



Comprehensive Annual Financial Report

City of Fond du Lac, Wisconsin Year Ended December 31, 2014

Prepared by:

City of Fond du Lac Comptroller Division

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CITY OF FOND DU LAC, WISCONSIN December 31, 2014

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December 31, 2014

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September 21, 2015

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, 2014. 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 unmodified ("clean") opinion on the City of Fond du Lac's financial statements for the year ended December 31, 2014 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 43,151.

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. 61 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.

Local Economy

The City of Fond du Lac unemployment rate dropped 28% from the previous year. The average 2014 unemployment rate was 5.3% for the City of Fond du Lac, 5.0% for Fond du Lac County and 5.5% for the State of Wisconsin.

In 2014, Fond du Lac continued to experience growth in residential, commercial and industrial development. There were 78 new housing units constructed, of which 55 units were one- and two-family and 23 were multi-family. Commercial and industrial growth continued in 2014 with \$34.9 million in construction of 17 new buildings and 203 additions.

Total equalized value (estimated fair market value) of real estate and personal property increased slightly to \$2,597,744,000 in 2014 from 2012. Over the past 10 years, the City's equalized value has increased 11%.

Con-Way Freight Service Center completed 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.

Agnesian Healthcare expanded its facility on Camelot Avenue. Grande Cheese broke ground on its new corporate headquarters across from the Agnesian Healthcare project.

Marian University will expand its campus by relocating its nursing program downtown. Just across the street, the former Retlaw Theater building will become a home for businesses as well as residents. UW-Fond du Lac will be able to offer its first on-campus housing constructed with plans to be complete for the fall 2016 semester.

The WISCO Hotel Group began construction of a conference center adjacent to its Holiday Inn which will enable our Convention and Visitors Bureau to attract more meetings of professional associations from throughout the state and the region. WISCO will also open a new Holiday Inn Express next to its existing hotel and another hotel, a Hampton Inn, will open on Pioneer Road.

Many other changes in 2014 will provide long-term improvements. The "Loop" opened for bicyclists and pedestrians beginning what will be an ever-improving recreation trail. The massive dredging project in Lakeside Park concluded, providing boaters and anglers options they haven't had in years.

Long-term financial planning

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

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

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 beyond relate to the continuing effects of a very restrictive state-mandated property tax levy limit and increasing debt payments.

An on-going program of reconstructing the City's sanitary sewer system in an effort to eliminate the entrance of clear water into the sanitary sewer system continues to be funded and performed on an annual basis.

The City established a new tax incremental financing district in 2014 to provide financial assistance of \$950,000 towards the construction of a new convention center for a developer who is constructing a new hotel and renovating an existing hotel.

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. Transit union employees as well as non-represented employees, including decertified union employees, pay 50% of general Wisconsin State Retirement System (WRS) pension costs (the employee share) contributions. The 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 three years (2014-2016) 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 nineteenth 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 2014 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

Halm Wortman



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

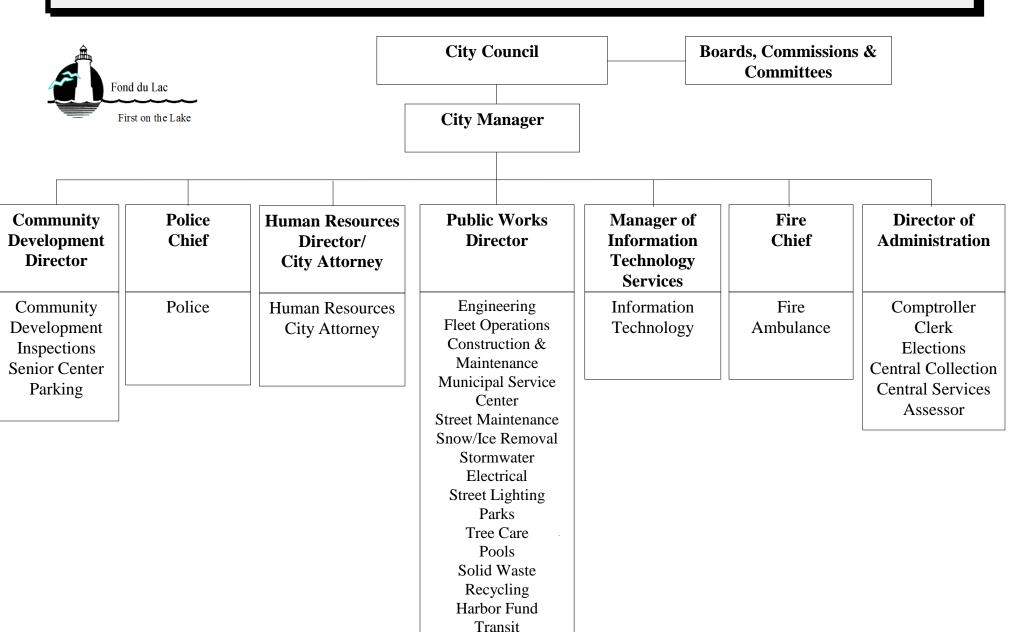
City of Fond du Lac Wisconsin

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

Table of Organization



Water Utility
Wastewater Utility

CITY OF FOND DU LAC

List of Principal Officials

December 31, 2014

Elected Officials

		Term Expires
Samuel D. Meyer	City Council President	April, 2015
Lee Ann Lorrigan	City Council Vice-President	April, 2016
Catherine A. Block	City Council Member	April, 2015
Greg G. Giles	City Council Member	April, 2015
Brian J. Foster	City Council Member	April, 2016
Karyn A. Merkel	City Council Member	April, 2016
Gary L. Miller	City Council Member	April, 2016

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

Dyann L. Benson 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

Margaret L. Hefter 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, 2014, 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, 2014, 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.



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 24 and 64 and 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 September 21, 2015, 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.

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Certified Public Accountants

Green Bay, Wisconsin September 21, 2015

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, 2014. 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 2014 operations was experienced through both revenues and expenses.
- The assets of the City exceeded the liabilities and deferred inflows of resources at December 31, 2014 by \$217 million. Of this amount, \$39 million is unrestricted net position and may be used to meet City obligations to citizens and creditors.
- The City's total net position decreased \$341,000 (0.16%) over the course of this year's operations. The business-type activities had a \$4.2 million increase while the governmental activities had a \$4.5 million decrease.
- The unrestricted net position of the governmental activities was \$16.8 million.
- The unrestricted net position of the business-type activities was \$22.7 million.
- The City's general fund balance increased by \$284,000. The fund balance was budgeted to decrease by \$727,000, resulting in a positive variance of \$1,011,000 due to both revenues exceeding budgeted amounts and expenditures lower than budgeted spending in many areas. This positive budget variance will be helpful as the 2015 adopted budget anticipates using \$952,000 in general fund balance.
- The debt service fund balance was \$177,000, an increase of \$12,000. The debt service fund was budgeted to have an increase in fund balance of \$4,000.
- During 2014, the City took several actions involving debt:
 - The City issued taxable general obligation (G.O.) refunding bonds of \$1,055,000 to provide long-term financing to replace note anticipation notes for a tax incremental financing district (TID#17) which matured in 2014.
 - Issued taxable G.O. notes of \$1,040,000 to provide funding for the project costs of another new tax incremental financing district (TID#18).
 - Issued tax exempt G.O. notes of \$2,000,000 to provide funding for the portion of the City's 2014 general capital improvements projects not funded by operating revenues or existing financial resources.
 - Issued \$5,275,000 in water revenue refunding bonds to refund water utility revenue bonds at the earliest redemption date in 2014 for interest cost savings.
 - The City also made an early payment of \$3,600,000 to repay in full the remaining balance of a wastewater utility revenue bonds at the earliest call date in 2014.
- The internal service fund for the self-funded City group health insurance benefits started 2014 with a net position of \$2.4 million and finished with a net position of \$4 million. Premium revenues decreased slightly due to fewer participants enrolled in the health plan. Expenditures, including medical claims and prescription drug claims and stop loss insurance premiums, came in below budget and are responsible for the increase in net position for 2014.
- Other governmental funds had combined decreases in fund balances of \$804,000. All nonmajor
 governmental funds except the Parking Fund and Special Events Fund had positive fund balances at
 December 31, 2014. The parking fund reported an \$11,000 deficit and the Special Events Fund a \$7,000
 deficit
- During 2014, nonmajor capital projects including clearwater-related utility street reconstruction and public works equipment replacement used \$2.3 million in funds that were borrowed or available prior to 2014.
- Nonmajor special revenue funds had an overall increase in fund balance of \$1.5 million. The largest increase was due to a \$480,000 increase in the Community Development Block Grant Fund.
- The Transit Fund had an increase in fund balance of \$81,000 due to favorable budget variances in expenditures.
- The Community Development Block Grant revenues exceeded the expenditures by \$480,000.

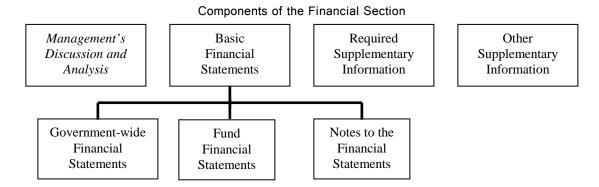
Overview of the Financial Statement

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 shortterm 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.
 - o Proprietary fund statements provide short and long-term financial information about the activities the government operates similar to businesses, such as the water and sewer system.

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

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



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

The statement of net position presents information on all of the City of Fond du Lac's assets and liabilities and deferred inflows of resources, 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 and deferred inflows of resources by \$217,144,032 at the close of 2014.

By far, the largest portion of the City of Fond du Lac's net position, 78 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)

		Govern Activ		Busine Activ		То	otal	
		2014	2013	2014	2013	2014		2013
Current and other assets	\$	99,647	\$ 100,593	\$ 32,060	\$ 36,132	\$ 131,707	\$	136,725
Capital assets		147,212	152,273	188,408	190,838	335,620		343,111
Total assets		246,859	252,866	220,468	226,970	467,327		479,836
Non-current liabilities		82,131	82,132	90,673	100,825	172,804		182,957
Current and other liabilities		50,745	53,793	2,797	3,331	53,542		57,124
Total liabilities		132,876	135,925	93,470	104,156	226,346		240,081
Deferred inflows of resource	S							
Property taxes		23,837	22,270	-	-	23,837		22,270
Net position:								
Net investment in								
capital assets		71,414	76,912	98,117	90,430	169,531		167,342
Restricted		1,899	1,407	6,230	6,452	8,129		7,859
Unrestricted		16,833	16,352	 22,651	25,932	 39,484		42,284
Total net position	\$	90,146	\$ 94,671	\$ 126,998	\$ 122,814	\$ 217,144	\$	217,485

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 2014.

Changes in Net Position

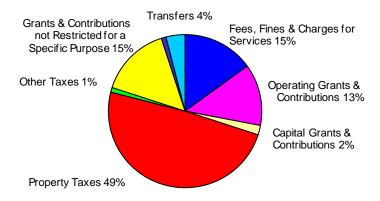
(in thousands)

		Governmental Activities				Busine Activ		Total			
		2014		2013		2014	2013		2014		2013
Revenues:											
Program revenues:											
Fees, fines and charges for services	\$	6,896	\$	6,680	\$	24,020	\$ 23,629	\$	30,916	\$	30,309
Operating grants and contributions		5,727		6,090		-	-		5,727		6,090
Capital grants and contributions		969		1,004		-	-		969		1,004
General revenues:											
Property taxes		22,270		21,479		-	-		22,270		21,479
Other taxes		322		377		-	-		322		377
Grants and contributions not restricted											
to specific programs		7,073		7,801		-	-		7,073		7,801
Gain on disposal of capital assets		31		8		5	25		36		33
Earnings on investments		419		(111)		441	201		860		90
Miscellaneous		12		3		-	-		12		3
Total revenues		43,719	•	43,331		24,466	23,855		68,185		67,186
Expenses:											
General government		2,564		2,420		-	-		2,564		2,420
Public safety		17,436		17,553		-	-		17,436		17,553
Public works		17,214		16,542		-	-		17,214		16,542
Culture and recreation		6,403		6,006		-	-		6,403		6,006
Community development		3,290		2,095		-	-		3,290		2,095
Interest on long-term debt		3,123		3,219		-	-		3,123		3,219
Water		-		-		8,734	8,453		8,734		8,453
Wastewater		-				9,762	9,379		9,762		9,379
Total expenses		50,030		47,835		18,496	17,832		68,526		65,667
Increase (decrease) in net											
position before transfers		(6,311)		(4,504)		5,970	6,023		(341)		1,519
Transfers		1,786		1,631		(1,786)	(1,631)		-		-
Increase (decrease) in net position	_	(4,525)		(2,873)	-	4,184	4,392		(341)		1,519
Net position - 1/1		94,671		97,644		122,814	118,422		217,485		216,066
Prior period adjustment		· -		(100)		· -	· <u>-</u>		-		(100)
Net position - 12/31	\$	90,146	\$	94,671	\$	126,998	\$ 122,814	\$	217,144	\$	217,485

Governmental activities.

