer's total payroll was \$20,890,304. The total required contribution for the year ended December 31, 2013 was \$3,723,882, which consisted of \$2,384,701 or 11.84% of covered payroll from the employer, and \$1,339,181, or 6.65% of covered payroll from employees. Total contributions for the years ended December 31, 2012 and 2011 were \$3,366,490 and \$3,359,823, respectively, equal to the required contributions for each year.

**CITY OF FOND DU LAC, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE E - OTHER INFORMATION (Continued)**

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 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

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, 2013 that reserve was \$2,451,204. The accounts payable of \$521,034 reported in the fund at December 31, 2013 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 2013 and 2012 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2013	\$ 605,618	\$ 4,329,144	\$ 4,413,728	\$ 521,034
2012	774,942	4,244,512	4,413,836	605,618

All other risks, which include comprehensive general liability, automobile, Worker's Compensation, law enforcement, property, crime, public officials, and storage tank pollution are covered by commercial insurance. There has been no reduction in insurance coverage from coverage in the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in any of the past three years.

**CITY OF FOND DU LAC, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE E - OTHER INFORMATION (Continued)**

3. Tax Incremental Districts

The City has established separate special revenue 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
16	8/8/12	8/8/34	8/8/39
17	8/8/12	8/8/34	8/8/39

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 2013 and 2014 budget years, Wisconsin statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2013 budget was 0.56%. The actual limit for the City for the 2014 budget was 0.86%. 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. Prior Period Adjustment

During 2012, the City advance refunded a portion of the 2007 General Obligation Notes. As part of that refunding, \$100,000 of notes maturing in 2015 were erroneously reported as being refunded. A prior period adjustment is being reported in the Statement of Activities to record the increase in outstanding debt and corresponding decrease in net position.

**REQUIRED  
SUPPLEMENTAL  
INFORMATION**

**CITY OF FOND DU LAC, WISCONSIN**  
 Schedule of Funding Progress  
 Other Post-Employment Benefit Plan  
 For the Year Ended December 31, 2013

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%
2012	-	6,332,156	0.00%	6,332,156	21,036,395	30%

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  
 For the Year Ended December 31, 2013

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%
2012	645,573	718,033	90%
2013	398,490	822,896	48%

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 to finance specific activities as required by law or administrative regulations. Their revenues are segregated into individual funds to ensure that expenditures are made 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 development block grant programs.

**AMBULANCE** - This fund was used to account for the operation of the City of Fond du Lac's ambulance service. Ambulance was moved to the General Fund during 2013.

**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.

**SOLID WASTE & RECYCLING** - This fund accounts for the operating of residential solid waste and recycling collection and disposal program activities.

**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 transit 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 fuel used by City departments.

**SPECIAL EVENTS** - This fund accounts for a portion of room tax revenues to be used for public services to support special events.

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

**PROPERTY INSURANCE DEDUCTIBLE** - This fund was established to provide funding for increased deductibles for insurance claims.

## 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 streets, intersections and bridges.

**STORM SEWER IMPROVEMENTS FUND** - This fund accounts for the financing and construction of stormwater improvement 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, 2013

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 3,033,501	\$ 5,348,480	\$ 8,381,981
Accounts receivable	31,286	272	31,558
Taxes receivable, net	4,462,442	-	4,462,442
Special assessment receivable	21,430	-	21,430
Community development loans receivable	6,161,723	-	6,161,723
Due from other governments	416,196	19,333	435,529
Inventories	23,541	-	23,541
Other	10,607	-	10,607
	<u>\$ 14,160,726</u>	<u>\$ 5,368,085</u>	<u>\$ 19,528,811</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 235,772	\$ 553,137	\$ 788,909
Contracts payable	-	62,615	62,615
Accrued compensation	111,814	-	111,814
Due to other funds	8,693	-	8,693
Unearned revenue	1,254,722	-	1,254,722
Other	49,776	3,000	52,776
Total liabilities	<u>1,660,777</u>	<u>618,752</u>	<u>2,279,529</u>
Deferred Inflows of Resources:			
Property taxes	3,207,590	-	3,207,590
Loans receivable	6,161,723	-	6,161,723
Total Deferred Inflows of Resources	<u>9,369,313</u>	<u>-</u>	<u>9,369,313</u>
Fund balances:			
Nonspendable			
Inventories	23,541	-	23,541
Restricted			
CDBG	1,242,630	-	1,242,630
Committed			
Nonmajor Special Revenue Funds	1,873,158	-	1,873,158
Nonmajor Capital Project Funds	-	4,749,333	4,749,333
Unassigned	(8,693)	-	(8,693)
Total fund balances	<u>3,130,636</u>	<u>4,749,333</u>	<u>7,879,969</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,160,726</u>	<u>\$ 5,368,085</u>	<u>\$ 19,528,811</u>

**CITY OF FOND DU LAC, WISCONSIN**

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2013

	Library	City Grant Programs	Community Development Block Grant	Harbor & Boating Facilities	Community Projects	Solid Waste and Recycling	Parking
<b>ASSETS</b>							
Cash and investments	\$ 146,895	\$ 2,929	\$ 1,167,197	\$ 181,944	\$ 187,368	\$ 231,775	\$ 37,565
Accounts receivable	1,723	-	11,651	-	5,000	7,271	-
Taxes receivable, net	1,709,139	-	-	-	-	1,762,716	-
Special assessment receivable	-	-	-	-	-	21,430	-
Community development loans receivable	-	-	6,161,723	-	-	-	-
Due from other governments	-	8,059	83,360	-	2,785	-	-
Inventories	-	-	-	-	-	23,541	-
Other	10,607	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,868,364</b>	<b>\$ 10,988</b>	<b>\$ 7,423,931</b>	<b>\$ 181,944</b>	<b>\$ 195,153</b>	<b>\$ 2,046,733</b>	<b>\$ 37,565</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 34,242	\$ -	\$ 18,578	\$ 1,249	\$ 1,234	\$ 117,455	\$ 11,654
Accrued compensation	70,930	-	-	-	-	13,543	4,630
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	1,254,722	-
Other	-	-	1,000	19	2,310	-	21,281
<b>Total liabilities</b>	<b>105,172</b>	<b>-</b>	<b>19,578</b>	<b>1,268</b>	<b>3,544</b>	<b>1,385,720</b>	<b>37,565</b>
Deferred Inflows of Resources:							
Property taxes	1,709,139	-	-	-	-	507,864	-
Loans receivable	-	-	6,161,723	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>1,709,139</b>	<b>-</b>	<b>6,161,723</b>	<b>-</b>	<b>-</b>	<b>507,864</b>	<b>-</b>
Fund balances:							
Nonspendable							
Inventories	-	-	-	-	-	23,541	-
Restricted							
Community development projects and loans	-	-	1,242,630	-	-	-	-
Committed							
Subsequent years' expenditures	54,053	10,988	-	180,676	191,609	129,608	-
Unassigned	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>54,053</b>	<b>10,988</b>	<b>1,242,630</b>	<b>180,676</b>	<b>191,609</b>	<b>153,149</b>	<b>-</b>
<b>Total liabilities, deferred inflows resources and fund balances</b>	<b>\$ 1,868,364</b>	<b>\$ 10,988</b>	<b>\$ 7,423,931</b>	<b>\$ 181,944</b>	<b>\$ 195,153</b>	<b>\$ 2,046,733</b>	<b>\$ 37,565</b>

(Continued)

**CITY OF FOND DU LAC, WISCONSIN**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2013**

<b>ASSETS</b>	Transit	Haz Mat Agreement	Fuel Pump Maintenance	Special Events	TIF Districts	Property Insurance Deductible	Total
Cash and investments	\$ 4,815	\$ 37,771	\$ 87,458	\$ -	\$ 927,701	\$ 20,083	\$ 3,033,501
Accounts receivable	4,125	1,516	-	-	-	-	31,286
Taxes receivable, net	221,591	-	-	-	768,996	-	4,462,442
Special assessment receivable	-	-	-	-	-	-	21,430
Community development loans receivable	-	-	-	-	-	-	6,161,723
Due from other governments	316,869	5,123	-	-	-	-	416,196
Inventories	-	-	-	-	-	-	23,541
Other	-	-	-	-	-	-	10,607
<b>Total assets</b>	<b>\$ 547,400</b>	<b>\$ 44,410</b>	<b>\$ 87,458</b>	<b>\$ -</b>	<b>\$ 1,696,697</b>	<b>\$ 20,083</b>	<b>\$ 14,160,726</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 50,439	\$ 921	\$ -	\$ -	\$ -	\$ -	\$ 235,772
Accrued compensation	22,711	-	-	-	-	-	111,814
Due to other funds	-	-	-	8,693	-	-	8,693
Unearned revenue	-	-	-	-	-	-	1,254,722
Other	25,166	-	-	-	-	-	49,776
<b>Total liabilities</b>	<b>98,316</b>	<b>921</b>	<b>-</b>	<b>8,693</b>	<b>-</b>	<b>-</b>	<b>1,660,777</b>
Deferred Inflows of Resources:							
Property taxes	221,591	-	-	-	768,996	-	3,207,590
Loans receivable	-	-	-	-	-	-	6,161,723
<b>Total deferred inflows of resources</b>	<b>221,591</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>768,996</b>	<b>-</b>	<b>9,369,313</b>
Fund balances:							
Nonspendable							
Inventories	-	-	-	-	-	-	23,541
Restricted							
Community development projects and loans	-	-	-	-	-	-	1,242,630
Committed							
Subsequent years' expenditures	227,493	43,489	87,458	-	927,701	20,083	1,873,158
Unassigned	-	-	-	(8,693)	-	-	(8,693)
<b>Total fund balances</b>	<b>227,493</b>	<b>43,489</b>	<b>87,458</b>	<b>(8,693)</b>	<b>927,701</b>	<b>20,083</b>	<b>3,130,636</b>
<b>Total liabilities, deferred inflows resources and fund balances</b>	<b>\$ 547,400</b>	<b>\$ 44,410</b>	<b>\$ 87,458</b>	<b>\$ -</b>	<b>\$ 1,696,697</b>	<b>\$ 20,083</b>	<b>\$ 14,160,726</b>

**CITY OF FOND DU LAC, WISCONSIN**  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2013

	General Capital Projects	Streets	Storm Sewers	Parks	Special Assessments	Total
<b>ASSETS</b>						
Cash and investments	\$ 1,947,732	\$ 1,025,982	\$ 1,140,680	\$ 1,167,928	\$ 66,158	\$ 5,348,480
Accounts receivable	-	272	-	-	-	272
Due from other governments	-	19,333	-	-	-	19,333
<b>Total assets</b>	<b>\$ 1,947,732</b>	<b>\$ 1,045,587</b>	<b>\$ 1,140,680</b>	<b>\$ 1,167,928</b>	<b>\$ 66,158</b>	<b>\$ 5,368,085</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 31,130	\$ 110,780	\$ 172,699	\$ 238,528	\$ -	\$ 553,137
Contracts payable	-	10,050	41,927	8,254	2,384	62,615
Other	3,000	-	-	-	-	3,000
<b>Total liabilities</b>	<b>34,130</b>	<b>120,830</b>	<b>214,626</b>	<b>246,782</b>	<b>2,384</b>	<b>618,752</b>
Fund balances:						
Committed						
Future capital improvements	1,913,602	924,757	926,054	921,146	63,774	4,749,333
<b>Total liabilities and fund balances</b>	<b>\$ 1,947,732</b>	<b>\$ 1,045,587</b>	<b>\$ 1,140,680</b>	<b>\$ 1,167,928</b>	<b>\$ 66,158</b>	<b>\$ 5,368,085</b>

**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, 2013

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ 3,003,215	\$ -	\$ 3,003,215
Other taxes	60,301	-	60,301
Intergovernmental	2,726,524	888,701	3,615,225
Charges for services	2,141,870	-	2,141,870
Court and parking fines	62,086	-	62,086
Investment earnings (loss)	(7,830)	-	(7,830)
Miscellaneous	1,207,161	876,186	2,083,347
Total revenues	<u>9,193,327</u>	<u>1,764,887</u>	<u>10,958,214</u>
<b>EXPENDITURES</b>			
General government	12,465	-	12,465
Public safety	65,540	-	65,540
Public works	3,481,979	-	3,481,979
Culture and recreation	3,041,916	-	3,041,916
Community development	684,994	-	684,994
Interest and other charges	1,225	-	1,225
Capital outlay	932,505	7,535,671	8,468,176
Total expenditures	<u>8,220,624</u>	<u>7,535,671</u>	<u>15,756,295</u>
Excess (deficiency) of revenues over expenditures	<u>972,703</u>	<u>(5,770,784)</u>	<u>(4,798,081)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term debt issued	-	3,190,000	3,190,000
Transfers in	142,204	3,254,096	3,396,300
Transfers out	(1,301,010)	(2,707,245)	(4,008,255)
Total other financing sources (uses)	<u>(1,158,806)</u>	<u>3,736,851</u>	<u>2,578,045</u>
Net change in fund balances	(186,103)	(2,033,933)	(2,220,036)
Fund balances - January 1	<u>3,316,739</u>	<u>6,783,266</u>	<u>10,100,005</u>
Fund balances - December 31	<u>\$ 3,130,636</u>	<u>\$ 4,749,333</u>	<u>\$ 7,879,969</u>

**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, 2013

	Library	City Grant Programs	Community Development Block Grant	Ambulance	Harbor & Boating Facilities	Community Projects	Solid Waste and Recycling	Parking
<b>REVENUES</b>								
Property taxes	\$ 1,668,139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 507,864	\$ -
Other taxes	-	-	-	-	-	-	-	-
Intergovernmental	823,429	19,171	437,036	-	-	31,690	157,273	-
Charges for services	75,963	-	-	-	202,229	-	1,322,294	270,303
Court and parking fines	-	-	-	-	3,090	-	-	58,996
Investment earnings	-	-	(3,258)	-	(1,197)	(13)	-	-
Miscellaneous	222,342	-	836,289	-	-	72,227	15,672	180
Total revenues	<u>2,789,873</u>	<u>19,171</u>	<u>1,270,067</u>	<u>-</u>	<u>204,122</u>	<u>103,904</u>	<u>2,003,103</u>	<u>329,479</u>
<b>EXPENDITURES</b>								
General government	-	-	-	-	-	-	-	-
Public safety	-	17,804	-	-	-	30,624	-	-
Public works	-	-	-	-	-	-	1,941,433	-
Culture and recreation	2,730,777	9,984	-	-	196,017	43,495	-	-
Community development	-	-	163,479	-	-	2,955	-	398,451
Interest and other charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	932,505	-	-	-	-	-
Total expenditures	<u>2,730,777</u>	<u>27,788</u>	<u>1,095,984</u>	<u>-</u>	<u>196,017</u>	<u>77,074</u>	<u>1,941,433</u>	<u>398,451</u>
Excess (deficiency) of revenues over expenditures	<u>59,096</u>	<u>(8,617)</u>	<u>174,083</u>	<u>-</u>	<u>8,105</u>	<u>26,830</u>	<u>61,670</u>	<u>(68,972)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	950	-	2,000	-	-	-	39,031	68,971
Transfers out	(49,381)	-	(2,000)	(630,907)	(79,213)	(39,031)	(100,000)	-
Total other financing sources (uses)	<u>(48,431)</u>	<u>-</u>	<u>-</u>	<u>(630,907)</u>	<u>(79,213)</u>	<u>(39,031)</u>	<u>(60,969)</u>	<u>68,971</u>
Net change in fund balances	10,665	(8,617)	174,083	(630,907)	(71,108)	(12,201)	701	(1)
Fund balances - January 1	<u>43,388</u>	<u>19,605</u>	<u>1,068,547</u>	<u>630,907</u>	<u>251,784</u>	<u>203,810</u>	<u>152,448</u>	<u>1</u>
Fund balances - December 31	<u>\$ 54,053</u>	<u>\$ 10,988</u>	<u>\$ 1,242,630</u>	<u>\$ -</u>	<u>\$ 180,676</u>	<u>\$ 191,609</u>	<u>\$ 153,149</u>	<u>\$ -</u>

(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, 2013

	Transit	HazMat Agreement	Fuel Pump Maintenance	Special Events	TIF Districts	Property Insurance Deductible	Total
<b>REVENUES</b>							
Property taxes	\$ 221,591	\$ -	\$ -	\$ -	\$ 605,621	\$ -	\$ 3,003,215
Other taxes	-	-	-	60,301	-	-	60,301
Intergovernmental	1,224,815	25,918	-	-	7,192	-	2,726,524
Charges for services	269,172	1,909	-	-	-	-	2,141,870
Court and parking fines	-	-	-	-	-	-	62,086
Investment earnings	(3,362)	-	-	-	-	-	(7,830)
Miscellaneous	27,286	-	32,940	-	225	-	1,207,161
Total revenues	<u>1,739,502</u>	<u>27,827</u>	<u>32,940</u>	<u>60,301</u>	<u>613,038</u>	<u>-</u>	<u>9,193,327</u>
<b>EXPENDITURES</b>							
General government	-	-	-	-	3,000	10,965	13,965
Public safety	-	17,112	-	-	-	-	65,540
Public works	1,535,726	-	3,323	-	-	-	3,480,482
Culture and recreation	-	-	-	61,640	-	-	3,041,913
Community development	-	-	-	-	119,709	-	684,594
Interest and other charges	-	-	-	-	1,625	-	1,625
Capital outlay	-	-	-	-	-	-	932,505
Total expenditures	<u>1,535,726</u>	<u>17,112</u>	<u>3,323</u>	<u>61,640</u>	<u>124,334</u>	<u>10,965</u>	<u>8,220,624</u>
Excess (deficiency) of revenues over expenditures	<u>203,776</u>	<u>10,715</u>	<u>29,617</u>	<u>(1,339)</u>	<u>488,704</u>	<u>(10,965)</u>	<u>972,703</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	7,500	-	-	23,752	-	142,204
Transfers out	(14,000)	-	-	-	(386,478)	-	(1,301,010)
Total other financing sources (uses)	<u>(14,000)</u>	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>(362,726)</u>	<u>-</u>	<u>(1,158,806)</u>
Net change in fund balances	189,776	18,215	29,617	(1,339)	125,978	(10,965)	(186,103)
Fund balances - January 1	37,717	25,274	57,841	(7,354)	801,723	31,048	3,316,739
Fund balances - December 31	<u>\$ 227,493</u>	<u>\$ 43,489</u>	<u>\$ 87,458</u>	<u>\$ (8,693)</u>	<u>\$ 927,701</u>	<u>\$ 20,083</u>	<u>\$ 3,130,636</u>

**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, 2013

	General Capital Projects	Streets	Storm Sewers	Parks	Special Assessments	Total
<b>REVENUES</b>						
Intergovernmental	\$ 608,360	\$ 19,333	\$ 190,370	\$ 70,638	\$ -	\$ 888,701
Miscellaneous	851,231	10,687	4,621	9,647	-	876,186
Total revenues	<u>1,459,591</u>	<u>30,020</u>	<u>194,991</u>	<u>80,285</u>	<u>-</u>	<u>1,764,887</u>
<b>EXPENDITURES</b>						
Capital outlay	<u>3,110,609</u>	<u>2,377,925</u>	<u>1,162,073</u>	<u>631,055</u>	<u>254,009</u>	<u>7,535,671</u>
Excess (deficiency) of revenues over expenditures	<u>(1,651,018)</u>	<u>(2,347,905)</u>	<u>(967,082)</u>	<u>(550,770)</u>	<u>(254,009)</u>	<u>(5,770,784)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-term debt issued	1,555,000	352,000	33,000	1,000,000	250,000	3,190,000
Transfers in	1,911,604	684,909	297,378	346,722	13,483	3,254,096
Transfers out	(654,754)	(1,064,777)	(796,773)	(180,909)	(10,032)	(2,707,245)
Total other financing sources (uses)	<u>2,811,850</u>	<u>(27,868)</u>	<u>(466,395)</u>	<u>1,165,813</u>	<u>253,451</u>	<u>3,736,851</u>
Net change in fund balances	1,160,832	(2,375,773)	(1,433,477)	615,043	(558)	(2,033,933)
Fund balances - January 1	<u>752,770</u>	<u>3,300,530</u>	<u>2,359,531</u>	<u>306,103</u>	<u>64,332</u>	<u>6,783,266</u>
Fund balances - December 31	<u>\$ 1,913,602</u>	<u>\$ 924,757</u>	<u>\$ 926,054</u>	<u>\$ 921,146</u>	<u>\$ 63,774</u>	<u>\$ 4,749,333</u>