Revenues for the City's governmental activities were \$44 million. Property taxes are the largest source of governmental activity revenues at \$22 million, or 49 percent. The sources of revenues are shown in the pie graph below.

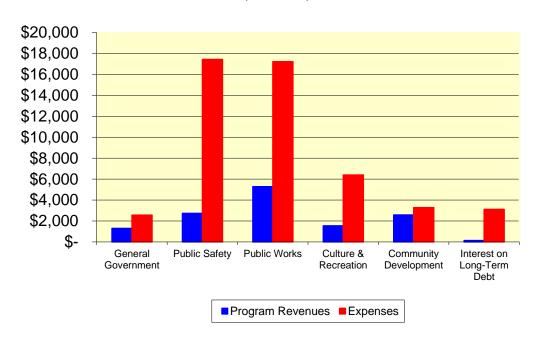




The bar graph below compares the activities and expenses by function. Public safety represents the largest expense at \$17.4 million or 35 percent. Public works is the next largest area of expense at \$17.2 million or 34 percent. The blue bars indicate the program revenues by function. The graph reflects that most of the expenses are not financed by program revenues, but rather by general property tax and other general revenues. Community Development includes the Inspections Division which collects significant revenues in the form of building permits. Public Safety includes ambulance services with fees billed to the patient. Public works program revenues includes state transportation aids for streets and highways, solid waste collection user fees, state recycling grants, and state and federal transit aids and user fees.

2014 Program Revenues and Expenses Governmental Activities

(thousands)



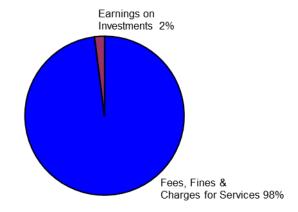
Business-type activities.

The business-type activities of the Water and Wastewater utilities increased the City's net position by \$4.2 million.

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

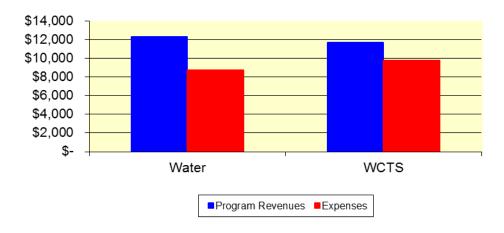
The last Wastewater Utility- rate increase was implemented in 2009.





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

2014 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 general fund working capital designation of 15 percent of the annual budgeted general fund appropriations. Unassigned general fund balance as of December 31, 2014 represents 22.9 percent of total actual 2014 general fund expenditures and other financing uses, while total fund balance represents 29.5 percent of that same amount. The unassigned fund balance includes the working capital goal of 15 percent of the 2015 budgeted expenditures. Total general fund balance increased by \$284,000 in 2014, significantly better than the budgeted decrease of \$727,000 due to favorable budget variances for both revenues and expenditures.

The debt service fund balance is \$177,000, an increase of \$12,000. This increase includes a small positive budget variance.

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 \$4.2 million during 2014 while the unrestricted net position decreased \$3.4 million due largely to investment in capital assets from operations. Increases from large capital projects offset by annual depreciation costs has increased the net investment in capital assets \$7.7 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 \$93,457. The changes between original budget and the final budget were the result of fund balance assigned for the roll-over of encumbrances from 2013. These items were budgeted in previous years, but the purchase orders remained outstanding at the end of the year, so the funds remained in fund balance and were reappropriated to the 2014 budget.

General fund revenue and expenditure budget variances-explanation.

During this year, the net increase in fund balance was \$1.0 million higher than budget. The primary reasons for this are:

- Revenues produced a net \$472,000 positive budget variance.
 - Licenses and permits exceeded budget by \$195,000. The largest amount, \$126,000 was due to higher than anticipated building, plumbing, electrical and heating permits. Street opening permits were \$21,000 more than budgeted.
 - o General transportation aids were \$259,000 higher than estimated in the budget process.
 - Special assessment revenues exceeded budget by \$21,000.
 - Net ambulance billings were \$107,000 lower than budgeted due increases in the allowance for uncollectible accounts and the Medicare regulated write-offs exceeding the ambulance billings budget.
 - Other taxes had a positive variance of \$33,000. This includes interest and penalty on delinquent personal property taxes and special assessments and the City share of room taxes.
 - Investment earnings had a positive variance of \$135,000.

- Court and parking fines were below budget by \$53,000 due to higher than normal patrol vacancies within the police department which resulted in fewer traffic and parking citations being issued.
- Total expenditures provided for a net \$584,000 favorable budget variance across all general fund divisions.
 - General government had an overall favorable variance of \$72,000.
 - 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 due to other outside services and software coming in below budget.
 - 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 wages and benefits were over budget by \$126,000 due to vacancies which caused additional overtime and retirement costs. These overages were offset by savings in several smaller accounts such as fuel costs, building maintenance, utilities and general insurance to bring the total net 2014 budget shortfall to \$4,000.
 - The Fire department experienced a favorable budget variance of \$99,000. The majority of these savings were due to budgeted employee retirement costs not materializing, the net mix of wages and benefits and a change in the uniform and clothing programs.
 - Of the \$180,000 savings in the Ambulance operation, \$136,000 was related to wage and benefit costs. Maintenance, medical and laboratory supplies and fuel favorable budget variances account for the balance.
 - The department of public works had a net \$274,000 favorable variance.
 - Fleet, construction and maintenance and the municipal service center performed more work and provided more equipment and supplies that were charged out than budgeted which had a \$240,000 combined budget impact. These expense transfers include fleet work on vehicles, equipment along with labor, equipment and supplies charged to projects and other departments and funds.
 - o Culture and recreation had a \$116,000 favorable variance.
 - Parks had savings of \$58,000 due largely to wages and benefits. Regular payroll, temporary payroll, overtime and the related benefit costs that were not incurred were \$47,000. The balance was due to several smaller areas including materials and supplies.
 - The Fairgrounds pool had \$30,000 of budget funds unused due mainly to fewer lifeguard hours, \$19,000, lower pool chemical costs, \$5,000, lower materials and supplies, \$5,000 and utilities, \$4,000.
 - The senior center experienced a retirement and restructuring of positions which contributed to the \$24,000 favorable budget variance. These changes were included in the 2015 budget preparation.
 - o Community development had a \$153,000 unfavorable variance.
 - The community development division's \$107,000 budget shortfall can be attributed to the unanticipated retirement of one position and the accelerated costs of the retirement of the director and not performing and charging as much work attributable to grants as was budgeted.
 - City inspections was over budget \$46,000. The inspection's division had \$33,000 of higher wage and benefit costs than originally estimated related to a retirement and new hire replacement near the end of 2014. One of the inspections staff members spends much of his time working on grant funded rehabilitation projects. Less of his time was attributable and charged to the grants than anticipated in the budget reflecting a \$16,000 unfavorable budget variance.
 - Transfers out were over budget by \$103,000 partially due to an unbudgeted transfer of \$94,000 made to the Recycling Special Revenue Fund to cover a fund deficit. There is an operating transfer to capital projects for the ambulance replacement fund that comes from \$50 per ambulance call. There were more calls than estimated at budget resulting in a \$9,000 larger transfer.

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, 2014, amounts to \$335,620,110 (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			Busine Activ		Total				
		2014		2013	2014	2013		2014		2013
Land and construction in progress	\$	6,996	\$	9,279	\$ 1,915	\$ 1,761	\$	8,911	\$	11,040
Infrastructure		114,855		116,076	-	-		114,855		116,076
Buildings		13,335		14,010	67,512	69,818		80,847		83,828
Improvements other than buildings		3,656		3,862	89,394	88,315		93,050		92,177
Equipment		8,370		9,045	29,587	30,944		37,957		39,989
Total	\$	147,212	\$	152,272	\$ 188,408	\$ 190,838	\$	335,620	\$	343,110

Capital assets net of depreciation decreased by \$7.5 million, just over two percent. The business-type activities had a net decrease of \$2.4 million, with a water decrease of \$456,000 and a wastewater decrease of \$2.0 million. Governmental capital assets, net of depreciation decreased by \$5.1 million due largely to 2014 depreciation expense of \$7.6 million outpacing capital asset additions.

Major governmental capital activity included street and stormwater infrastructure of \$3.7 million. The Pioneer Road railroad grade separation project was completed and moved from construction in progress to infrastructure with a cost of \$2.5 million. Frazier Point piers and improvements of \$141,000 were also completed in 2014 and moved from construction in progress to improvements. Construction in progress at the end of the year includes the police department and swat room remodel costs incurred of \$145,000 which is expected to be complete in 2015. Additions and retirements of large pieces of public works equipment and squad cars are on a normal replacement schedule with no major changes planned.

Major business-type capital asset additions in the Water Utility included \$1.2 million of utility street reconstruction and \$906,000 for the completion of Well 26. Significant Wastewater projects included \$1.0 million of utility street reconstruction. Depreciation expense for 2014 was \$6.0 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 \$168,531,370.

Outstanding Debt - General Obligation and Revenue Bonds

(in thousands)

	Governmental Activities					Busine Activ		Total				
		2014		2013		2014	2013		2014		2013	
General obligation bonds General obligation notes	\$	64,395 14,050	\$	65,400 12,805	\$	-	\$ -	\$	64,395 14,050	\$	65,400 12,805	
Revenue bonds		<u>-</u>				90,086	100,359		90,086		100,359	
Total	\$	78,445	\$	78,205	\$	90,086	\$ 100,359	\$	168,531	\$	178,564	

The total debt of the City of Fond du Lac decreased \$10.0 million, or 5.6 percent during 2014.

- The City issued general obligation notes of \$2,000,000 to finance the portion of the City's 2014 general capital improvement projects not funded by operating revenues or existing financial resources.
- The City issued general obligation notes of \$1,040,000 to provide funding for project costs of a new tax incremental financing district (TID #18).
- General obligation refunding bonds of \$1,055,000 were issued to provide long-term financing to replace note anticipation notes which matured in 2014 for TID #17.
- Water revenue bonds of \$5,275,000 were issued to refund 2004 water utility revenue bonds at their earliest call date in 2014 for interest cost savings over the remaining nine year life of the bonds.
- An early payment of \$3,600,000 was made on the 2004 wastewater (sewer) utility revenue bonds to repay in full the remaining balance of the bonds at the earliest call date.

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

State statutes limit the amount of general obligation debt a government entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the City on December 31, 2014 was \$129,887,200, which was in excess of the net outstanding general obligation debt applicable to debt limitation of \$78,268,269. The available legal margin for new debt was \$51,618,931.

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 2014 unemployment rate for the City of Fond du Lac was 5.3 percent, which is 28 percent lower than a year ago. The July, 2015 unemployment rate is 4.5 percent, down 22% from last July.
- Population in the City of Fond du lac increased slightly from 2013 to 2014.
- The City's total 2014 property tax levy to fund the 2015 budget is up 6.3 percent. The equalized tax rate
 increased 5.4 percent. The City performed a revaluation of assessed real property values for the 2014 tax
 roll which makes the percentage change from 2013 to 2014 assessed value tax rate increase comparison
 unmeasurable.