**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, 2013**

	Library			City Grant Programs			Harbor & Boating Facilities			Community Projects		
	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)
<b>REVENUES</b>												
Property taxes	\$ 1,668,139	\$ 1,668,139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	823,426	823,429	3	24,000	19,171	(4,829)	-	-	-	8,000	31,690	23,690
Charges for services	84,500	75,963	(8,537)	-	-	-	196,000	202,229	6,229	-	-	-
Court and parking fines	-	-	-	-	-	-	3,540	3,090	(450)	-	-	-
Investment earnings	-	-	-	-	-	-	3,000	(1,197)	(4,197)	-	(13)	(13)
Miscellaneous	198,199	222,342	24,143	-	-	-	-	-	-	13,675	72,227	58,552
Total revenues	2,774,264	2,789,873	15,609	24,000	19,171	(4,829)	202,540	204,122	1,582	21,675	103,904	82,229
<b>EXPENDITURES</b>												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	17,804	(17,804)	-	-	-	21,039	30,624	(9,585)
Public works	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	2,725,058	2,730,777	(5,719)	15,000	9,984	5,016	287,660	196,017	91,643	3,000	43,495	(40,495)
Community development	-	-	-	-	-	-	-	-	-	-	2,955	(2,955)
Interest and other charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	2,725,058	2,730,777	(5,719)	15,000	27,788	(12,788)	287,660	196,017	91,643	24,039	77,074	(53,035)
Excess (deficiency) of revenues over expenditures	49,206	59,096	9,890	9,000	(8,617)	(17,617)	(85,120)	8,105	93,225	(2,364)	26,830	29,194
<b>OTHER FINANCING SOURCES (USES)</b>												
Long-term debt issued	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	950	950	-	-	-	-	-	-	-	-	-
Transfers out	(49,381)	(49,381)	-	-	-	-	(79,213)	(79,213)	-	-	(39,031)	(39,031)
Total other financing sources (uses)	(49,381)	(48,431)	950	-	-	-	(79,213)	(79,213)	-	-	(39,031)	(39,031)
Net change in fund balances	(175)	10,665	10,840	9,000	(8,617)	(17,617)	(164,333)	(71,108)	93,225	(2,364)	(12,201)	(9,837)
Fund balances (deficit) - January 1	43,388	43,388	-	19,605	19,605	-	251,784	251,784	-	203,810	203,810	-
Fund balances (deficit) - December 31	\$ 43,213	\$ 54,053	\$ 10,840	\$ 28,605	\$ 10,988	\$ (17,617)	\$ 87,451	\$ 180,676	\$ 93,225	\$ 201,446	\$ 191,609	\$ (9,837)

(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, 2013**

	Solid Waste and Recycling			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)
<b>REVENUES</b>												
Property taxes	\$ 507,864	\$ 507,864	\$ -	\$ -	\$ -	\$ -	\$ 221,591	\$ 221,591	\$ -	\$ -	\$ -	\$ -
Intergovernmental	145,639	157,273	11,634	-	-	-	1,113,834	1,224,815	110,981	15,000	25,918	10,918
Charges for services	1,348,654	1,322,294	(26,360)	343,000	270,303	(72,697)	280,500	269,172	(11,328)	-	1,909	1,909
Court and parking fines	-	-	-	72,000	58,996	(13,004)	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	475	(3,362)	(3,837)	-	-	-
Miscellaneous	20,000	15,672	(4,328)	-	180	180	14,000	27,286	13,286	-	-	-
Total revenues	2,022,157	2,003,103	(19,054)	415,000	329,479	(85,521)	1,630,400	1,739,502	109,102	15,000	27,827	12,827
<b>EXPENDITURES</b>												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	34,664	17,112	17,552
Public works	1,922,157	1,941,433	(19,276)	-	-	-	1,623,535	1,535,726	87,809	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-
Community development	-	-	-	402,068	398,451	3,617	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	1,922,157	1,941,433	(19,276)	402,068	398,451	3,617	1,623,535	1,535,726	87,809	34,664	17,112	17,552
Excess (deficiency) of revenues over expenditures	100,000	61,670	(38,330)	12,932	(68,972)	(81,904)	6,865	203,776	196,911	(19,664)	10,715	30,379
<b>OTHER FINANCING SOURCES (USES)</b>												
Long-term debt issued	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	39,031	39,031	-	68,971	68,971	-	-	-	7,500	7,500	-
Transfers out	(100,000)	(100,000)	-	-	-	-	(14,000)	(14,000)	-	-	-	-
Total other financing sources (uses)	(100,000)	(60,969)	39,031	-	68,971	68,971	(14,000)	(14,000)	-	7,500	7,500	-
Net change in fund balances	-	701	701	12,932	(1)	(12,933)	(7,135)	189,776	196,911	(12,164)	18,215	30,379
Fund balances (deficit) - January 1	152,448	152,448	-	1	1	-	37,717	37,717	-	25,274	25,274	-
Fund balances (deficit) - December 31	\$ 152,448	\$ 153,149	\$ 701	\$ 12,933	\$ -	\$ (12,933)	\$ 30,582	\$ 227,493	\$ 196,911	\$ 13,110	\$ 43,489	\$ 30,379

(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, 2013**

	Fuel Pump Maintenance			TIF Districts		
	Original and Final Budget	Actual	Variance- Positive (Negative)	Original and Final Budget	Actual	Variance- Positive (Negative)
<b>REVENUES</b>						
Property taxes	\$ -	\$ -	\$ -	\$ 596,942	\$ 605,621	\$ 8,679
Intergovernmental	-	-	-	7,088	7,192	104
Charges for services	-	-	-	-	-	-
Court and parking fines	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-
Miscellaneous	28,000	32,940	4,940	-	225	225
Total revenues	<u>28,000</u>	<u>32,940</u>	<u>4,940</u>	<u>604,030</u>	<u>613,038</u>	<u>9,008</u>
<b>EXPENDITURES</b>						
General government	-	-	-	1,500	3,000	(1,500)
Public safety	-	-	-	-	-	-
Public works	4,000	3,323	677	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	1,719,884	119,709	1,600,175
Interest and other charges	-	-	-	-	1,625	(1,625)
Total expenditures	<u>4,000</u>	<u>3,323</u>	<u>677</u>	<u>1,721,384</u>	<u>124,334</u>	<u>1,597,050</u>
Excess (deficiency) of revenues over expenditures	<u>24,000</u>	<u>29,617</u>	<u>5,617</u>	<u>(1,117,354)</u>	<u>488,704</u>	<u>1,606,058</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-term debt issued	-	-	-	1,600,000	-	(1,600,000)
Transfers in	-	-	-	65,550	23,752	(41,798)
Transfers out	-	-	-	(426,298)	(386,478)	39,820
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,239,252</u>	<u>(362,726)</u>	<u>(1,601,978)</u>
Net change in fund balances	24,000	29,617	5,617	121,898	125,978	4,080
Fund balances (deficit) - January 1	<u>57,841</u>	<u>57,841</u>	<u>-</u>	<u>801,723</u>	<u>801,723</u>	<u>-</u>
Fund balances (deficit) - December 31	<u>\$ 81,841</u>	<u>\$ 87,458</u>	<u>\$ 5,617</u>	<u>\$ 923,621</u>	<u>\$ 927,701</u>	<u>\$ 4,080</u>

**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, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 4,514,819	\$ 4,514,819	\$ 4,514,819	\$ -
Intergovernmental	148,645	148,645	142,197	(6,448)
Total revenues	<u>4,663,464</u>	<u>4,663,464</u>	<u>4,657,016</u>	<u>(6,448)</u>
<b>EXPENDITURES</b>				
Debt Service				
Principal	7,901,524	7,901,524	7,907,613	(6,089)
Interest	3,261,160	3,261,160	3,347,760	(86,600)
Other	6,600	6,600	82,258	(75,658)
Total expenditures	<u>11,169,284</u>	<u>11,169,284</u>	<u>11,337,631</u>	<u>(168,347)</u>
Excess (deficiency) of revenues over expenditures	<u>(6,505,820)</u>	<u>(6,505,820)</u>	<u>(6,680,615)</u>	<u>(174,795)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	5,775,000	5,775,000	8,860,000	3,085,000
Premium on long-term debt issued	-	-	376,520	376,520
Payment to refunding escrow agent	-	-	(3,257,783)	(3,257,783)
Transfers in	531,012	531,012	490,872	(40,140)
Total other financing sources (uses)	<u>6,306,012</u>	<u>6,306,012</u>	<u>6,469,609</u>	<u>163,597</u>
Net change in fund balances	(199,808)	(199,808)	(211,006)	(11,198)
Fund balances - January 1	<u>375,374</u>	<u>375,374</u>	<u>375,374</u>	<u>-</u>
Fund balances - December 31	<u>\$ 175,566</u>	<u>\$ 175,566</u>	<u>\$ 164,368</u>	<u>\$ (11,198)</u>

**CITY OF FOND DU LAC, WISCONSIN**

Combining Statement of Net Position

Internal Service Funds

December 31, 2013

	Health Insurance	Information Technology	Totals
<b>ASSETS</b>			
Cash and investments	\$ 2,926,196	\$ 186,388	\$ 3,112,584
Receivables			
Accounts	33,327	140	33,467
Inventories and prepaid items	174,000	-	174,000
<b>TOTAL ASSETS</b>	<b>3,133,523</b>	<b>186,528</b>	<b>3,320,051</b>
<b>LIABILITIES</b>			
Accounts payable	521,034	46,226	567,260
Accrued and other current liabilities	133,795	19,816	153,611
Unearned revenue	27,490	1,798	29,288
Long-term Obligations			
Due within one year	-	16,325	16,325
Due in more than one year	-	3,336	3,336
<b>TOTAL LIABILITIES</b>	<b>682,319</b>	<b>87,501</b>	<b>769,820</b>
<b>NET POSITION</b>			
Unrestricted	\$ 2,451,204	\$ 99,027	\$ 2,550,231

**CITY OF FOND DU LAC, WISCONSIN**  
 Combining Statement of Revenues, Expenses and Changes in Net Position  
 Internal Service Funds  
 For the Year Ended December 31, 2013

	Health Insurance	Information Technology	Totals
Operating Revenues			
Charges for services	\$ 6,026,554	\$ 1,282,046	\$ 7,308,600
Operating Expenses			
Personal services	-	409,214	409,214
Contractual services	-	67,107	67,107
Supplies and materials	-	683,115	683,115
Insurance	5,020,110	-	5,020,110
Utilities	-	23,583	23,583
Total Operating Expenses	5,020,110	1,183,019	6,203,129
Change in Net Position	1,006,444	99,027	1,105,471
Net Position - January 1	1,444,760	-	1,444,760
Net Position - December 31	\$ 2,451,204	\$ 99,027	\$ 2,550,231

**CITY OF FOND DU LAC, WISCONSIN**  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2013

	Health Insurance	Information Technology	Totals
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 6,045,927	\$ 1,283,704	\$ 7,329,631
Payments to suppliers	(5,180,100)	(350,077)	(5,530,177)
Payments to employees	-	(747,239)	(747,239)
<b>Net Cash Provided by Operating Activities</b>	<b>865,827</b>	<b>186,388</b>	<b>1,052,215</b>
 Change in Cash and Cash Equivalents	 865,827	 186,388	 1,052,215
 Cash and Cash Equivalents - January 1	 2,060,369	 -	 2,060,369
 Cash and Cash Equivalents - December 31	 <b>\$ 2,926,196</b>	 <b>\$ 186,388</b>	 <b>\$ 3,112,584</b>
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating income	\$ 1,006,444	\$ 99,027	\$ 1,105,471
<b>Adjustments to reconcile operating income     to net cash provided by operating activities:</b>			
<b>Changes in assets and liabilities</b>			
Receivables	11,951	(140)	11,811
Inventories and prepaid items	34,840	-	34,840
Accounts payable	(84,584)	46,226	(38,358)
Accrued and other liabilities	(110,246)	19,816	(90,430)
Accrued compensated absences	-	16,325	16,325
Other post-employment benefits	-	3,336	3,336
Unearned revenue	7,422	1,798	9,220
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 865,827</b>	<b>\$ 186,388</b>	<b>\$ 1,052,215</b>

**CITY OF FOND DU LAC, WISCONSIN**  
Schedule of Governmental Capital Assets - By Source  
December 31, 2013

	2013
Governmental capital assets:	
Land	\$ 6,314,920
Buildings	26,898,085
Improvements other than buildings	9,715,849
Equipment	22,294,215
Infrastructure	196,423,628
Construction in progress	2,963,725
 Total governmental capital assets	 \$ 264,610,422
 Investments in governmental capital assets by source:	
Capital projects funds - General obligation bonds/notes	\$ 236,584,170
General fund revenues	8,880,560
Gifts	624,298
Private development	3,458,365
City owned	6,000
Non-cash transactions	86,922
Special revenue funds	8,730,861
Federal grants	5,321,560
State grants	917,686
 Total governmental funds capital assets	 \$ 264,610,422

**CITY OF FOND DU LAC, WISCONSIN**  
Schedule of Governmental Capital Assets by Function and Activity  
December 31, 2013

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
General government	\$ 1,751,962	\$ 3,210,881	\$ 511,684	\$ 1,980,161	\$ -	\$ 246,714	\$ 7,701,402
Public safety							
Police protection	377,000	2,656,169	-	2,390,262	-	52,493	5,475,924
Fire protection	454,342	3,162,444	23,541	3,916,344	-	-	7,556,671
Ambulance	-	-	-	1,113,140	-	-	1,113,140
Public works	1,583,525	6,759,135	8,291,342	9,604,770	196,423,628	2,664,518	225,326,918
Senior Center	155,080	976,178	10,009	-	-	-	1,141,267
Library	-	4,832,325	-	181,979	-	-	5,014,304
Transit	-	485,272	127,483	3,027,076	-	-	3,639,831
Parking	<u>1,993,011</u>	<u>4,815,681</u>	<u>751,790</u>	<u>80,483</u>	<u>-</u>	<u>-</u>	<u>7,640,965</u>
Total governmental capital assets	<u>\$ 6,314,920</u>	<u>\$ 26,898,085</u>	<u>\$ 9,715,849</u>	<u>\$ 22,294,215</u>	<u>\$ 196,423,628</u>	<u>\$ 2,963,725</u>	<u>\$ 264,610,422</u>

**CITY OF FOND DU LAC, WISCONSIN**  
Schedule of Changes in Governmental Capital Assets - By Function and Activity  
For the Year Ended December 31, 2013

	Balance December 31, 2012	<u>2013</u> Additions and Transfers	<u>2013</u> Deductions and Transfers	Balance December 31, 2013
General government	\$ 7,486,064	\$ 315,778	\$ 100,440	\$ 7,701,402
Public safety				
Police protection	5,362,250	333,401	219,727	5,475,924
Fire protection	6,917,713	653,958	15,000	7,556,671
Ambulance	1,159,538	228,219	274,617	1,113,140
Public works	221,056,705	5,632,896	1,362,683	225,326,918
Senior Center	1,141,267	-	-	1,141,267
Library	5,014,304	-	-	5,014,304
Transit	3,591,448	725,531	677,148	3,639,831
Parking	<u>7,640,965</u>	<u>-</u>	<u>-</u>	<u>7,640,965</u>
Total governmental capital assets	<u>\$ 259,370,254</u>	<u>\$ 7,889,783</u>	<u>\$ 2,649,615</u>	<u>\$ 264,610,422</u>

**STATISTICAL  
SECTION**

## STATISTICAL SECTION

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

<u>Category</u>	<u>Pages</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	84 - 88
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	89 - 92
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	93 - 98
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	99 -100
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	101 - 103

City of Fond du Lac, Wisconsin

**NET POSITION BY COMPONENT**

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Invested in capital assets, net of related debt	\$ 114,763,055	\$ 107,220,232	\$ 107,412,441	\$ 106,473,954	\$ 104,098,121	\$ 95,685,038	\$ 98,081,195	\$ 95,930,395	\$ 81,618,359	\$ 76,912,015
Restricted	-	1,783,067	2,092,982	3,701,801	4,580,770	4,085,076	2,126,824	2,217,656	1,443,920	1,406,998
Unrestricted	14,520,544	18,583,789	20,270,954	19,258,033	17,773,361	19,697,434	12,357,734	5,647,742	14,581,825	16,351,636
Total government activities net assets	<u>\$ 129,283,599</u>	<u>\$ 127,587,088</u>	<u>\$ 129,776,377</u>	<u>\$ 129,433,788</u>	<u>\$ 126,452,252</u>	<u>\$ 119,467,548</u>	<u>\$ 112,565,753</u>	<u>\$ 103,795,793</u>	<u>\$ 97,644,104</u>	<u>\$ 94,670,649</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 48,198,600	\$ 51,995,538	\$ 66,061,153	\$ 68,077,271	\$ 66,483,919	\$ 65,864,910	\$ 65,677,207	\$ 67,300,385	\$ 80,275,705	\$ 90,430,362
Restricted	16,101,206	12,347,326	13,129,295	8,192,121	9,580,648	14,131,694	14,316,382	10,376,924	8,393,145	6,452,250
Unrestricted	1,358,034	4,536,385	(249,756)	7,663,590	13,513,824	24,545,964	27,668,488	35,301,494	29,752,670	25,931,756
Total business-type activities net assets	<u>\$ 65,657,840</u>	<u>\$ 68,879,249</u>	<u>\$ 78,940,692</u>	<u>\$ 83,932,982</u>	<u>\$ 89,578,391</u>	<u>\$ 104,542,568</u>	<u>\$ 107,662,077</u>	<u>\$ 112,978,803</u>	<u>\$ 118,421,520</u>	<u>\$ 122,814,368</u>
Primary government										
Invested in capital assets, net of related debt	\$ 162,961,655	\$ 159,215,770	\$ 173,473,594	\$ 174,551,225	\$ 170,582,040	\$ 161,549,948	\$ 163,758,402	\$ 163,230,780	\$ 161,894,064	\$ 167,342,377
Restricted	16,101,206	14,130,393	15,222,277	11,893,922	14,161,418	18,216,770	16,443,206	12,594,580	9,837,065	7,859,248
Unrestricted	15,878,578	23,120,174	20,021,198	26,921,623	31,287,185	44,243,398	40,026,222	40,949,236	44,334,495	42,283,392
Total primary government	<u>\$ 194,941,439</u>	<u>\$ 196,466,337</u>	<u>\$ 208,717,069</u>	<u>\$ 213,366,770</u>	<u>\$ 216,030,643</u>	<u>\$ 224,010,116</u>	<u>\$ 220,227,830</u>	<u>\$ 216,774,596</u>	<u>\$ 216,065,624</u>	<u>\$ 217,485,017</u>

City of Fond du Lac, Wisconsin

**CHANGES IN NET POSITION**

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities										
General government	\$ 2,330,705	\$ 2,556,567	\$ 2,779,444	\$ 2,833,948	\$ 2,814,325	\$ 2,914,420	\$ 3,304,979	\$ 3,016,950	\$ 2,660,933	\$ 2,419,911
Public safety										
Police	7,181,838	7,494,643	7,968,549	8,398,117	9,133,179	9,000,024	9,461,405	10,039,871	10,333,412	9,326,591
Fire	3,954,671	4,063,646	4,417,020	4,383,733	4,811,381	4,759,846	5,032,647	4,899,980	4,658,458	4,824,058
Ambulance	2,964,868	3,108,221	3,502,869	3,737,590	4,218,163	3,926,524	4,025,495	4,937,905	4,920,467	3,401,988
Public works	12,454,348	12,288,173	11,341,445	11,951,185	13,404,462	13,726,304	12,477,656	12,905,660	15,441,486	16,542,771
Culture and recreation	4,278,115	4,492,145	4,702,299	4,972,988	5,288,562	5,487,129	5,380,792	5,640,176	5,376,808	6,006,310
Community development	4,277,530	6,539,414	6,607,423	5,879,691	5,675,255	6,222,465	5,080,481	10,715,615	5,242,287	2,095,011
Interest on long-term debt	2,359,710	2,457,213	2,602,518	2,151,306	2,681,123	2,897,520	3,591,877	3,729,586	3,357,936	3,218,799
<b>Total governmental activities expenses</b>	<b>39,801,785</b>	<b>43,000,022</b>	<b>43,921,567</b>	<b>44,308,558</b>	<b>48,026,450</b>	<b>48,934,232</b>	<b>48,355,332</b>	<b>55,885,743</b>	<b>51,991,787</b>	<b>47,835,439</b>
Business-type activities										
Water	5,030,026	5,403,345	5,605,735	6,567,412	6,784,438	8,952,958	8,873,799	8,585,366	8,977,193	8,452,508
Wastewater	5,927,194	6,052,581	5,936,627	5,818,120	8,082,591	8,811,583	8,865,809	9,176,950	9,102,462	9,379,421
<b>Total business-type activities</b>	<b>10,957,220</b>	<b>11,455,926</b>	<b>11,542,362</b>	<b>12,385,532</b>	<b>14,867,029</b>	<b>17,764,541</b>	<b>17,739,608</b>	<b>17,762,316</b>	<b>18,079,655</b>	<b>17,831,929</b>
<b>Total primary government expenses</b>	<b>\$ 50,759,005</b>	<b>\$ 54,455,948</b>	<b>\$ 55,463,929</b>	<b>\$ 56,694,090</b>	<b>\$ 62,893,479</b>	<b>\$ 66,698,773</b>	<b>\$ 66,094,940</b>	<b>\$ 73,648,059</b>	<b>\$ 70,071,442</b>	<b>\$ 65,667,368</b>
<b>Program Revenues</b>										
Governmental activities:										
Fees, fines and charges for services:										
General government	\$ 941,341	\$ 1,011,330	\$ 919,690	\$ 971,074	\$ 934,277	\$ 960,688	\$ 1,233,397	\$ 1,069,724	\$ 994,003	\$ 1,288,711
Public safety										
Police	154,084	283,133	217,162	214,356	171,602	148,394	139,424	141,226	109,655	126,566
Fire	22,708	20,347	33,319	13,015	20,280	15,585	20,539	15,148	19,287	17,511
Ambulance	1,321,524	1,393,765	1,718,604	1,914,063	2,309,403	1,921,153	2,026,810	2,586,201	2,774,201	1,638,447
Public works	194,526	436,184	90,542	77,967	91,387	51,321	161,744	168,178	419,502	1,802,173
Culture and recreation	407,431	256,157	445,567	480,882	481,240	480,903	532,432	468,079	531,292	478,373
Community development	1,724,393	3,273,131	1,134,012	1,110,255	1,190,361	1,204,156	1,133,562	1,406,663	1,272,075	1,327,924
Operating grants and contributions	4,871,032	5,945,937	7,205,374	7,630,860	8,376,196	7,387,543	5,848,654	6,171,946	5,567,122	6,090,096
Capital grants and contributions	4,389,940	583,678	4,689,710	1,627,396	1,286,360	1,337,995	1,300,464	4,793,415	3,505,575	1,003,855
<b>Total governmental activities program revenue</b>	<b>14,026,979</b>	<b>13,203,662</b>	<b>16,453,980</b>	<b>14,039,868</b>	<b>14,861,106</b>	<b>13,507,738</b>	<b>12,397,026</b>	<b>16,820,580</b>	<b>15,192,712</b>	<b>13,773,656</b>