Rates for the City's business-type activities remained unchanged for 2011 through 2015 as follows:

- The water utility had no rate increases for 2011 through 2015. The last water rate increase was a significant 23.5% increase effective January 1, 2010. This was the last in a series of rate increases that were required 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 2015 with no proposed increases.

These factors were considered in preparing the City of Fond du Lac's budget for 2015.

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

Statement of Net Position December 31, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 22,308,986	\$ 9,632,792	\$ 31,941,778
Receivables			
Accounts	1,161,576	5,431,856	6,593,432
Special assessments	373,806	763,292	1,137,098
Accrued interest	_	701	701
Taxes	45,052,578	3,112	45,055,690
Community development loans	6,047,547	_	6,047,547
Due from other governments	24,164,258	8,917,259	33,081,517
Internal balances	(440,784)	440,784	
Inventories	805,131	477,357	1,282,488
Prepaid items	174,000	,00.	174,000
Restricted assets	77 1,000	6,230,592	6,230,592
Noncurrent special assessments	2	85,965	85,965
Other - noncurrent	154	76,138	76,292
Capital assets:	104	10,100	10,202
Land and construction in progress	6,995,548	1,914,985	8,910,533
Infrastructure	200,142,455	1,914,900	200,142,455
Buildings	26,898,085	87,157,443	114,055,528
Improvements other than buildings			123,607,089
·	9,857,213	113,749,876	
Equipment Assumulated depresenting	22,574,451	43,718,805	66,293,256
Accumulated depreciation Total Assets	(119,256,212)	(58,132,539)	(177,388,751)
Total Assets	246,858,792	220,468,418	467,327,210
LIABILITIES			
Accounts payable	1,167,774	252,366	1,420,140
Contracts payable	452,341	25,319	477,660
Accrued expenses	1,567,285	145,900	1,713,185
Accrued interest	1,109,278	592,008	1,701,286
Due to other governments	44,333,554	-	44,333,554
Unearned revenues	1,325,964	87,133	1,413,097
Other	788,475	1,694,144	2,482,619
Noncurrent liabilities:	700,473	1,084,144	2,402,019
Due within one year			
Long-term obligations	E 262 204	6 522 005	11,796,089
	5,262,284	6,533,805	11,790,009
Due in more than one year	76 060 165	04 420 702	161 000 057
Long-term obligations Total liabilities	76,869,165	84,139,792	161,008,957 226,346,587
Total liabilities	132,876,120	93,470,467	220,340,361
DEFERRED INFLOWS OF RESOURCES			
Property taxes	23,836,591	_	23,836,591
Topony tando			20,000,001
NET BOOITION			
NET POSITION	74 440 044	00 440 050	400 500 000
Net investment in capital assets	71,413,644	98,116,652	169,530,296
Restricted for:			
Equipment replacement	<u>-</u>	1,901,699	1,901,699
Debt service	176,731	4,328,893	4,505,624
Construction improvements		-	-
Water plant decommissioning	-	-	2.75
Community development projects and loans	1,722,691	-	1,722,691
Unrestricted	16,833,015	22,650,707	39,483,722
Total Net Position	\$ 90,146,081	\$ 126,997,951	\$ 217,144,032

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

Statement of Activities
For the Year Ended December 31, 2014

					Pro	gram Revenues				
			Fee	s, Fines, and		Operating		Capital		
			С	harges for		Grants and	Gra	ants and		
Functions/Programs		Expenses		Services		Contributions	Contributions			
Governmental activities:						•				
General government	\$	2,563,667	\$	1,192,847	\$	114,667	\$	=		
Public safety										
Police		9,144,237		92,561		521,222		-		
Fire		4,728,724		21,492		157,365		38,138		
Ambulance		3,563,137		1,537,855		364,439		=		
Public works		17,214,323		1,697,518		3,159,116		425,625		
Culture and recreation		6,402,639		459,396		1,090,822		-		
Community development		3,289,740		1,894,294		182,190		505,025		
Interest on long-term debt		3,123,404		-		136,972		.		
Total governmental activities		50,029,871		6,895,963		5,726,793		968,788		
Business-type activities:										
Water		8,734,239		12,315,152		-		-		
Wastewater		9,762,358		11,704,905						
Total business-type activities		18,496,597		24,020,057		ē				
Total	\$	68,526,468	\$	30,916,020	\$	5,726,793	\$	968,788		
	General revenues: Property taxes Other taxes Grants and contributions not restricted to specific programs Gain on disposal of capital assets Earnings on investments Miscellaneous Transfers Total general revenues and transfers Change in net position									
	Net position - January 1									
	Ne	t position - De	cemb	per 31						

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

Net (Expense) Revenue and Changes in Net Position

G	overnmental							
	Activities		Activities		Total			
\$	(1,256,153)	\$	-	\$	(1,256,153)			
	(8,530,454)		-		(8,530,454)			
	(4,511,729)		-		(4,511,729)			
	(1,660,843)		(=)		(1,660,843)			
	(11,932,064)		-		(11,932,064)			
	(4,852,421)		-		(4,852,421)			
	(708,231)		(-)		(708,231)			
	(2,986,432)		-		(2,986,432)			
	(36,438,327)		-		(36,438,327)			
	3		3,580,913		3,580,913			
	-		1,942,547		1,942,547			
	-		5,523,460		5,523,460			
	(36,438,327)		5,523,460		(30,914,867)			
	,		, ·		,			
	22,270,692		:=:		22,270,692			
	321,744		-		321,744			
	7,073,021		V23		7,073,021			
	30,725		5,579		36,304			
	418,826		440,630		859,456			
	12,665		-		12,665			
	1,786,086		(1,786,086)		-			
	31,913,759		(1,339,877)		30,573,882			
	(4,524,568)		4,183,583		(340,985)			
	94,670,649		122,814,368		217,485,017			
\$	90,146,081	\$	126,997,951	\$	217,144,032			

Balance Sheet Governmental Funds December 31, 2014

ASSETS Cash and investments Accounts receivable Ambulance receivable Taxes receivable, net Special assessments receivable	\$	eneral Fund 10,545,726 1,041,435 - 33,459,588 348,830	\$ ebt Service Fund 176,731 - - 5,696,744	G 	Other overnmental Funds 7,129,992 73,510 955,000 4,941,246 24,976	\$ 1	Total vernmental Funds 7,852,449 1,114,945 955,000 4,097,578 373,806
Community development loans receivable		-	-		6,047,547		6,047,547
Due from other governmental funds	,	30,453	-		-	_	30,453
Due from other governments Inventories	2	23,242,249 788,600	-		922,009 16,531	2	4,164,258 805,131
Other			 S	_	154		154
Total assets	\$ 6	69,456,881	\$ 5,873,475	\$	20,110,965	\$ 9	5,441,321
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES Liabilities:							
Accounts payable	\$	263,269	\$:=:	\$	483,944	\$	747,213
Contracts payable		61,080	-		391,261		452,341
Accrued expenses		1,380,785	•		120,295		1,501,080
Due to other funds		-	-		30,453		30,453
Due to other governmental units	4	14,333,554	-		-	4	4,333,554
Unearned revenue		41,633	=):		1,256,016		1,297,649
Other		723,291	 -0	_	65,184		788,475
Total liabilities		46,803,612	 	_	2,347,153	4	9,150,765
Deferred inflows of resources: Property taxes	,	13,499,787	5,696,744		4,640,060	2	3,836,591
Special assessments		397,013	2,000,111		-	_	397,013
Loans receivable		(=)	_		6,047,548		6,047,548
Total deferred inflows of resources		13,896,800	5,696,744		10,687,608	3	0,281,152
Fund balances: Nonspendable							
Inventories and prepaid items Restricted		788,600			16,531		805,131
Debt service		-	176,731		_		176,731
Community development projects and loans Committed		021	-		1,722,691		1,722,691
Subsequent years' expenditures Assigned		129,700	. 		5,356,621		5,486,321
Subsequent years' expenditures		1,034,438	-		-		1,034,438
Unassigned (deficit)		6,803,731	-		(19,639)		6,784,092
Total fund balances		8,756,469	176,731		7,076,204	1	6,009,404
Total liabilities, deferred inflows of resources and fund balances	\$ 6	69,456,881	\$ 5,873,475	\$	20,110,965	\$ 9	5,441,321

Balance Sheet (Continued) Governmental Funds December 31, 2014

Reconciliation of Fund Balances to Net Position

Total Fund Balance as shown from previous page	;	\$ 16,009,404
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.		147,211,540
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 Loans receivable Net adjustment	\$ 397,013 6,047,548	6,444,561
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.		4,140,642
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.		(440,784)
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 Bond premium Capital leases	\$ (78,445,000) (352,896) 0	
Compensated absences Other post-employment benefits Accrued interest on long-term obligations	(1,539,471) (1,772,637) (1,109,278)	(20.040.000)
Net adjustment	_	(83,219,282)
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 25)	=	\$ 90,146,081

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

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2014

DEVENUE	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES	10 000 044	* 5.400.400	# 0.007.504	A 00 070 000
Property taxes	\$ 13,896,941	\$ 5,166,160	\$ 3,207,591	\$ 22,270,692
Other taxes	262,865	-	58,879	321,744
Licenses and permits	1,502,338	400.070	-	1,502,338
Intergovernmental	9,387,968	136,972	3,284,685	12,809,625
Charges for services	1,906,338	-	2,151,119	4,057,457
Court and parking fines	311,878	=	41,549	353,427
Special assessments	365,625	Ē	-	365,625
Investment earnings	365,514	5	16,956	382,470
Miscellaneous	188,327		1,673,758	1,862,085
Total revenues	28,187,794	5,303,132	10,434,537	43,925,463
EXPENDITURES Current:				
General government	2,860,576		4,351	2,864,927
Public safety	17,723,358	-	183,529	17,906,887
Public works	5,722,958	16	3,574,571	9,297,529
Culture and recreation	1,713,338	-	3,058,489	4,771,827
Community development	1,412,388	-	942,401	2,354,789
Other	***	7,025	(a)	7,025
Debt service:				
Principal	-	3,881,976	-	3,881,976
Interest and other charges	-	3,017,770	3,400	3,021,170
Capital outlay	-	-	6,286,421	6,286,421
Total expenditures	29,432,618	6,906,771	14,053,162	50,392,551
Excess (deficiency) of revenues	(4.044.004)	// 	(2.2.2.2.2.)	(5 (5-5)
over expenditures	(1,244,824)	(1,603,639)	(3,618,625)	(6,467,088)
OTHER FINANCING SOURCES (USES) Refunding bonds issued		1.055.000		1.055.000
Long-term debt issued	-	1,055,000	3,040,000	1,055,000 3,040,000
Premium on long-term debt issued	(5)	20.460	3,040,000	
Transfers in	1,815,365	29,469 531,533	2,452,444	30,338 4,799,342
Transfers out	(286,303)	551,555	(2,678,453)	(2,964,756)
Total other financing sources (uses)	1,529,062	1,616,002	2,814,860	5,959,924
rotal other marioning obaroos (accor)	1,020,002	1,010,002	2,014,000	0,000,024
Net change in fund balances	284,238	12,363	(803,765)	(507,164)
Fund balances - January 1	8,472,231	164,368	7,879,969	16,516,568
Fund balances - December 31	\$ 8,756,469	\$ 176,731	\$ 7,076,204	\$ 16,009,404

CITY OF FOND DU LAC, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued) Governmental Funds For the Year Ended December 31, 2014

Reconciliation of Changes in Fund Balance to Changes in Net Position

Reconciliation of Changes in Fund Balance to Changes in Net Fosition			
Net Change in Fund Balances as shown on previous page		\$	(507,164)
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 Loss on disposals Depreciation expense Net adjustment	\$ 2,560,728 (13,051) (7,608,488)		(5,060,811)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			(195,125)
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 Premium on issuance of debt Principal paid on long-term debt Payment of capital lease Net adjustment	\$ (4,095,000) (30,338) 3,855,000 26,976		(243,362)
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			38,760
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 Other post-employment benefits Accrued interest Net adjustment	\$ 62,807 144,087 (136,419)	-	70,475
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.			1,372,659
Change in Net Position of Governmental Activities as Reported on the			