City of Fond du Lac, Wisconsin  
**CHANGES IN NET POSITION**  
 Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-type activities										
Charges for services:										
Water	6,257,177	6,513,120	6,444,899	6,366,839	9,467,849	9,790,165	11,652,164	12,690,230	12,395,916	12,084,957
Wastewater	7,442,569	7,084,687	8,356,916	8,993,893	9,493,569	10,382,485	9,817,874	11,058,697	12,036,787	11,544,534
Capital grants and contributions	2,447,899	845,280	6,173,951	81,021	410,635	12,662,614	159,758	20,588	8,283	-
Total business-type activities program revenue	<u>16,147,645</u>	<u>14,443,087</u>	<u>20,975,766</u>	<u>15,441,753</u>	<u>19,372,053</u>	<u>32,835,264</u>	<u>21,629,796</u>	<u>23,769,515</u>	<u>24,440,986</u>	<u>23,629,491</u>
Total primary government program revenue	<u>\$ 30,174,624</u>	<u>\$ 27,646,749</u>	<u>\$ 37,429,746</u>	<u>\$ 29,481,621</u>	<u>\$ 34,233,159</u>	<u>\$ 46,343,002</u>	<u>\$ 34,026,822</u>	<u>\$ 40,590,095</u>	<u>\$ 39,633,698</u>	<u>\$ 37,403,147</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (25,774,806)	\$ (29,796,360)	\$ (27,467,587)	\$ (30,268,690)	\$ (33,165,344)	\$ (35,426,494)	\$ (35,958,306)	\$ (39,065,163)	\$ (36,799,075)	\$ (34,061,783)
Business-type activities	5,190,425	2,987,161	9,433,404	3,056,221	4,505,024	15,070,723	3,890,188	6,007,199	6,361,331	5,797,562
Total primary government net expense	<u>\$ (20,584,381)</u>	<u>\$ (26,809,199)</u>	<u>\$ (18,034,183)</u>	<u>\$ (27,212,469)</u>	<u>\$ (28,660,320)</u>	<u>\$ (20,355,771)</u>	<u>\$ (32,068,118)</u>	<u>\$ (33,057,964)</u>	<u>\$ (30,437,744)</u>	<u>\$ (28,264,221)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 17,814,426	\$ 18,997,340	\$ 19,656,739	\$ 19,427,161	\$ 19,983,470	\$ 20,229,326	\$ 20,033,237	\$ 20,859,387	\$ 21,140,460	\$ 21,478,702
Other taxes	151,415	153,802	149,767	171,395	146,544	176,958	196,919	246,540	354,692	377,172
Grants and contributions not restricted to specific programs	7,608,754	7,569,264	7,708,789	7,736,267	7,803,266	7,996,190	7,294,988	7,228,574	7,432,593	7,801,227
Investment earnings	383,882	880,455	1,491,215	1,923,391	1,528,254	434,415	261,771	538,307	229,992	(111,182)
Miscellaneous	-	-	-	-	-	-	-	-	196	11,239
Transfers	250,000	498,988	650,366	667,887	722,274	877,398	1,269,596	1,422,395	1,497,592	1,631,170
Total governmental activities	<u>26,208,477</u>	<u>28,099,849</u>	<u>29,656,876</u>	<u>29,926,101</u>	<u>30,183,808</u>	<u>29,714,287</u>	<u>29,056,511</u>	<u>30,295,203</u>	<u>30,655,525</u>	<u>31,188,328</u>
Business-type activities:										
Investment earnings	319,613	733,236	1,267,885	2,603,956	1,861,833	770,306	498,917	708,559	561,116	201,006
Gain on disposal of capital assets	1,277	-	10,520	-	826	546	-	23,363	17,862	25,450
Transfers	(250,000)	(498,988)	(650,366)	(667,887)	(722,274)	(877,398)	(1,269,596)	(1,422,395)	(1,497,592)	(1,631,170)
Total business-type activities	<u>70,890</u>	<u>234,248</u>	<u>628,039</u>	<u>1,936,069</u>	<u>1,140,385</u>	<u>(106,546)</u>	<u>(770,679)</u>	<u>(690,473)</u>	<u>(918,614)</u>	<u>(1,404,714)</u>
Total primary government	<u>\$ 26,279,367</u>	<u>\$ 28,334,097</u>	<u>\$ 30,284,915</u>	<u>\$ 31,862,170</u>	<u>\$ 31,324,193</u>	<u>\$ 29,607,741</u>	<u>\$ 28,285,832</u>	<u>\$ 29,604,730</u>	<u>\$ 29,736,911</u>	<u>\$ 29,783,614</u>
<b>Changes in Net Position</b>										
Governmental activities	\$ 433,671	\$ (1,696,511)	\$ 2,189,289	\$ (342,589)	\$ (2,981,536)	\$ (5,712,207)	\$ (6,901,795)	\$ (8,769,960)	\$ (6,143,550)	\$ (2,873,455)
Business-type activities	5,261,315	3,221,409	10,061,443	4,992,290	5,645,409	14,964,177	3,119,509	5,316,726	5,442,717	4,392,848
Total primary government	<u>\$ 5,694,986</u>	<u>\$ 1,524,898</u>	<u>\$ 12,250,732</u>	<u>\$ 4,649,701</u>	<u>\$ 2,663,873</u>	<u>\$ 9,251,970</u>	<u>\$ (3,782,286)</u>	<u>\$ (3,453,234)</u>	<u>\$ (700,833)</u>	<u>\$ 1,519,393</u>

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

City of Fond du Lac, Wisconsin

**Fund Balances, Governmental Funds**  
Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund										
Nonspendable	\$ 2,626,617	\$ 2,606,575	\$ 2,550,438	\$ 2,556,790	\$ 2,358,384	\$ 2,249,429	\$ 1,772,134	\$ 1,107,100	\$ 658,355	\$ 657,434
Committed	74,215	98,715	42,015	53,115	353,587	592,917	962,169	876,223	83,300	110,500
Assigned	1,043,916	120,015	63,761	147,345	312,681	275,838	192,985	260,398	1,013,681	726,392
Unassigned	1,915,317	2,499,956	3,297,226	4,236,897	4,317,152	4,385,152	4,641,479	5,060,576	5,574,625	6,977,905
Total general fund	<u>\$ 5,660,065</u>	<u>\$ 5,325,261</u>	<u>\$ 5,953,440</u>	<u>\$ 6,994,147</u>	<u>\$ 7,341,804</u>	<u>\$ 7,503,336</u>	<u>\$ 7,568,767</u>	<u>\$ 7,304,297</u>	<u>\$ 7,329,961</u>	<u>\$ 8,472,231</u>
All other governmental funds										
Nonspendable	\$ 16,735	\$ 69,851	\$ 65,297	\$ 53,371	\$ 41,803	\$ 37,381	\$ 30,052	\$ 41,160	\$ 35,553	\$ 23,541
Restricted, reported in:										
Debt service fund	1,497,374	1,783,067	2,092,982	3,701,801	4,580,770	4,085,076	2,126,824	1,193,819	375,374	164,368
Community development projects a	2,079,582	2,286,658	1,888,456	1,766,788	1,754,933	1,640,008	1,613,589	1,023,837	1,068,546	1,242,630
Committed	3,725,120	9,751,580	11,469,002	10,201,926	8,727,028	10,318,067	14,354,173	9,749,261	8,995,906	6,622,491
Unassigned					-	(52,076)	(238,462)	(388,023)	-	(8,693)
Total all other governmental funds	<u>\$ 7,318,811</u>	<u>\$ 13,891,156</u>	<u>\$ 15,515,737</u>	<u>\$ 15,723,886</u>	<u>\$ 15,104,534</u>	<u>\$ 16,028,456</u>	<u>\$ 17,886,176</u>	<u>\$ 11,620,054</u>	<u>\$ 10,475,379</u>	<u>\$ 8,044,337</u>

Note:

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

City of Fond du Lac, Wisconsin

**Changes in Fund Balances, Governmental Funds**  
Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>REVENUES</b>										
Property taxes	\$ 17,814,426	\$ 18,997,340	\$ 19,656,739	\$ 19,427,161	\$ 19,983,470	\$ 20,229,326	\$ 20,033,237	\$ 20,859,387	\$ 21,140,460	\$ 21,478,702
Other taxes	160,062	179,538	178,210	171,395	146,544	176,958	196,919	246,540	354,692	377,172
Licenses and permits	1,077,142	1,081,317	1,097,384	1,084,835	1,138,145	1,147,849	1,234,646	1,209,983	1,219,945	1,584,967
Intergovernmental	12,625,665	13,340,173	13,779,007	13,917,398	14,302,252	13,999,108	14,444,821	17,190,473	15,208,721	13,095,315
Charges for services	2,545,464	2,754,042	3,028,447	3,283,043	3,580,348	3,166,985	3,277,855	3,864,344	4,181,498	4,190,901
Court and parking fines	414,073	418,603	363,741	412,033	440,903	463,420	453,954	429,803	396,288	403,259
Special assessments	970,249	830,198	1,333,122	819,254	766,582	633,167	359,422	218,540	352,627	310,994
Investment earnings	286,539	785,426	1,393,932	1,882,463	1,501,709	408,409	232,934	500,637	191,142	(145,521)
Miscellaneous	3,875,141	2,637,072	1,896,709	2,094,300	2,137,901	2,107,539	1,355,857	1,140,772	1,442,526	2,231,646
<b>Total revenues</b>	<b>39,768,761</b>	<b>41,023,709</b>	<b>42,727,291</b>	<b>43,091,882</b>	<b>43,997,854</b>	<b>42,332,761</b>	<b>41,589,645</b>	<b>45,660,479</b>	<b>44,487,899</b>	<b>43,527,435</b>
<b>EXPENDITURES</b>										
Current:										
General government	2,178,256	2,201,341	2,422,297	2,260,811	2,469,837	2,513,658	2,666,406	2,761,850	2,728,069	2,576,287
Public safety	13,762,897	14,068,156	14,936,046	15,555,215	16,749,212	16,977,423	17,636,588	18,764,003	19,792,977	17,595,580
Public works	6,430,525	6,421,198	6,321,022	6,640,655	7,440,021	7,245,428	7,257,838	7,696,054	7,199,147	8,987,449
Culture and recreation	3,880,144	4,012,123	4,159,573	4,406,245	4,530,666	4,554,243	4,822,958	4,786,149	4,635,061	4,854,418
Community development	3,018,791	3,050,456	3,200,090	3,413,893	3,506,176	3,578,074	3,455,705	5,391,401	4,386,330	1,795,548
Other	49,199	13,800	10,750	342,537	13,989	882,528	443,019	112,592	8,401	82,258
Debt service:										
Principal	17,522,697	4,826,044	5,387,725	7,850,683	3,796,664	2,904,936	5,556,926	1,634,528	9,588,675	7,907,613
Interest and other charges	2,113,237	2,294,739	2,632,828	2,612,083	2,635,376	2,628,258	3,078,799	3,471,383	3,377,101	3,348,985
Capital outlay	8,652,640	9,677,299	8,419,566	8,213,852	10,204,882	8,967,963	8,739,564	10,664,148	6,938,086	8,468,176
<b>Total expenditures</b>	<b>57,608,386</b>	<b>46,565,156</b>	<b>47,489,897</b>	<b>51,295,974</b>	<b>51,346,823</b>	<b>50,252,511</b>	<b>53,657,803</b>	<b>55,282,108</b>	<b>58,653,847</b>	<b>55,616,314</b>
Excess (deficiency) of revenues over expenditures	(17,839,625)	(5,541,447)	(4,762,606)	(8,204,092)	(7,348,969)	(7,919,750)	(12,068,158)	(9,621,629)	(14,165,948)	(12,088,879)
<b>OTHER FINANCING SOURCES (USES)</b>										
Refunding bonds issued	11,925,000	-	-	13,210,000	-	3,125,000	21,165,000	11,075,000	13,125,000	8,860,000
Long-term debt issued	5,091,842	11,280,000	6,365,000	5,922,477	6,355,000	7,900,000	9,674,718	1,500,000	3,855,000	3,190,000
Premium on long-term debt issued	-	-	-	527,584	-	77,806	34,517	121,705	63,626	376,520
Payment to refunding escrow agent	-	-	-	(10,875,000)	-	(2,975,000)	(18,152,522)	(11,090,063)	(5,432,281)	(3,257,783)
Transfers in	4,994,695	5,820,068	5,258,054	10,258,837	8,717,019	6,720,570	12,086,536	11,281,514	8,205,781	5,923,448
Transfers out	(4,744,695)	(5,321,080)	(4,607,688)	(9,590,950)	(7,994,745)	(5,843,172)	(10,816,940)	(9,859,119)	(6,708,189)	(4,292,278)
<b>Total other financing sources (uses)</b>	<b>17,266,842</b>	<b>11,778,988</b>	<b>7,015,366</b>	<b>9,452,948</b>	<b>7,077,274</b>	<b>9,005,204</b>	<b>13,991,309</b>	<b>3,029,037</b>	<b>13,108,937</b>	<b>10,799,907</b>
<b>Net change in fund balances</b>	<b>\$ (572,783)</b>	<b>\$ 6,237,541</b>	<b>\$ 2,252,760</b>	<b>\$ 1,248,856</b>	<b>\$ (271,695)</b>	<b>\$ 1,085,454</b>	<b>\$ 1,923,151</b>	<b>\$ (6,592,592)</b>	<b>\$ (1,057,011)</b>	<b>\$ (1,288,972)</b>
Debt service (net of principal refinancings) as a percentage of noncapital expenditures										
	38.38%	17.30%	20.09%	23.20%	14.63%	12.53%	18.21%	10.32%	23.49%	23.02%

City of Fond du Lac, Wisconsin

**ASSESSED AND ESTIMATED ACTUAL VALUE  
OF TAXABLE PROPERTY**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Real Property Assessed Value</b>	<b>Personal Property Assessed Value</b>	<b>Total<sup>1</sup> Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated<sup>2</sup> Actual Value</b>	<b>Ratio of Total Assessed to Estimated Actual Value</b>
2013	\$ 2,522,732,900	\$ 123,894,340	\$ 2,646,627,240	8.219	\$ 2,565,745,100	103.15%
2012	2,514,207,500	126,052,990	2,640,260,490	7.979	2,563,349,900	103.05
2011	2,491,291,200	124,925,480	2,616,216,680	7.858	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

Notes:

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

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

City of Fond du Lac, Wisconsin

**PRINCIPAL TAXPAYERS**

Current Year and Nine Years Ago

2013			
Name	Type of Business	Assessed <sup>a</sup> Valuation	Percent Total Assessed Valuation
Mercury Marine	Manufacturer of Boat Engines	\$ 42,754,500	1.62%
Agnesian Healthcare Inc	Hospital/Health Care Facility	29,740,780	1.12%
John Mark Apt. Complexes	Apartments	25,623,160	0.97%
Simon Properties	Shopping Mall	17,735,570	0.67%
Aurora Medical Group	Health Care Facility	16,449,740	0.62%
Wal-Mart	Retail Shopping Facility	15,307,500	0.58%
J.F. Ahern	Metal Fabrication	14,295,390	0.54%
Eagle Fond du Lac	Warehouse	13,602,500	0.51%
1115 East Johnson LLC	Grocery / Retail	12,417,070	0.47%
Menards	Retail	11,481,950	0.43%
Principal Taxpayers Total		199,408,160	7.53%
All Other		2,447,219,080	92.47%
Total		<u>\$ 2,646,627,240</u>	<u>100.00%</u>

2004			
Name	Type of Business	Assessed <sup>b</sup> Valuation	Percent Total Assessed Valuation
Mercury Marine	Manufacturer of Boat Engines	\$ 31,430,480	1.45%
Mark Properties	Apartments	22,543,120	1.04%
Valley Realty LLC	Warehousing	20,192,420	0.93%
Simon Properties	Shopping Mall	17,710,040	0.81%
Agnesian Health Care	Hospital/Health care	16,108,690	0.74%
VH Enterprises	Warehousing	13,517,230	0.62%
Aurora Medical Group	Health Care Facility	13,295,720	0.61%
Charter Cable Partners	Cable Television	13,162,130	0.61%
BASM LLC	Real Estate	12,431,910	0.57%
Wal-Mat	Retail Shopping Facility	12,355,830	0.57%
Principal Taxpayers Total		172,747,570	7.95%
All Other		2,001,076,200	92.05%
Total		<u>\$ 2,173,823,770</u>	<u>100.00%</u>

Sources:

<sup>a</sup> 2013 City Assessment Roll.

<sup>b</sup> 2004 City Assessment Roll.

City of Fond du Lac, Wisconsin

**PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Fiscal Years

<b>Fiscal<sup>1</sup> Year</b>	<b>Total<sup>2</sup> Tax Levied</b>	<b>Current<sup>3</sup> Tax Collected</b>	<b>Percent of Levy Collected</b>
2013	\$ 21,067,332	\$ 21,054,893	99.941 %
2012	20,744,450	19,102,108	92.083
2011	20,470,060	20,457,307	99.938
2010	19,751,289	19,743,825	99.962
2009	19,054,315	19,049,995	99.977
2008	18,897,278	18,890,043	99.962
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

Notes:

<sup>1</sup> Fiscal year is the year in which the tax is collected. The 2013 fiscal year consists of the 2012 tax bills due in 2013 and used to finance the 2013 budget.

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

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

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

Sources:

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

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

City of Fond du Lac, Wisconsin

**PROPERTY TAX RATES AND TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS  
ASSESSED VALUE BASIS**

Last Ten Fiscal Years

Fiscal <sup>1</sup> Year	City of Fond du Lac		Fond du Lac School District		Marquette Park Technical College		Fond du Lac County		State of Wisconsin		Gross Tax Rate	State Tax Credit	Net Tax Rate	Total	
<b>Tax Rates per \$1,000 of Assessed Value and Percent of Total</b>															
2013	7.979	34.4%	9.456	40.8%	1.496	6.5%	5.549	23.9%	0.165	0.7%	24.645	1.473	6.4%	23.172	100.0%
2012	7.929	34.4	9.370	40.6	1.496	6.5	5.561	24.1	0.171	0.7	24.527	1.462	6.3	23.065	100.0
2011	7.858	33.9	9.510	41.1	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
<b>Tax Levies</b>											<b>Total</b>				
2013	\$	21,067,332	\$	24,344,422	\$	3,949,154	\$	14,649,892	\$	435,016	\$	64,445,816			
2012		20,744,450		23,894,325		3,914,660		14,548,034		448,572		63,550,041			
2011		20,470,060		24,145,645		3,925,948		1,478,642		618,297		50,638,592			
2010		19,751,289		23,129,717		3,792,413		13,823,980		464,462		60,961,861			
2009		19,054,315		21,317,456		3,591,530		12,995,963		453,916		57,413,180			
2008		18,897,278		20,313,809		3,431,018		12,381,718		434,482		55,458,305			
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			

**Notes:**  
<sup>1</sup>Fiscal year is the year in which the tax is collected. The 2013 fiscal year consists of the 2012 tax bills due in 2013 and used to finance the 2013 budget.

City of Fond du Lac, Wisconsin

**RATIO OF OUTSTANDING DEBT BY TYPE**

Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	General Obligation Notes	Capital Leases	Revenue Bond Debt	General Obligation Bonds			
2013	\$ 65,400,000	\$ 12,805,000	\$ 26,976	\$ 100,358,839	\$ -	178,590,815	N/A	4,144
2012	61,190,000	14,055,000	69,589	107,747,843	-	183,062,432	2.2%	4,247
2011	49,015,000	16,582,477	103,264	114,900,099	-	180,600,840	2.1	4,193
2010	44,140,000	21,207,477	137,792	116,097,007	-	181,582,276	2.1	4,221
2009	23,775,000	44,027,477	-	129,762,566	-	197,565,043	1.8	4,531
2008	21,325,000	41,332,413	-	131,787,567	-	194,444,980	1.8	4,474
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

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

N/A = Not Available.