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

Statement of Activities (see pages 26 - 27)

\$ (4,524,568)

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

For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES	# 40 000 000	# 40 000 000	D 40 000 044	Φ 0
Property taxes	\$ 13,896,938	\$ 13,896,938	\$ 13,896,941	\$ 3
Other taxes	230,240	230,240	262,865	32,625
Licenses and permits	1,307,497	1,307,497	1,502,338	194,841
Intergovernmental	9,159,902	9,159,902	9,387,968	228,066
Charges for services	2,080,242	2,080,242	1,906,338	(173,904)
Court and parking fines	365,000	365,000	311,878	(53,122)
Special assessments	344,700	344,700	365,625	20,925
Investment earnings	230,300	230,300	365,514	135,214
Miscellaneous	100,938	100,938	188,327	87,389_
Total revenues	27,715,757	27,715,757	28,187,794	472,037
EXPENDITURES				
General government				
City council	83,944	83,023	76,425	6,598
City manager	221,203	222,124	209,975	12,149
Clerk	316,018	316,018	305,184	10,834
Central services	100,176	100,176	91,437	8,739
Elections	99,654	99,654	81,104	18,550
Board of review	5,700	5,700	3,741	1,959
Comptrollers	695,971	695,971	681,489	14,482
Central collections	98,016	98,016	90,839	7,177
Assessment	552,761	552,761	551,339	1,422
Attorney	226,464	233,699	233,577	122
Human resources	381,650	374,415	315,523	58,892
Animal control	105,882	105,882	104,887	995
Delinquent accounts	15,900	15,900	79,597	(63,697)
Non-departmental insurance	29,590	29,590	35,045	(5,455)
City wide	i.e	-	414	(414)
Total general government	2,932,929	2,932,929	2,860,576	72,353
Public safety				
Police	0.512.775	0.521.409	0.525.040	(1 151)
Fire	9,512,775	9,521,498	9,525,949	(4,451)
Ambulance	4,672,367	4,690,582	4,591,333	99,249
	3,791,991	3,785,776	3,606,076	179,700
Total public safety	17,977,133	17,997,856	17,723,358	274,498

(Continued)

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

For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
EXPENDITURES (Continued)	Budget	Final budget	Actual	(Negative)
Public works ,				
Engineering	999,993	1,032,851	1,025,796	7,055
Fleet operations	490,440	478,241	391,716	86,525
Construction and maintenance	1,793,410	1,756,713	1,666,651	90,062
Municipal service center	571,836	585,872	509,126	76,746
Highway maintenance	389,497	353,833	352,339	1,494
Snow and ice removal	136,100	221,350	221,296	54
Stormwater maintenance	408,652	425,302	425,271	31
Electrical	340,336	343,536	334,771	8,765
Street lights	381,000	381,000	377,747	3,253
Trees	412,499	418,299	418,245	54
Total public works	5,923,763	5,996,997	5,722,958	274,039
Culture and recreation				
Parks	1,257,405	1,256,905	1,198,706	58,199
Fairgrounds pool	234,792	229,792	199,851	29,941
Taylor pool	89,791	94,791	89,986	4,805
Senior center	248,330	248,330	224,795	23,535
Total culture and recreation	1,830,318	1,829,818	1,713,338	116,480
Community dayslanment				
Community development	470 707	470 707	E00 004	(407 407)
Community development Inspections	478,797	478,797	586,204	(107,407)
Economic development	665,025	665,025	710,756	(45,731)
Total community development	1,259,250	115,428	115,428	(153,138)
Total community development	1,209,200	1,239,230	1,412,300_	(100,100)
Total expenditures	29,923,393	30,016,850	29,432,618	584,232
Excess (deficiency) of revenues				
over expenditures	(2,207,636)	(2,301,093)	(1,244,824)	1,056,269
OTHER FINANCING SOURCES (USES)				
Transfers in	1,757,952	1,757,952	1,815,365	57,413
Transfers out	(183,250)	(183,250)	(286,303)	(103,053)
Total other financing sources (uses)	1,574,702	1,574,702	1,529,062	(45,640)
Net change in fund balance	(632,934)	(726,391)	284,238	1,010,629
-				
Fund balance - January 1	8,472,231	8,472,231	8,472,231	(#)
Fund balance - December 31	\$ 7,839,297	\$ 7,745,840	\$ 8,756,469	\$ 1,010,629

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

Statement of Net Position Proprietary Funds December 31, 2014

	Business-type Activities - Enterprise Funds							overnmental Activities -
		Water	٧	Vastewater		Total	Se	Internal rvice Funds
ASSETS								11100 1 01100
Current assets:								
Cash and investments	\$	3,182,135	\$	6,450,657	\$	9,632,792	\$	4,456,537
Receivables								
Accounts		3,126,157		2,305,699		5,431,856		46,631
Special assessments		455,943		307,349		763,292		-
Accrued interest		2 112		701		701		-
Taxes Prepaid items		3,112		<u>-</u>		3,112		174,000
Inventories		477,357		_		477,357		174,000
Total current assets		7,244,704		9,064,406		16,309,110		4,677,168
Noncurrent assets:		1,244,104		3,004,400		10,505,110		4,077,100
Restricted assets		4,328,893		1,901,699		6,230,592		_
Special assessment receivables		54,366		31,599		85,965		-
Due from other governments		136		8,917,123		8,917,259		-
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		54,987,230		58,762,646		113,749,876		-
Equipment		35,785,237		7,933,568		43,718,805		-
Construction in progress		703,913		823,242		1,527,155		-
Less: accumulated depreciation		(27,208,005)		(30,924,534)		(58,132,539)		
Total noncurrent assets		84,621,298		119,097,226		203,718,524		4 077 400
Total assets		91,866,002		128,161,632		220,027,634		4,677,168
LIABILITIES								
Current liabilities:								
Accounts payable		135,989		116,377		252,366		420,561
Contracts payable		13,399		11,920		25,319		-
Accrued interest		432,451		159,557		592,008		-
Accrued compensation		63,655		82,245		145,900		-
Unearned revenue		66,321		20,812		87,133		28,315
Other		1,694,144		- 74 406		1,694,144		66,205
Compensated absences		80,470		71,136		151,606		19,612
Bonds, notes, and loans payable Total current liabilities		3,124,798 5,611,227		3,257,401 3,719,448		6,382,199 9,330,675		534,693
Noncurrent liabilities:		5,611,221		3,719,440		9,330,073		554,095
Other post-employment benefits		117,053		113,020		230,073		1,833
Bonds, notes, and loans payable		46,773,002		37,136,717		83,909,719		-
Total noncurrent liabilities		46,890,055		37,249,737		84,139,792		1,833
Total liabilities		52,501,282		40,969,185		93,470,467		536,526
NET POSITION		_						_
		30,263,965		67,852,687		98,116,652		
Net investment in capital assets Restricted for equipment replacement		50,205,905		1,901,699		1,901,699		_
Restricted for bond redemption		4,328,893		1,301,033		4,328,893		_
Unrestricted		4,771,862		17,438,061		22,209,923		4,140,642
Total Net Position	\$	39,364,720	\$	87,192,447		126,557,167	\$	4,140,642
Adjustment to reflect the consolidation of in	ternal	service fund ac	tivities	3		222.022		
related to enterprise funds.						223,032		
					\$	126,780,199		

State of Net Position (Continued)
Proprietary Funds
December 31, 2014

Reconciliation of Fund Net Position to Business-Type Activities Net Position	
Total Net Position Balance as shown from previous page	
rotal from Solden Balanco do chown nom providus page	
Amounts reported for hypiness type activities in the atsternent of not resition	

\$ 126,780,199

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.

217,752

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

\$ 126,997,951

Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds For the Year Ended December 31, 2014

	Bu	Governmental Activities -		
	Water	Wastewater	Total	Internal Service Fund
Operating revenues:				
Charges for services	\$ 11,910,895	\$ 11,609,467	\$ 23,520,362	\$ 7,284,680
Other	374,571	95,438	470,009	
Total operating revenues	12,285,466	11,704,905	23,990,371	7,284,680
Operating expenses:				
Personal services	1,226,138	1,754,975	2,981,113	432,329
Contractual services	672,103	2,058,200	2,730,303	60,801
Materials and supplies	1,818,784	1,467,088	3,285,872	738,866
Utilities	601,763	571,832	1,173,595	27,367
Insurance claims and expenses	-	-		4,386,406
Taxes	71,930		71,930	æ);
Depreciation	2,842,969	2,882,334	5,725,303	
Total operating expenses	7,233,687	8,734,429	15,968,116	5,645,769
Operating income	5,051,779	2,970,476	8,022,255	1,638,911
Nonoperating revenues (expenses):				
Gain (loss) on disposal of capital assets	5,579	-	5,579	~
Merchandising and jobbing	29,686	1.5	29,686	=
Interest and investment revenue (loss)	88,136	352,494	440,630	: - :
Interest and fiscal charges	(1,620,505)	(1,125,728)	(2,746,233)	*
Total nonoperating revenue (expenses)	(1,497,104)	(773,234)	(2,270,338)	4
Income before transfers	3,554,675	2,197,242	5,751,917	1,638,911
Transfers out	(1,786,086)		(1,786,086)	(48,500)
Change in net position	1,768,589	2,197,242	3,965,831	1,590,411
Total net position - January 1	37,596,131	84,995,205	122,591,336	2,550,231
Total net position - December 31	\$ 39,364,720	\$ 87,192,447	\$ 126,557,167	\$ 4,140,642

Statement of Revenues, Expenses and Changes in Net Position (Continued)
Proprietary Funds
For the Year Ended December 31, 2014

Reconciliation of Changes in Fund Net Position to Business-Type Activities Changes in Net Position

Net Change in Net Position from previous page

\$ 3,965,831

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.

217,752

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

\$ 4,183,583

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	_	Bus	Governmental Activities - Internal					
		Water	١	Vastewater		Total	Se	ervice Fund
Cash flows from operating activities:								
Receipts from customers	\$	11,793,966	\$	12,390,664	\$	24,184,630	\$	7,270,543
Payments to suppliers		(3,426,291)		(4,106,460)		(7,532,751)		(5,024,182)
Payments to employees		(1,226,165)		(1,779,609)		(3,005,774)		(853,908)
Other receipts		374,571	_	95,438		470,009		-
Net cash provided by operating activities		7,516,081	_	6,600,033	_	14,116,114		1,392,453
Cash flows from noncapital financing activities:								
Transfers to other funds		(1,786,086)	_			(1,786,086)		(48,500)
Cook flows from conital and related financing activity	.:							
Cash flows from capital and related financing activity. Net proceeds from issuance of long-term debt	les:	5,275,000				5,275,000		_
Premium on debt issued		171,188		-		171,188		-
Acquisition and construction of capital assets		(2,658,331)		(919,714)		(3,578,045)		_
Cost of removal of capital assets		(51,287)		(313,714)		(51,287)		Ψ.
Principal paid on long-term debt		(8,465,481)		(7,081,988)		(15,547,469)		
Interest paid on long-term debt		(1,606,172)		(1,166,946)		(2,773,118)		_
Net cash used by capital and related	_	(1,000,172)	_	(1,100,010)	_	(2,770,110)		
financing activities		(7,335,083)		(9,168,648)	_	(16,503,731)		-
Cash flows from investing activities:								
Interest on investments		88,771		352,886		441,657_		
Net change in cash and cash equivalents		(1,516,317)		(2,215,729)		(3,732,046)		1,343,953
Cash and cash equivalents - January 1		9,027,345	_	10,568,085	_	19,595,430		3,112,584
Cash and cash equivalents - December 31	\$	7,511,028	_\$_	8,352,356	_\$	15,863,384	\$	4,456,537
Cash and cash equivalents consist of the following: Unrestricted Restricted Total	\$	3,182,135 4,328,893 7,511,028	\$	6,450,657 1,901,699 8,352,356	\$	9,632,792 6,230,592 15,863,384	\$	4,456,537 - 4,456,537

(Continued)

Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2014

	 Business-type Activities - Enterprise Funds						overnmental Activities - Internal
	Water	V	Vastewater V		Total	Se	ervice Fund
Reconciliation of operating income to net cash							
provided by operating activities							
Operating income	\$ 5,051,779	\$	2,970,476	\$	8,022,255	\$	1,638,911
Adjustments to reconcile operating income to							
net cash provided by operating activities:							
Depreciation	2,842,969		2,882,334		5,725,303		9
Depreciation charged to other operating accounts	279,101		=		279,101		=
Merchandising and jobbing	29,686		*		29,686		=
(Increase) decrease in assets:							
Receivables	(116,258)		87,506		(28,752)		(13,164)
Due from other governmental units	(12)		694,083		694,071		ā
Inventories	(91,802)		#		(91,802)		-
Increase (decrease) in liabilities:							
Accounts payable	(549,993)		(10,260)		(560, 253)		(146,699)
Contracts payable	(1,996)		920		(1,076)		3
Accrued compensation	5,408		4,952		10,360		(87,406)
Other	73,293		-		73,293		-
Unearned revenues	(659)		(392)		(1,051)		(973)
Compensated absences	2,080		(22,446)		(20,366)		3,287
Other post-employment benefits	(7,515)		(7,140)		(14,655)		(1,503)
Net cash provided by operating activities	\$ 7,516,081	\$	6,600,033	\$	14,116,114	\$	1,392,453

Notes to Basic Financial Statements
December 31, 2014

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 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.

Notes to Basic Financial Statements
December 31, 2014

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.

Notes to Basic Financial Statements
December 31, 2014

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.

Notes to Basic Financial Statements
December 31, 2014

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.

Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Capital Assets

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

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

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

	Governmental	Business-type
	Activities	Activities
	Ye	ars
<u>Assets</u>		
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	. 6

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.

Notes to Basic Financial Statements
December 31, 2014

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 Council, in accordance with the City's adopted fund balance policy. Amounts are assigned to be used in accordance with the purpose of the respective funds as authorized in the adopted fund balance policy. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- Unassigned fund balance Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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

Notes to Basic Financial Statements December 31, 2014

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, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position Amount of net position that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position Net position that are neither classified as restricted nor as invested in capital assets, net of related debt.

6. Use of Estimates

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

NOTE B - STEWARDSHIP AND COMPLIANCE

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 \$93,458.
- 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, 2014.

Notes to Basic Financial Statements December 31, 2014

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, 2014 as follows:

		l	xcess
Fund	Function	Expe	enditures
General Fund			
Delinquent accounts	General government	\$	63,697
Non-departmental insurance	General government		5,455
City wide	General government		414
Police	Public safety		4,451
Stormwater maintenance	Public works		2,507
Community development	Community development		136,157
Inspections	Community development		32,531
Special Revenue Funds			
Library	Culture and recreation		33,267
City grant programs	Public safety		37,720
Harbor & Boating Facilities	Culture and recreation		65,770
Community projects	Public safety		112,546
Community projects	Culture and recreation		28,950
Community projects	Community development		4,809
Solid waste and recycling	Public works		205,335
HazMat Agreement	Public safety		2,299
TIF Districts	General government		1,851
TIF Districts	Interest and other charges		3,400
Debt Service Fund			
Interest	Debt service		30,468

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, 2014, the Special Events and Parking Special Revenue Funds had a deficit fund balances of \$7,279 and \$10,946 respectively. The City anticipates funding the deficit from future revenues of the fund.

Notes to Basic Financial Statements December 31, 2014

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 \$38,172,370 on December 31, 2014 as summarized below:

Petty cash and cash on hand Deposits with financial institutions Investments	\$	16,348 12,540,847 25,615,175
	\$	<u>38,172,370</u>
Government-wide Statement of Net Position	æ	24 044 770
Cash and investments	\$	31,941,778
Restricted cash and investments		6,230,592
	\$	38,172,370

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, 2014, none of the City's deposits with financial institutions were in excess of federal and state depository insurance limits and uncollateralized.

Notes to Basic Financial Statements
December 31, 2014

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.

		Exempt			
		From			Not
Investment Type	Amount	Disclosure	AAA	Aa	Rated
Wells Fargo Mutual Funds	\$ 80,903	\$ -	\$ -	\$ -	\$ 80,903
U.S. Treasury Notes	3,025,980	X = 2	3,025,980	(20)	S#3
Federal National Mortgage					
Association	8,145,313	-	8,145,313	(2)	5945
Federal Home Loan Mortgage					
Corporation	4,304,631		4,304,631		-
Federal Home Loan Bank	3,996,729	-	3,996,729	(=)	5.00
Federal Farm Credit Bank	5,934,624	-	5,934,624		(**)
Fond du Lac Area Foundation	53,915	¥	-	× :	53,915
Wisconsin Local Government					
Investment Pool	73,080	_	-	<u> </u>	73,080
Totals	\$ 25,615,175	\$ -	\$ 25,407,277	\$ -	\$ 207,898

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:

			Percent of
		Reported	Total
Issuer	Investment Type	Amount	Investments
Federal National Mortgage Association	Bonds	\$ 8,145,313	32%
Federal Home Loan Mortgage Corporation	Bonds	4,304,631	17%
Federal Farm Credit Bank	Bonds	5,934,624	23%
Federal Home Loan Bank	Bonds	3,996,729	16%

Notes to Basic Financial Statements
December 31, 2014

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

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

	Г		Remaining Maturity (in Months)							
			1	2 Months		13 to 24		25 to 60		lore Than
Investment Type	L	Amount		or Less		Months		Months	6	0 Months
Wells Fargo Mutual Funds	\$	80,903	\$	80,903	\$	-	\$	-	\$	-
U.S. Treasury Notes		3,025,980		196		1,515,819		1,510,161		(#S)
Federal National Mortgage										
Association		8,145,313		-		2,001,504		4,599,975		1,543,834
Federal Home Loan Mortgage										
Corporation		4,304,631		1.79		298,755		4,005,876		-
Federal Home Loan Bank		3,996,729		÷ 5 :		-		3,996,729		-
Federal Farm Credit Bank		5,934,624		-		-		5,934,624		-
Fond du Lac Area Foundation		53,915		53,915		-		-		-
Wisconsin Local Government										
Investment Pool		73,080		73,080		_		-		-
Totals	\$	25,615,175	\$	207,898	\$	3,816,078	\$	20,047,365	\$	1,543,834

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

	Fair Value
Highly Sensitive Investments	at Year End
Federal National Mortgage Association	\$ 8,145,313
Federal Home Loan Mortgage Corporation	4,304,631
Federal Farm Credit Bank	5,934,624
Federal Home Loan Bank	3,996,729

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.

Notes to Basic Financial Statements
December 31, 2014

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 \$73,080 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, 2014, 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, 2014 totaled \$6,230,592 held for the following purposes:

 Enterprise Funds
 Water Utility

 Bond redemption
 \$ 4,328,893

 Wastewater Utility
 Equipment replacement
 1,901,699

 Total Enterprise Funds
 \$ 6,230,592

Notes to Basic Financial Statements December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