<sup>1</sup> 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

<b>Fiscal Year</b>	<b>General Bonded Debt</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Assessed Value<sup>1</sup></b>	<b>Percentage of Equalized Value<sup>1</sup></b>	<b>Per Capita<sup>2</sup></b>
2013	\$ 78,205,000	\$ 164,368	\$ 78,369,368	2.96%	3.05%	1,818.31
2012	75,245,000	375,374	74,869,626	2.84	2.92	1,737.11
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

Notes:

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

<sup>1</sup>See the Schedule of Assessed and Estimated Actual Value of Taxable Property on page 89 for property value data.

<sup>2</sup>Population data can be found in the Schedule of Demographic and Economic Statistics on page 99.

City of Fond du Lac, Wisconsin

**COMPUTATION OF LEGAL DEBT MARGIN**

Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assessed Value <sup>a</sup>	\$ 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	\$ 2,640,260,490	\$ 2,646,627,240
Equalized Value <sup>a</sup>	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	2,563,349,900	2,565,745,100
Debt Limit Five Percent of Equalized Value <sup>1</sup>	111,727,515	117,013,810	121,568,520	128,009,965	133,735,870	136,842,885	134,829,675	132,161,325	128,167,495	128,287,255
Amount of Debt Applicable to Debt Limit:										
General Obligation Bonds	13,075,000	13,125,000	12,025,000	22,075,000	21,325,000	23,775,000	44,140,000	49,015,000	61,190,000	65,400,000
General Obligation Notes	37,993,867	45,460,949	47,605,253	38,009,110	41,332,413	44,027,477	21,207,477	16,582,477	14,055,000	12,805,000
Total Debt	51,068,867	58,585,949	59,630,253	60,084,110	62,657,413	67,802,477	65,347,477	65,597,477	75,245,000	78,205,000
Deduct:										
Debt Service Fund Balance	1,497,374	1,783,067	2,092,982	3,701,801	4,580,770	4,085,076	2,126,824	1,193,819	375,374	164,368
Total Amount of Debt Applicable to Debt Limit	49,571,493	56,802,882	57,537,271	56,382,309	58,076,643	63,717,401	63,220,653	64,403,658	74,869,626	78,040,632
Legal Debt Margin	\$ 62,156,022	\$ 60,210,928	\$ 64,031,249	\$ 71,627,656	\$ 75,659,227	\$ 73,125,484	\$ 71,609,022	\$ 67,757,667	\$ 53,297,869	\$ 50,246,623
Percent of Legal Debt Limit Available	55.6%	51.5%	52.7%	56.0%	56.6%	53.4%	53.1%	51.3%	41.6%	39.2%

**Notes:**

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

**Sources:**

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

City of Fond du Lac, Wisconsin

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

December 31, 2013

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Fond du Lac<sup>1</sup></u>	<u>City of Fond du Lac Share of Debt</u>
<b>Direct Debt:</b>			
City of Fond du Lac	\$ 78,231,976	100.0 %	<u>\$ 78,231,976</u>
<b>Overlapping Debt:</b>			
Fond du Lac County	75,970,000	38.2	29,020,540
Moraine Park Technical College	26,315,000	11.0	2,894,650
Fond du Lac School District	37,135,454	75.5	28,037,268
School District of North Fond du Lac	5,450,500	14.0	<u>763,070</u>
Total - overlapping debt			<u>60,715,528</u>
	<b>TOTAL</b>		<u><u>\$ 138,947,504</u></u>

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

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

City of Fond du Lac, Wisconsin

**Water Utility Revenue Bond Coverage**

Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating <sup>1</sup> Expenses	Interest and Other Revenue	Income Available for Debt Service	Debt Service Requirements			Coverage
					Principal <sup>2</sup>	Interest	Total	
2013	\$ 12,078,425	\$ 4,231,224	\$ (13,680)	\$ 7,833,521	\$ 2,905,684	\$ 1,883,516	\$ 4,789,200	1.64
2012	12,382,846	4,731,915	191,512	7,842,443	3,246,675	1,936,287	5,182,962	1.51
2011	12,690,230	4,211,058	239,655	8,718,827	4,553,435	1,435,783	5,989,218	1.46
2010	11,652,164	4,246,162	99,737	7,505,739	3,690,834	1,439,536	5,130,370	1.46
2009	9,790,165	3,794,684	229,195	6,224,676	2,433,629	2,537,005	4,970,634	1.25
2008	9,467,849	2,877,200	1,144,089	7,734,738	1,495,000	2,413,104	3,908,104	1.98
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

Notes:

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

<sup>2</sup> Principal requirements do not include payments used to refinance revenue bond anticipation notes.

Sources:

<sup>a</sup> 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 <sup>1</sup> Expenses	Interest and Other Revenue	Income Available for Debt Service	Debt Service Requirements <sup>2</sup>			Coverage
					Principal <sup>3</sup>	Interest	Total	
2013	\$ 11,544,534	\$ 5,492,001	\$ 221,218	\$ 6,273,751	\$ 4,083,320	\$ 1,269,777	\$ 5,353,097	1.17
2012	12,036,787	5,158,954	400,536	7,278,369	3,905,580	1,370,716	5,276,296	1.38
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

Notes:

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

<sup>2</sup> 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.

<sup>3</sup> Principal requirements do not include payments used to refinance revenue bond anticipation notes.

Sources:

<sup>a</sup>WCTS Audit Workpapers, Summary of Long-Term Debt.

City of Fond du Lac, Wisconsin

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population<sup>a</sup></b>	<b>Adjusted<sup>b</sup> Gross Income Per Tax Return</b>	<b>Total Personal Income<sup>c</sup> thousands of dollars</b>	<b>Per Capita Personal Income<sup>1c</sup></b>	<b>Median<sup>d</sup> Age</b>	<b>Annual<sup>e</sup> Unemployment Rate</b>	<b>Public<sup>f</sup> School Enrollment</b>	<b>Public<sup>f</sup> High School Graduates</b>
2013	43,100	NA	NA	NA	36.9	6.3	7,462	485
2012	43,100	\$ 45,730	\$ 4,018,578	\$ 39,459	36.9	7.7	7,415	504
2011	43,075	43,370	3,766,440	36,897	36.9	8.5	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

Notes:

N/A = Not Available.

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

Sources:

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

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

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

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

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

<sup>f</sup> Wisconsin Center for Education Statistics, Bureau for Information Management, Fond du Lac School District

City of Fond du Lac, Wisconsin

**PRINCIPAL EMPLOYERS**

Current Year and Nine Years Ago

2013			2004		
Name	Employees <sup>a</sup>	Percentage of Total City Employment <sup>1</sup>	Name	Employees <sup>a</sup>	Percentage of Total City Employment <sup>1</sup>
Mercury Marine	3,033	6.49%	Mercury Marine	3,300	7.49%
Agmesian Health Care	2,860	6.12%	Agnesian Health Care	2,300	5.22%
Fond du Lac County	900	1.92%	Fond du Lac County	1,098	2.49%
Fond du Lac School District	803	1.72%	Fond du Lac School District	800	1.82%
Moraine Park Technical College	430	0.92%	J. F. Ahern	563	1.28%
J.F. Ahern Co.	416	0.89%	Giddings & Lewis	420	0.95%
Taycheedah Correctional Facility	390	0.83%	Moraine Park Technical College	415	0.94%
City of Fond du Lac	308	0.66%	City of Fond du Lac	338	0.77%
Marian University	263	0.56%	Mid-States Aluminum	320	0.73%
<b>Total</b>	<b>6,370</b>	<b>13.62%</b>	<b>Total</b>	<b>9,554</b>	<b>21.70%</b>

Notes:

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

Sources:

<sup>a</sup> Hutchinson, Shockey, Erley & Co. Revenue Bond Official Statement

City of Fond du Lac, Wisconsin

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY  
FUNCTION/PROGRAM**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Culture and Recreation</b>	<b>Community Development</b>	<b>Total</b>
2013	21.0	146.8	68.8	12.0	12.5	261.1
2012	25.0	147.0	69.4	13.0	13.2	267.6
2011	29.5	148.0	61.0	13.0	22.1	273.6
2010	29.4	148.0	61.0	13.0	22.1	273.5
2009	29.4	147.0	64.6	12.6	23.5	277.1
2008	29.1	146.0	64.6	12.6	23.8	276.1
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

Notes:

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

In 2012 Transit operations, 8.4 FTE's were moved from Community Development to Public Works .  
In 2013 Information Technology Services, 4FTE's were moved from General Government to an internal service fund.