		Beginning					Ending
Oncompany and all and to deliver		Balance		Increases		Decreases	Balance
Governmental activities:							
Capital assets, not being depreciated: Land	\$	6,314,920	\$	9,300	\$	_	\$ 6,324,220
Construction in progress	Ψ	2,963,725	Ψ	372,122	Ψ	2,664,519	671,328
Total capital assets, not being depreciated	_	9,278,645		381,422		2,664,519	6,995,548
		0,2.0,0.0		001,122		2,00.,0.0	<u> </u>
Capital assets, being depreciated:							
Buildings		26,898,085		256		-	26,898,085
Improvements other than buildings		9,715,849		141,364		-	9,857,213
Equipment		22,294,215		983,634		703,398	22,574,451
Infrastructure	_	196,423,628		3,718,827		700 000	200,142,455
Subtotals	_	255,331,777		4,843,825		703,398	259,472,204
Less accumulated depreciation for:							
Buildings		14,331,328		675,277		-	15,006,605
Improvements other than buildings		5,853,812		347,854		-	6,201,666
Equipment		11,805,588		1,645,356		690,347	12,760,597
Infrastructure		80,347,343		4,940,001		-	85,287,344
Subtotals		112,338,071		7,608,488		690,347	119,256,212
Total capital assets, being depreciated, net		142,993,706		(2,764,663)		13,051	140,215,992
Governmental activities capital assets, net	\$	152,272,351	\$	(2,383,241)	\$	2,677,570	147,211,540
Less related long-term debt outstanding							75,797,896_
Net investment in capital assets							\$ 71,413,644
·						:	\$ 71,413,644
Business-type activities:						:	\$ 71,413,644
Business-type activities: Capital assets, not being depreciated:		007.000			•	:	
Business-type activities: Capital assets, not being depreciated: Land	\$	387,830	\$	-	\$		\$ 387,830
Business-type activities: Capital assets, not being depreciated: Land Construction in progress	\$	1,373,263	\$	1,658,510	\$	- 1,504,618	\$ 387,830 1,527,155
Business-type activities: Capital assets, not being depreciated: Land	\$		\$	- 1,658,510 1,658,510	\$		\$ 387,830
Business-type activities: Capital assets, not being depreciated: Land Construction in progress Total capital assets, not being depreciated	\$	1,373,263	\$		\$	- 1,504,618	\$ 387,830 1,527,155
Business-type activities: Capital assets, not being depreciated: Land Construction in progress	\$	1,373,263	\$		\$	- 1,504,618	\$ 387,830 1,527,155
Business-type activities: Capital assets, not being depreciated: Land Construction in progress Total capital assets, not being depreciated Capital assets, being depreciated: Buildings Improvements other than buildings	\$	1,373,263 1,761,093 87,157,443 110,895,991	\$	1,658,510 - 2,899,726	\$	1,504,618 1,504,618	\$ 387,830 1,527,155 1,914,985 87,157,443 113,749,876
Business-type activities: Capital assets, not being depreciated: Land Construction in progress Total capital assets, not being depreciated Capital assets, being depreciated: Buildings Improvements other than buildings Equipment	\$	1,373,263 1,761,093 87,157,443 110,895,991 43,399,303	\$	1,658,510 2,899,726 507,596	\$	1,504,618 1,504,618 - 45,841 188,094	\$ 387,830 1,527,155 1,914,985 87,157,443 113,749,876 43,718,805
Business-type activities: Capital assets, not being depreciated: Land Construction in progress Total capital assets, not being depreciated Capital assets, being depreciated: Buildings Improvements other than buildings	\$	1,373,263 1,761,093 87,157,443 110,895,991	\$	1,658,510 - 2,899,726	\$	1,504,618 1,504,618	\$ 387,830 1,527,155 1,914,985 87,157,443 113,749,876
Business-type activities: Capital assets, not being depreciated: Land Construction in progress Total capital assets, not being depreciated Capital assets, being depreciated: Buildings Improvements other than buildings Equipment Subtotals	\$	1,373,263 1,761,093 87,157,443 110,895,991 43,399,303	\$	1,658,510 2,899,726 507,596	\$	1,504,618 1,504,618 - 45,841 188,094	\$ 387,830 1,527,155 1,914,985 87,157,443 113,749,876 43,718,805
Business-type activities: Capital assets, not being depreciated: Land Construction in progress Total capital assets, not being depreciated Capital assets, being depreciated: Buildings Improvements other than buildings Equipment Subtotals Less accumulated depreciation for:	\$	1,373,263 1,761,093 87,157,443 110,895,991 43,399,303 241,452,737	\$	2,899,726 507,596 3,407,322	\$	1,504,618 1,504,618 - 45,841 188,094	\$ 387,830 1,527,155 1,914,985 87,157,443 113,749,876 43,718,805 244,626,124
Business-type activities: Capital assets, not being depreciated: Land Construction in progress Total capital assets, not being depreciated Capital assets, being depreciated: Buildings Improvements other than buildings Equipment Subtotals Less accumulated depreciation for: Buildings	\$	1,373,263 1,761,093 87,157,443 110,895,991 43,399,303 241,452,737 17,339,473	\$	1,658,510 - 2,899,726 507,596 3,407,322 2,305,545	\$	1,504,618 1,504,618 45,841 188,094 233,935	\$ 387,830 1,527,155 1,914,985 87,157,443 113,749,876 43,718,805 244,626,124
Business-type activities: Capital assets, not being depreciated: Land Construction in progress Total capital assets, not being depreciated Capital assets, being depreciated: Buildings Improvements other than buildings Equipment Subtotals Less accumulated depreciation for: Buildings Improvements other than buildings	\$	1,373,263 1,761,093 87,157,443 110,895,991 43,399,303 241,452,737 17,339,473 22,581,133	\$	2,899,726 507,596 3,407,322 2,305,545 1,830,869	\$	1,504,618 1,504,618 1,504,618 - 45,841 188,094 233,935	\$ 387,830 1,527,155 1,914,985 87,157,443 113,749,876 43,718,805 244,626,124 19,645,018 24,355,933
Business-type activities: Capital assets, not being depreciated: Land Construction in progress Total capital assets, not being depreciated Capital assets, being depreciated: Buildings Improvements other than buildings Equipment Subtotals Less accumulated depreciation for: Buildings	\$	1,373,263 1,761,093 87,157,443 110,895,991 43,399,303 241,452,737 17,339,473	\$	1,658,510 - 2,899,726 507,596 3,407,322 2,305,545	\$	1,504,618 1,504,618 45,841 188,094 233,935	\$ 387,830 1,527,155 1,914,985 87,157,443 113,749,876 43,718,805 244,626,124
Business-type activities: Capital assets, not being depreciated: Land Construction in progress Total capital assets, not being depreciated Capital assets, being depreciated: Buildings Improvements other than buildings Equipment Subtotals Less accumulated depreciation for: Buildings Improvements other than buildings Equipment Subtotals	\$	1,373,263 1,761,093 87,157,443 110,895,991 43,399,303 241,452,737 17,339,473 22,581,133 12,455,283 52,375,889	\$	2,899,726 507,596 3,407,322 2,305,545 1,830,869 1,867,990 6,004,404	\$	1,504,618 1,504,618 1,504,618 - 45,841 188,094 233,935 - 56,069 191,685 247,754	\$ 387,830 1,527,155 1,914,985 87,157,443 113,749,876 43,718,805 244,626,124 19,645,018 24,355,933 14,131,588 58,132,539
Business-type activities: Capital assets, not being depreciated: Land Construction in progress Total capital assets, not being depreciated Capital assets, being depreciated: Buildings Improvements other than buildings Equipment Subtotals Less accumulated depreciation for: Buildings Improvements other than buildings Equipment Subtotals Total capital assets, being depreciated, net		1,373,263 1,761,093 87,157,443 110,895,991 43,399,303 241,452,737 17,339,473 22,581,133 12,455,283 52,375,889 189,076,848		2,899,726 507,596 3,407,322 2,305,545 1,830,869 1,867,990 6,004,404 (2,597,082)		1,504,618 1,504,618 1,504,618 45,841 188,094 233,935 - 56,069 191,685 247,754 (13,819)	\$ 387,830 1,527,155 1,914,985 87,157,443 113,749,876 43,718,805 244,626,124 19,645,018 24,355,933 14,131,588 58,132,539 186,493,585
Business-type activities: Capital assets, not being depreciated: Land Construction in progress Total capital assets, not being depreciated Capital assets, being depreciated: Buildings Improvements other than buildings Equipment Subtotals Less accumulated depreciation for: Buildings Improvements other than buildings Equipment Subtotals Total capital assets, being depreciated, net Business-type activities capital assets, net		1,373,263 1,761,093 87,157,443 110,895,991 43,399,303 241,452,737 17,339,473 22,581,133 12,455,283 52,375,889	\$	2,899,726 507,596 3,407,322 2,305,545 1,830,869 1,867,990 6,004,404		1,504,618 1,504,618 1,504,618 - 45,841 188,094 233,935 - 56,069 191,685 247,754	\$ 387,830 1,527,155 1,914,985 87,157,443 113,749,876 43,718,805 244,626,124 19,645,018 24,355,933 14,131,588 58,132,539 186,493,585 188,408,570
Business-type activities: Capital assets, not being depreciated: Land Construction in progress Total capital assets, not being depreciated Capital assets, being depreciated: Buildings Improvements other than buildings Equipment Subtotals Less accumulated depreciation for: Buildings Improvements other than buildings Equipment Subtotals Total capital assets, being depreciated, net		1,373,263 1,761,093 87,157,443 110,895,991 43,399,303 241,452,737 17,339,473 22,581,133 12,455,283 52,375,889 189,076,848		2,899,726 507,596 3,407,322 2,305,545 1,830,869 1,867,990 6,004,404 (2,597,082)		1,504,618 1,504,618 1,504,618 45,841 188,094 233,935 - 56,069 191,685 247,754 (13,819)	\$ 387,830 1,527,155 1,914,985 87,157,443 113,749,876 43,718,805 244,626,124 19,645,018 24,355,933 14,131,588 58,132,539 186,493,585

Notes to Basic Financial Statements December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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

Governmental activities	
General government	\$ 188,076
Police	264,082
Fire	367,864
Ambulance	105,162
Public works	5,916,874
Culture and recreation	643,588
Community development	122,842
Total depreciation expense - governmental activities	\$ 7,608,488
Business-type activities	
Water utility	\$ 2,842,969
Water utility charged to clearing accounts	279,101
Wastewater utility	2,882,334
Total depreciation expense - business-type activities	\$ 6,004,404

5. Interfund Receivable, Payables, and Transfers

Interfund transfers for the year ended December 31, 2014 were as follows:

	Transfer to:							
	Nonmajor							
				ebt Service	Go	overnmental		
	Ge	eneral Fund		Fund		Funds		Totals
Transfers from:								
General fund	\$	-	\$	-	\$	286,303	\$	286,303
Nonmajor Governmental Funds		29,279		483,033		2,166,141		2,678,453
Water Utility Enterprise Fund		1,786,086		-		-		1,786,086
Information Technology ISF				48,500				48,500
Totals	\$	1,815,365	\$	531,533	\$	2,452,444	\$	4,799,342

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, 2014, the City's General Fund financed the \$7,279 operating cash deficit of the Special Events Special Revenue Fund and the \$23,174 operating cash deficit of the City Grant Programs Special Revenue Fund. These amounts are reported as due from other funds in the General Fund and due to other funds in the respective special revenue funds.

Notes to Basic Financial Statements December 31, 2014

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, 2014:

	Outstanding				Outstanding	Due Within
	1/1/14	Issued	Retired	$ldsymbol{ldsymbol{ldsymbol{ldsymbol{ldsymbol{L}}}}$	12/31/14	One Year
Governmental activities:						
General Obligation Debt						
Bonds	\$ 65,400,000	\$ 1,055,000	\$ 2,060,000	\$	64,395,000	\$ 2,775,000
Notes	12,805,000	3,040,000	1,795,000		14,050,000	925,000
Total General Obligation Debt	78,205,000	 4,095,000	3,855,000		78,445,000	3,700,000
Premium on debt issued	361,318	30,338	38,760		352,896	38,759
Capital leases	26,976	-	26,976		-	-
Other post-employment benefits	1,920,060	-	145,590		1,774,470	-
Compensated absences	1,618,603	1,743,793	1,803,313		1,559,083	1,523,525
Governmental activities						
Long-term obligations	\$ 82,131,957	\$ 5,869,131	\$ 5,869,639	\$	82,131,449	\$ 5,262,284
Description of the second state of						
Business-type activities:						
Revenue bonds	\$ 100,358,839	\$ 5,275,000	\$ 15,547,469	\$	90,086,370	\$ 6,358,482
Premium on debt issued	48,740	171,188	14,380		205,548	23,717
Other post-employment benefits	244,728	-	14,655		230,073	-
Compensated absences	171,972	150,006	170,372		151,606	151,606
Business-type activities						
Long-term obligations	\$ 100,824,279	\$ 5,596,194	\$ 15,746,876	\$	90,673,597	\$ 6,533,805

Total interest paid during the year on long-term debt totaled \$5,837,218.

Notes to Basic Financial Statements December 31, 2014

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 12/31/14
General Obligation Bonds	Amount	IIILETESL	Date	12/3//14
	¢ 10.050.000	5.00%	04/01/22	\$ 9,700,000
2007 Capital improvement refunding bonds		5.00%		
2009 Capital improvement refunding bonds		3.96%	05/01/23 03/01/25	2,475,000
2010 Capital improvement refunding bonds				10,265,000
2010 Build America Bonds	7,800,000	3.74%	03/01/30	7,475,000
2010 Capital improvement refunding bonds		3.05%	04/01/21	2,525,000
2011 Capital improvement refunding bonds		4.65%	2/1/2026	5,400,000
2011 Capital improvement refunding bonds	5,375,000	3.68%	2/1/2021	3,975,000
2012 Refunding bonds	7,650,000	3.72%	9/1/2032	7,575,000
2012 Refunding bonds	5,475,000	3.40%	9/1/2027	5,450,000
2013 Refunding bonds	3,975,000	2.67%	4/1/2024	3,775,000
2013 Refunding bonds	1,800,000	3.79%	4/1/2032	1,725,000
2013 Refunding bonds	3,085,000	2.39%	3/1/2023	3,000,000
2014 Taxable bonds	1,055,000	4.04%	6/1/2028	1,055,000
Total Bonds				64,395,000
General Obligation Notes				
2007 Capital improvement project notes	6,100,000	4.25%	03/01/17	100,000
2007 TIF #10 refunding notes	1,730,000	4.25%	04/01/17	980,000
2008 Capital improvement project notes	3,655,000	3.83%	03/01/16	2,955,000
2011 Capital improvement project notes	1,500,000	4.14%	2/1/2021	1,375,000
2012 Capital improvement project notes	2,800,000	2.57%	9/1/2022	2,550,000
2013 Capital improvement project notes	3,190,000	2.43%	4/1/2022	3,050,000
2014 Capital improvement project notes	2,000,000	2.45%	9/1/2023	2,000,000
2014 Taxable notes TIF #18	1,040,000	3.75%	6/1/2024	1,040,000
Total Notes	1,0 10,000		J, 1/1_J_ /	14,050,000
Total General Obligation Bonds and Notes				\$ 78,445,000

Annual principal and interest maturities of the outstanding general obligation debt on December 31, 2014 are detailed below:

Year Ended	Governmental Activities						
December 31		Principal		Interest		Total	
2015	\$	3,700,000	\$	3,032,055	\$	6,732,055	
2016		4,440,000		2,883,852		7,323,852	
2017		5,160,000		2,736,286		7,896,286	
2018		7,840,000		2,512,911		10,352,911	
2019		5,995,000		2,259,711		8,254,711	
2020-2024		32,895,000		7,338,398		40,233,398	
2025-2029		14,040,000		2,371,856		16,411,856	
2030-2032		4,375,000		218,438		4,593,438	
	\$	78,445,000	\$:	23,353,507	\$	101,798,507	

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

Notes to Basic Financial Statements December 31, 2014

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, 2014 was \$51,618,931 as follows:

Equalized valuation of the City		\$	2,597,744,000
Statutory limitation percentage			(x) 5%
General obligation debt limitation, per Section 67.03 of the			
Wisconsin Statutes			129,887,200
Total outstanding general obligation debt applicable to debt limitation	\$ 78,445,000		
Less amount available for financing general obligation debt	176,731	_	
			78,268,269
Legal Margin for New Debt		\$	51,618,931

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.

Revenue Bonds

Revenue bond debt service requirements are financed from operations of the enterprise funds. Revenue bonds outstanding on December 31, 2014 totaling \$90,086,370 are composed of the following issues:

	Issue		Maturity	Balance as of
Description	Amount	Interest	Date	12/31/14
2008 Sewerage system revenue bonds	\$ 57,396,631	2.37%	05/01/25	\$ 40,394,117
2008 Waterworks system revenue bonds	21,753,247	2.37%	05/01/27	15,933,534
2010 Waterworks system revenue bonds	10,990,743	2.20%	05/01/29	9,033,719
2010 Waterworks system revenue bonds	11,650,000	4.21%	09/01/29	10,750,000
2011 Waterworks system revenue bonds	6,025,000	4.03%	9/1/2029	4,875,000
2013 Waterworks system revenue bonds	4,325,000	3.05%	9/1/2023	3,825,000
2014 Waterworks system revenue bonds	5,275,000			5,275,000
Total Revenue Bonds				\$ 90,086,370

Notes to Basic Financial Statements
December 31, 2014

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	Business-type Activities							
December 31	Principal		Interest		Total			
2015	\$ 6,358,482	\$	2,438,076	\$	8,796,558			
2016	6,497,107		2,268,118		8,765,225			
2017	6,688,405		2,115,390		8,803,795			
2018	6,882,438		1,948,050		8,830,488			
2019	7,079,270		1,777,505		8,856,775			
2020-2024	37,101,525		5,916,711		43,018,236			
2025-2029	 19,479,143		1,569,110		21,048,253			
	\$ 90,086,370	\$	18,032,960	\$	108,119,330			

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 \$62,235,845. Principal and interest paid for the current year and total customer net revenues were \$10,114,696 and \$7,982,884 respectively. The total principal and interest remaining to be paid on the wastewater bonds is \$45,883,485. Principal and interest paid for the current year and total customer net revenues were \$8,248,934 and \$6,205,304 respectively.

Current Refunding

During 2014, the City currently refunded a water revenue bond issue from 2004. The City issued \$5,275,000 of waterworks revenue refunding bonds to call the outstanding debt. This current refunding was undertaken to reduce total debt service payments over the next 9 years by \$651,815 and to obtain an economic gain of \$567,500.

Defeased Debt

In prior years, the City advance refunded the outstanding maturities of the 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, 2014, \$6,850,000 of outstanding general obligation notes are considered defeased.

Notes to Basic Financial Statements
December 31, 2014

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, 2014, there were 13 series of Industrial Revenue Bonds outstanding. The aggregate principal amount payable was undetermined.

8. Fund Equity

Net position of the governmental activities reported on the government-wide statement of net position at December 31, 2014 includes the following:

Net Investment in Capital Assets	
Land	\$ 6,324,220
Improvements other than buildings	9,857,213
Buildings	26,898,085
Equipment	22,574,451
Infrastructure	200,142,455
Construction in progress	671,328
Less: Accumulated depreciation	(119,256,212)
Less: Related long-term debt outstanding	(75,797,896)
Total Net Investment in Capital Assets	 71,413,644
Restricted for debt service	 176,731
Restricted for community development projects and loans	1,722,691
Unrestricted	16,833,015
Total Governmental Activities Net Position	\$ 90,146,081

Notes to Basic Financial Statements December 31, 2014

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 303 active and 29 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	\$ 459,138
Interest on net OPEB	86,592
Adjustment to annual required contribution	(125,368)
Annual OPEB cost	420,362
Contributions made	(580,607)
Change in net OPEB obligation	(160,245)
OPEB obligation - beginning of year	2,164,788
OPEB obligation - end of year	\$ 2,004,543

The annual required contribution for the current year was determined as part of the January 1, 2014 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 4.00% inflation rate, and (b) projected salary increases at 1.50%.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level dollar amount of projected payroll. The remaining amortization period at December 31, 2014 is 24 years, and the remaining amount is \$4,245,582.

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 2014 and the previous two years is as follows:

Fiscal Year Ended	Annua OPEE Cost	B OPEB Cost	 Net OPEB Obligation
12/13/2014 12/31/2013 12/31/2012	810	0,362 138% 6,135 49% 7,065 297%	\$ 2,004,543 2,164,788 1,747,143

Funded Status and Funding Progress - As of January 1, 2014, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$4,245,582. The annual payroll for active employees covered by the plan for the 2014 fiscal year was \$19,719,206 for a ratio of the UAAL to covered payroll of 21.5%.

Notes to Basic Financial Statements
December 31, 2014

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, 2014 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 6.5%, reduced by decrements to an ultimate rate of 5.5% after 5 years. The UAAL is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at December 31, 2014 was 24 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 Employment category, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions 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 for 2014 were:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	7.00%	7.00%
Executives & Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

The payroll for City employees covered by the WRS for the year ended December 31, 2014 was \$20,528,426; the employer's total payroll was \$21,684,266. The total required contribution for the year ended December 31, 2014 was \$3,518,487, which consisted of \$2,081,496, or 10.14% of covered payroll from the employer and \$1,436,991, or 7.00% of covered payroll from employees. Total contributions for the years ended December 31, 2013 and 2012 were \$3,723,882 and \$3,366,490, respectively, equal to the required contributions for each year.

Notes to Basic Financial Statements December 31, 2014

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 years' 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, 2014 that reserve was \$4,021,243. The accounts payable of \$401,209 reported in the fund at December 31, 2014 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 2014 and 2013 follow:

		Liability anuary 1				Claim Payments	Liability December 31			
	0,0	aridary i		Louinateo	<u>'</u>	aymonto	20	OCITIDOT OT		
2014 2013	\$	521,034 605,618	\$	3,869,754 4,329,144	\$	3,989,579 4,413,728	\$	401,209 521,034		

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.

Notes to Basic Financial Statements
December 31, 2014

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:

	Creation	Construction	Termination
TID	Date	Period Ends	Date
8	4/22/92	closed	3/11/19
9	5/24/00	5/24/18	1/1/24
10	8/25/04	8/25/22	8/25/27
11	1/1/06	6/14/28	6/14/33
12	8/13/08	8/13/29	8/13/35
13	3/30/10	3/30/25	3/30/30
14	11/10/10	11/10/32	11/10/37
15	8/23/11	8/10/33	8/10/38
16	8/8/12	8/8/34	8/8/39
17	8/8/12	8/8/27	8/8/32

TID #9 was subsequently closed in 2015.

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 2014 and 2015 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 2014 budget was 0.86%. The actual limit for the City for the 2015 budget was 1.97%. Wisconsin statutes allow the limit to be adjusted for increases in debt service.

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 have been conducted but final acceptance is still pending. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.
- 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.

Notes to Basic Financial Statements December 31, 2014

NOTE E - OTHER INFORMATION (Continued)

6. <u>Upcoming Accounting Pronouncements</u>

In June 2012, the GASB issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The Statement also enhances accountability and transparency through revised noted disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this Statement are effective for financial statements for the year ending December 31, 2015.

7. Subsequent Events

On March 11, 2015, the City issued \$2,800,000 of General Obligation Notes, Series 2015A to finance various projects included in the City's Capital Improvement Plan. The notes are payable through 2025 with interest rates ranging from 2.00% to 3.00%. On March 11, 2015, the City also issued \$7,275,000 of General Obligation Refunding Bonds, Series 2015B to refund the outstanding portion of the 2010 General Obligation Build America Bonds. The bonds are payable through 2030 at interest rates ranging from 2.00% to 4.00%.

REQUIRED SUPPLEMENTAL INFORMATION

Schedule of Funding Progress Other Post-Employment Benefit Plan For the Year Ended December 31, 2014

Actuarial Valuation Date December 31	(2) Actuarial (1) Accrued Actuarial Liability Value of Assets 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 2010 2012 2014	\$ - - -	\$ 8,634,315 8,821,561 6,332,156 4,245,582	0.00% 0.00% 0.00% 0.00%	8,821,561	\$ 16,580,000 20,712,000 21,036,395 19,719,206	52% 43% 30% 22%

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

Schedule of Employer Contributions Other Post-Employment Benefit Plan For the Year Ended December 31, 2013

				Annual Required				
Year Ended	E	mployer		ontribution	Percentage			
December 31,	Co	ntributions	L .	(ARC)	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%			
2014		580,607		459,138	126%			

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

SUPPLEMENTAL INFORMATION

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2014

ASSETS	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Cash and investments	\$ 4,677,065	\$ 2,452,927	\$ 7,129,992
Accounts receivable	33,658	39,852	73,510
Ambulance receivable	-	955,000	955,000
Taxes receivable, net	4,941,246	-	4,941,246
Special assessment receivable	24,976	=	24,976
Community development loans receivable	6,047,547	_	6,047,547
Due from other governments	479,358	442,651	922,009
Inventories	16,531	2	16,531
Other	154_		154_
Total assets	\$ 16,220,535	\$ 3,890,430	\$ 20,110,965
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES Liabilities:			
Accounts payable	\$ 414,267	\$ 69,677	\$ 483,944
Contracts payable	11,782	379,479	391,261
Accrued compensation	120,295	=	120,295
Due to other funds	30,453	-	30,453
Unearned revenue	1,256,016	=	1,256,016
Other	62,184	3,000	65,184_
Total liabilities	1,894,997	452,156	2,347,153
Deferred Inflows of Resources:			
Property taxes	3,685,060	955,000	4,640,060
Loans receivable	6,047,548	-	6,047,548
Total Deferred Inflows of Resources	9,732,608	955,000	10,687,608
Fund balances: Nonspendable			
Inventories Restricted	16,531	-	16,531
CDBG	1,722,691	=	1,722,691
Committed Nonmajor special revenue funds	2,873,347	<u>.</u>	2,873,347
Nonmajor capital project funds	=	2,483,274	2,483,274
Unassigned	(19,639)	_, .00, +	(19,639)
Total fund balances	4,592,930	2,483,274	7,076,204
Total liabilities, deferred inflows of resources and fund balances	\$ 16,220,535	\$ 3,890,430	\$ 20,110,965

Combining Balance Sheet Nonmajor Special Revenue Funds December 31, 2014

100570		Library		ity Grant rograms	De	Community evelopment lock Grant		Harbor & Boating Facilities		ommunity Projects		Solid Waste ad Recycling		Parking
ASSETS Cash and investments Accounts receivable Taxes receivable, net	\$	200,955 2,100 1,743,322	\$	- - \(\overline{\pi}	\$	1,605,258 15,000	\$	126,494 3,834 -	\$	186,089 - -	\$	132,651 7,500 1,994,671	\$	20,304 2,119 -
Special assessment receivable Community development loans receivable Due from other governments Inventories				- - 42,406 -		6,047,547 112,266		-		- - 20,678 -		24,976 - - 16,531		- - -
Other	_	154	-		_				_	-	_			-
Total assets		1,946,531	=======================================	42,406	\$	7,780,071		130,328		206,767		2,176,329		22,423
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES Liabilities:	•	07.000	•	4.044	a	0.000	¢.	4 445	Φ.	4 707	.	447.440	•	0.740
Accounts payable Contracts payable	\$	37,639	\$	4,314 -	\$	8,832	\$	1,415	\$	4,787 -	\$	147,416 -	\$	2,746
Accrued compensation		76,191		-		-		-		-		14,489		4,901
Due to other funds		:=S		23,174		-		-		-				-
Unearned revenue Other		-		-		1,000		- 19		- 6,930		1,256,016		25,722
Total liabilities	_	113,830		27,488		9,832		1,434		11,717		1,417,921		33,369
Deferred Inflows of Resources: Property taxes Loans receivable		1,743,322		2		- 6,047,548		<u>-</u>		-		738,485 -		<u>-</u>
Total deferred inflows of resources		1,743,322		-		6,047,548		-		-		738,485		2.
Fund balances: Nonspendable Inventories Restricted		(元)		-		-		-		-		16,531		-
Community development projects and loans Committed		-		-		1,722,691		-		-		-		-
Subsequent years' expenditures Unassigned		89,379 -		14,918 -		11 <u>4</u> 2		128,894 -		195,050 -		3,392		- (10,946)
Total fund balances		89,379		14,918		1,722,691		128,894		195,050		19,923		(10,946)
Total liabilities, deferred inflows resources and fund balances	<u>\$</u>	1,946,531		42,406	_\$_	7,780,071	<u>\$</u>	130,328	_\$_	206,767	\$	2,176,329	\$	22,423