City of Fond du Lac, Wisconsin

**OPERATING INDICATORS BY FUNCTION/PROGRAM**

Last Ten Fiscal Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities:</b>										
<b>Community Development</b>										
Building Permits Issued	4,805	4,129	4,235	3,885	4,845	3,663	3,591	2,941	2,981	3,133
Total Valuation of Building Permits	45,663,434	70,958,906	50,040,160	65,553,150	54,655,768	38,448,200	36,156,303	41,464,109	54,434,778	67,967,685
New site plans reviewed	40	40	34	35	26	15	11	19	28	30
Rezoning/special use permits applied for	34	31	34	21	14	12	13	13	19	14
Variances applied for	46	44	59	50	42	48	38	39	26	37
New lots/parcels created	51	61	87	12	27	11	14	6	4	2
Housing Code Enforcement-complaints filed	540	469	516	497	418	477	397	418	414	402
Housing Code Enforcement-violations cured	894	912	814	962	718	809	648	739	648	664
Housing rehabilitation value of loans approved	499,898	470,400	561,763	620,670	557,250	460,771	351,044	325,501	220,798	258,800
Downtown parking revenue	343,264	337,607	343,262	307,295	322,799	328,505	318,828	338,259	320,560	298,400
Downtown parking violations-tickets issued*	5,056	3,953	7,334	5,556	6,463	6,235	6,107	6,217	3,877	4,351
Transit ridership	157,800	163,639	166,800	146,657	159,735	167,049	157,314	181,002	171,119	212,327
Transit farebox revenue	176,792	176,997	206,013	198,614	200,422	234,057	221,752	287,350	133,065	252,248
<b>Culture and Recreation</b>										
Library	1	1	1	1	1	1	1	1	1	1
Library Volumes	193,590	206,100	208,453	195,178	209,757	203,479	191,694	209,759	221,833	197,213
Circulation	638,161	728,451	761,980	772,506	799,490	835,262	851,842	859,012	826,121	766,425
Senior Center number of visits	34,572	38,445	47,550	45,325	45,378	47,039	46,562	49,237	53,616	52,508
Senior Center volunteer hours worked	13,993	15,720	17,655	17,758	17,387	16,189	16,608	17,411	18,876	17,812
<b>Business-type activities:</b>										
<b>Water Utility</b>										
<b>Average No. of Customers:</b>										
Residential	13,850	13,951	14,028	14,060	14,103	14,152	14,239	14,214	14,238	14,275
Commercial	1,351	1,355	1,362	1,367	1,383	1,380	1,384	1,385	1,380	1,381
Industrial	61	58	55	56	58	57	55	56	54	56
Public	82	74	77	73	72	71	70	72	74	43
<b>Gallons of Water Sold:</b>										
Residential	682,641,000	699,287,000	675,808,052	668,406,614	631,339,055	613,009,263	590,568,073	587,827,244	596,156,554	566,336,950
Commercial	433,209,000	423,793,000	411,200,015	397,121,009	382,916,197	360,302,534	356,280,172	368,500,375	374,618,581	348,345,590
Industrial	303,608,000	322,219,000	318,813,727	317,491,502	213,231,560	153,712,025	189,314,970	346,566,644	320,528,853	321,641,496
Public	72,666,000	66,635,000	66,634,525	78,298,628	71,582,613	72,665,776	65,842,281	58,930,350	61,913,800	59,540,905
Plant Capacity (gallons/day)	10,303,000	7,983,000	7,323,000	14,925,000	7,274,000	8,410,000	5,664,000	6,061,000	6,946,000	6,063,000
<b>Wastewater Collection &amp; Treatment System</b>										
<b>Average No. of Customers:</b>										
Residential	13,850	13,951	14,028	14,060	14,103	14,152	14,239	14,214	14,238	14,275
Commercial	1,351	1,355	1,362	1,367	1,383	1,380	1,384	1,385	1,380	1,381
Industrial	61	58	55	56	58	57	55	56	54	56
Public	82	74	77	73	72	71	70	72	74	43
<b>System Usage in Gallons</b>										
Residential	682,641,000	699,287,000	675,808,052	668,406,614	631,339,055	613,009,263	590,568,073	587,827,244	596,156,554	566,366,950
Commercial	433,209,000	423,793,000	411,200,015	397,121,009	382,916,197	360,302,534	356,280,172	368,500,375	374,618,581	348,345,590
Industrial	303,608,000	322,219,000	318,813,727	317,491,502	213,231,560	153,712,025	189,314,970	346,566,644	320,528,853	321,641,496
Public	72,666,000	66,635,000	66,634,525	78,298,628	71,582,613	72,665,776	65,842,281	58,930,350	61,913,800	59,540,905

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

<b>Function/Program</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Governmental Activities:</b>										
<b>Public Safety</b>										
Police Protection										
Sworn Personnel - Authorized Positions	69	72	71	71	74	74	75	75	74	73
Fire and EMS Protection										
Number of Stations	3	3	3	3	3	3	3	3	3	3
Firefighting Force	64	64	61	65	63	64	65	65	65	65
Firefighting Vehicles	6	6	6	6	6	6	6	6	6	6
Ambulances	4	4	4	4	5	5	5	5	5	5
<b>Public Works</b>										
Miles of Streets	160.32	161.50	162.40	169.04	169.29	170.33	170.93	170.94	168.07	170.51
Miles of Storm Sewers	155	163	163.70	165.8	165.85	169.3	171.35	172.77	174.5	174.6
<b>Recreation and Culture</b>										
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	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
<b>Business-type activities:</b>										
Water Utility										
Miles of Mains	208	205.9	209.5	211	219.98	220.44	220.42	220.07	220.05	220.17
Hydrants	1,732	1,739	1,774	1,773	1,803	1,817	1,826	1,824	1,827	1,829
Wastewater Collection & Treatment System										
Miles of Sanitary Sewers	190	196.5	197	193.65	193.76	203.51	197.23	197.29	197.39	197.47

**SINGLE AUDIT  
SECTION**



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

To the City Council  
City of Fond du Lac, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fond du Lac, Wisconsin, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Fond du Lac, Wisconsin's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 12 dated July 25, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Fond du Lac, Wisconsin's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Fond du Lac, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Fond du Lac, Wisconsin's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City 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*.

## **Purpose of this Report**

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



Certified Public Accountants  
Green Bay, Wisconsin  
July 25, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND THE SCHEDULE OF STATE FINANCIAL ASSISTANCE REQUIRED BY OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES**

To the City Council  
City of Fond du Lac, Wisconsin

**Report on Compliance for Each Major Federal and State Program**

We have audited 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 City of Fond du Lac, Wisconsin's major federal and state programs for the year ended December 31, 2013. 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.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of City of Fond du Lac, Wisconsin's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of City of Fond du Lac, Wisconsin's compliance.

## Opinion on Each Major Federal and State Program

In our opinion, City of Fond du Lac, Wisconsin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2013.

## Report on Internal Control Over Compliance

Management of City of Fond du Lac, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Fond du Lac, Wisconsin's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program 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 control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Fond du Lac, Wisconsin's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants  
Green Bay, Wisconsin  
July 25, 2014

**CITY OF FOND DU LAC, WISCONSIN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Year Ended December 31, 2013

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, 2013	Receipts or Revenue Recognized	Disbursements/ Expenditures	(Deferred Revenue) Receivable at December 31, 2013
<u>U. S. Department of Housing and Urban Development</u>							
<i>Community Development Block Grant - State Administered CDBG Cluster</i>							
Community Development Block Grant	14.228	--	\$ 1,231,937	\$ 51,065	\$ 404,741	\$ 437,036	\$ 83,360
Community Development Block Grant- EAP	14.228	--	3,450,000	188,723	188,723	-	-
<i>Total Community Development Block Grant - State Administered CDBG Cluster and U.S. Department of Housing and Urban Development</i>				<u>239,788</u>	<u>593,464</u>	<u>437,036</u>	<u>83,360</u>
<u>U. S. Department of Transportation</u>							
Passed through Wisconsin Department of Natural Resources:							
Recreational Trails Program	20.219	--	30,000	-	21,963	21,963	-
Passed through Wisconsin Department of Transportation:							
<i>Federal Transit Cluster</i>							
Operating Assistance - 2012	20.507	--	504,602	13,802	13,802	-	-
Operating Assistance - 2013	20.507	--	521,843	-	433,000	521,843	88,843
Capital Assistance Grant	20.500	--	578,730	-	578,730	578,730	-
<i>Total Federal Transit Cluster</i>				<u>13,802</u>	<u>1,025,532</u>	<u>1,100,573</u>	<u>88,843</u>
<i>Highway Safety Cluster</i>							
Speed Enforcement - 2012/2013	20.600	--	30,000	1,350	15,738	14,388	-
Bicycle Enforcement - 2013	20.600	--	1,500	-	1,386	1,386	-
Pedestrian Enforcement - 2014	20.600	--	2,920	-	1,967	1,967	-
<i>Total Highway Safety Cluster</i>				<u>1,350</u>	<u>19,091</u>	<u>17,741</u>	<u>-</u>
Total U. S. Department of Transportation				<u>15,152</u>	<u>1,066,586</u>	<u>1,140,277</u>	<u>88,843</u>
<u>U.S. Department of Justice</u>							
Edward Byrne Memorial Justice Assistance Grant-2011	16.738	2011-DJ-BX-3325	19,746	10,292	10,292	-	-
Edward Byrne Memorial Justice Assistance Grant-2012	16.738	2012-DJ-BX-3325	15,922	-	15,734	15,734	-
Community Oriented Policing (COPS) Grant	16.710	--	385,000	3,730	18,360	14,630	-
Total U.S. Department of Justice				<u>14,022</u>	<u>44,386</u>	<u>30,364</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>							
Passed through Wisconsin Dept of Admin-Office of Justice Assistance							
Homeland Security/WISCOM Enhancement	97.067	2010-HS-05-9279	800,000	(2,600)	-	2,600	-
<b>TOTAL FEDERAL AWARDS</b>				<u><u>\$ 266,362</u></u>	<u><u>\$ 1,704,436</u></u>	<u><u>\$ 1,610,277</u></u>	<u><u>\$ 172,203</u></u>

CITY OF FOND DU LAC, WISCONSIN  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 For the Year Ended December 31, 2013

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, 2013	Receipts or Revenue Recognized	Disbursements/ Expenditures	(Deferred Revenue)/ Receivable at December 31, 2013
<u>Wisconsin Department of Administration</u>							
Office of Justice Assistance Grant-Beat Patrol	505.603	2013-BP-01-9968	\$ 134,927	\$ -	\$ 121,434	\$ 121,434	\$ -
<u>Wisconsin Department of Health &amp; Family Services</u>							
EMS-FAP Grant	435.167	--	10,430	(17,255)	9,187	17,805	(8,637)
<u>Wisconsin Department of Natural Resources</u>							
Urban Rivers	370.TA2	URGP3-12-275	48,675	-	48,675	48,675	-
All-Terrain Vehicle Trail	370.577	ATV-2264	10,000	-	1,114	2,302	1,188
All-Terrain Vehicle Trail	370.577	ATV-2151	6,500	5,688	5,688	-	-
All-Terrain Vehicle Trail	370.577	ATV-2263	13,000	-	6,500	13,371	6,871
Total Wisconsin Department of Natural Resources				5,688	61,977	64,348	8,059
<u>Wisconsin Department of Transportation</u>							
Operating Assistance Grant - 2009	395.104	--	402,568	43,638	-	-	43,638
Operating Assistance Grant - 2010	395.104	--	423,617	42,362	-	-	42,362
Operating Assistance Grant - 2011	395.104	--	436,369	40,257	-	-	40,257
Operating Assistance Grant - 2012	395.104	--	421,652	42,165	-	-	42,165
Operating Assistance Grant - 2013	395.104	--	397,275	-	357,548	397,275	39,727
Total Wisconsin Department of Transportation				168,422	357,548	397,275	208,149
TOTAL STATE AWARDS				\$ 156,855	\$ 550,146	\$ 600,862	\$ 207,571
TOTAL FEDERAL AND STATE AWARDS				\$ 423,217	\$ 2,254,582	\$ 2,211,139	\$ 379,774

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  
For the Year Ended December 31, 2013

**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 2013 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  
 For the Year Ended December 31, 2013

**Section I - Summary of Auditors' Results**

**Basic Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency 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 Unmodified

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
14.228	Community Development Block Grant
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
505.603	Beat Patrol

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, 2013.

**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, 2013.

**CITY OF FOND DU LAC, WISCONSIN**  
Schedule of Prior Year Audit Findings and Corrective Action Plan  
For the Year Ended December 31, 2013

**Prior Year Audit Findings**

There were no findings or questioned costs for federal awards for the year ended December 31, 2013.

**Corrective Action Plan**

No corrective action plan is required.