(Continued)

Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014

400570	Transit	az Mat reement	uel Pump iintenance		Special Events	T	IF Districts	Ins	Property surance eductible		Total
ASSETS Cash and investments Accounts receivable Taxes receivable, net Special assessment receivable Community development loans receivable Due from other governments Inventories Other	\$ 273,067 705 221,591 - - 304,008 - -	\$ 59,130 2,400 - - - - - -	\$ 116,382 - - - - - - -	\$	# - - - - - - -	\$	1,937,652 - 981,662 - - - -	\$	19,083 - - - - - - - -	\$	4,677,065 33,658 4,941,246 24,976 6,047,547 479,358 16,531 154
Total assets	\$ 799,371	\$ 61,530	\$ 116,382	\$		\$	2,919,314	\$	19,083	\$	16,220,535
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES Liabilities:			_								
Accounts payable Contracts payable	\$ 206,098 10,282	\$ 513	\$ 7	\$	-	\$	500 1,500	\$	-	\$	414,267 11,782
Accrued compensation	24,714	-	-		_		-		-		120,295
Due to other funds	- · -	-	-		7,279		-		-		30,453
Unearned revenue Other	-	<u>=</u>	- <u>2</u> 1)		-				7		1,256,016
Total liabilities	28,513 269,607	 513	 7		7,279		2,000			_	62,184 1,894,997
Deferred Inflows of Resources:	,				· ·		· ·				· · · · · · · · · · · · · · · · · · ·
Property taxes	221,591	_	340		_		981,662		_		3,685,060
Loans receivable	*	_			×	_					6,047,548
Total deferred inflows of resources	221,591	 	 			_	981,662				9,732,608
Fund balances: Nonspendable Inventories	_		2 70				-		_		16,531
Restricted Community development projects and loans Committed	-	-	-		-		-		-		1,722,691
Subsequent years' expenditures Unassigned	308,173	61,017 -	116,375		1,414 (8,693)		1,935,652		19,083		2,873,347 (19,639)
Total fund balances	308,173	61,017	 116,375		(7,279)		1,935,652		19,083		4,592,930
Total liabilities, deferred inflows resources and fund balances	\$ 799,371	\$ 61,530	\$ 116,382	_\$_	-	_\$_	2,919,314	\$	19,083	\$	16,220,535

Combining Balance Sheet Nonmajor Capital Projects Funds December 31, 2014

	General Capital Projects		Streets		Storm Sewers		Parks		Special Assessments			Total
ASSETS												_
Cash and investments	\$	1,447,419	\$	684,186	\$	273,237	\$	41,924	\$	6,161	\$	2,452,927
Accounts receivable		39,852		-		-		-		-		39,852
Taxes receivable, net		4		683,000		272,000		-		-		955,000
Due from other governments	_	375,000		7,651	_		_	60,000		<u> </u>		442,651
Total assets	\$	1,862,271	\$	1,374,837	\$	545,237	\$	101,924	\$	6,161	\$	3,890,430
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES Liabilities:												
Accounts payable	\$	62,035	\$	4,116	\$	2,346	\$	1,180	\$	-	\$	69,677
Contracts payable	•	229,972	Ψ	103,015	*	43,427	•	-	•	3,065	Ψ	379,479
Other		3,000		-		-		-		-		3,000
Total liabilities		295,007		107,131		45,773		1,180		3,065		452,156
Deferred Inflows of Resources:												
Property taxes				683,000		272,000	,					955,000
Fund balances:												
Committed for:												
Future capital improvements	_	1,567,264	_	584,706		227,464	_	100,744		3,096		2,483,274
Total liabilities and fund balances	\$	1,862,271	\$	1,374,837	\$	545,237	\$	101,924	\$	6,161	\$	3,890,430

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended December 31, 2014

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Property taxes	\$ 3,207,591	-	\$ 3,207,591
Other taxes	58,879	-	58,879
Intergovernmental	2,705,981	578,704	3,284,685
Charges for services	2,151,119	3.7	2,151,119
Court and parking fines	41,549	· ·	41,549
Investment earnings (loss)	16,956	-	16,956
Miscellaneous	1,603,793	69,965	1,673,758_
Total revenues	9,785,868	648,669	10,434,537
EXPENDITURES			
General government	4,351	-	4,351
Public safety	183,529	(10)	183,529
Public works	3,574,571	3 #	3,574,571
Culture and recreation	3,058,489	-	3,058,489
Community development	942,401	14	942,401
Interest and other charges	3,400	-	3,400
Capital outlay	972,393	5,314,028_	6,286,421
Total expenditures	8,739,134	5,314,028	14,053,162
France (deficiency) of an array			
Excess (deficiency) of revenues	4 0 4 0 7 0 4	(4.005.050)	(2.649.625)
over expenditures	1,046,734	(4,665,359)	(3,618,625)
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	1,040,000	2,000,000	3,040,000
Premium on debt issued	869	2,000,000	869
Transfers in	129,849	2,322,595	2,452,444
Transfers out	(755,158)	(1,923,295)	(2,678,453)
Total other financing sources (uses)	415,560	2,399,300	2,814,860
· clair current marketing scar cos (acco)			
Net change in fund balances	1,462,294	(2,266,059)	(803,765)
Fund balances - January 1	3,130,636	4,749,333	7,879,969
Fund balances - December 31	\$ 4,592,930	\$ 2,483,274	\$ 7,076,204

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Year Ended December 31, 2014

	Library			City Grant Programs	D	Community Development Block Grant		Harbor & Boating Facilities		Community Projects		Solid Waste and Recycling		Parking	
REVENUES		1 =00 100			•							507.004	Φ.		
Property taxes	\$	1,709,139	\$	-	\$	-	\$	-	\$	-	\$	507,864	\$	-	
Other taxes		-		-		-		=		-		-		-	
Intergovernmental		819,865		54,802		445,342		-		52,219		157,036		-	
Charges for services		75,937		(#)		-		210,949		(.€-		1,316,480		280,425	
Court and parking fines		-		2		-		3,852		-		-		37,697	
Investment earnings		-		-		14,862		2,461		28		-		-	
Miscellaneous		221,947		-		1,127,769		-		97,499		8,464		56	
Total revenues		2,826,888		54,802	_	1,587,973	_	217,262		149,746		1,989,844		318,178	
EXPENDITURES															
General government		-		_		_		_		-		-		_	
Public safety		=		37,720		-		-		112,546		2		_	
Public works		2				· ·		¥		(566)		2,017,073		-	
Culture and recreation		2,766,872		13,152				192,050		28,950		-		*	
Community development		-		-		135,519		-		4,809		-		329,124	
Interest and other charges		-		(70)		_		-		-		-		_	
Capital outlay		-		-		972,393		2		-		-		-	
Total expenditures		2,766,872		50,872		1,107,912		192,050		146,305		2,017,073		329,124	
Excess (deficiency) of revenues															
over expenditures	_	60,016		3,930		480, 06 1	_	25,212		3,441		(27,229)		(10,946)	
OTHER FINANCING SOURCES (USES)															
Long-term debt issued		=		(*):		_		_		_		_		2	
Premium on debt issued		¥		(*)		-		*		196		-		*	
Transfers in		-				28,346		-		(J. E.)		94,003		-	
Transfers out		(24,690)		-		(28,346)		(76,994)		-		(200,000)		_	
Total other financing sources (uses)		(24,690)		_				(76,994)				(105,997)		-	
Net change in fund balances		35,326		3,930		480,061		(51,782)		3,441		(133,226)		(10,946)	
Fund balances - January 1	_	54,053	_	10,988		1,242,630		180,676	_	191,609		153,149			
Fund balances - December 31	\$	89,379	\$	14,918	\$	1,722,691	\$	128,894	\$	195,050	\$	19,923	\$	(10,946)	

(Continued)

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Year Ended December 31, 2014

DEVENUE	Transit		HazMat t Agreement		Fuel Pump Maintenance		Special Events		TIF Districts		Property Insurance Deductible			Total
REVENUES	ф	224 504	¢		rt.		æ		œ.	760 007	ď		\$	3.207.591
Property taxes	\$	221,591	\$	-	\$	-	\$	58,879	\$	768,997	\$		Φ	58.879
Other taxes		4 424 220		20.400		-		56,679		- - 040		10-1		,
Intergovernmental		1,134,338		36,466		-		-		5,913		-		2,705,981
Charges for services		260,503		6,825		-		-		-		-		2,151,119 41,549
Court and parking fines		(205)		120		5				-		0.52		,
Investment earnings		(395)		-		- 24 420		-		-		-		16,956
Miscellaneous		34,430		40.004		31,128	_			82,500				1,603,793
Total revenues		1,650,467		43,291		31,128		58,879		857,410				9,785,868
EXPENDITURES														
General government		-		-		-		-		3,351		1,000		4,351
Public safety		-		33,263		-				_		1-		183,529
Public works		1,555,287		-		2,211		(#)		-		33#3		3,574,571
Culture and recreation		-		*		-		57,465		-		1000		3,058,489
Community development		-		-		-		-		472,949		-		942,401
Interest and other charges		-		-		-		-		3,400		-		3,400
Capital outlay		-		0.0		-		-		2		_		972,393
Total expenditures		1,555,287		33,263		2,211		57,465		479,700		1,000		8,739,134
Excess (deficiency) of revenues														
over expenditures		95,180		10,028		28,917		1,414		377,710		(1,000)		1,046,734
OTHER FINANCING SOURCES (USES)														
Long-term debt issued		-		-		-		-		1,040,000		-		1,040,000
Premium on debt issued		Ħ		<u>:=:</u>				1.50		869		11 4 1		869
Transfers in		-		7,500		5.		(2)		=		9.27		129,849
Transfers out		(14,500)		-		-		_		(410,628)		-		(755,158)
Total other financing sources (uses)		(14,500)		7,500						630,241	,	576		415,560
Net change in fund balances		80,680		17,528		28,917		1,414		1,007,951		(1,000)		1,462,294
Fund balances - January 1		227,493		43,489		87,458		(8,693)		927,701		20,083		3,130,636
Fund balances - December 31	\$	308,173	\$	61,017	\$	116,375	\$	(7,279)	\$	1,935,652	\$	19,083	\$	4,592,930

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2014

	General Capital	.		5.1	Special	
	Projects	Streets	Storm Sewers	Parks	Assessments	Total
REVENUES						
Intergovernmental	\$ 375,000	\$ 143,704	\$ -	\$ 60,000	\$ -	\$ 578,704
Miscellaneous	69,601			364		69,965
Total revenues	444,601	143,704		60,364	_	648,669
EXPENDITURES						
Capital outlay	2,248,184	1,353,680	210,183	1,176,303	325,678	5,314,028
Total expenditures	2,248,184	1,353,680	210,183	1,176,303	325,678	5,314,028
Excess (deficiency) of revenues						
over expenditures	(1,803,583)	(1,209,976)	(210,183)	(1,115,939)	(325,678)	(4,665,359)
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	921,000	814,000	-	-	265,000	2,000,000
Transfers in	1,506,631	201,824	276,390	337,750	-	2,322,595
Transfers out	(970,386)	(145,899)	(764,797)	(42,213)	-	(1,923,295)
Total other financing sources (uses)	1,457,245	869,925	(488,407)	295,537	265,000	2,399,300
Net change in fund balances	(346,338)	(340,051)	(698,590)	(820,402)	(60,678)	(2,266,059)
Fund balances - January 1	1,913,602_	924,757	926,054	921,146	63,774	4,749,333
Fund balances - December 31	\$ 1,567,264	\$ 584,706	\$ 227,464	\$ 100,744	\$ 3,096	\$ 2,483,274

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual Nonmajor Special Revenue Funds For the Year Ended December 31, 2014

		Library			City Grant Progra	ams	Harbor & Boating Facilities			Community Projects			
	Original and Final Bu dget	Actual	Variance- Positive (Negative)	Original and Final Budget	Actual	Variance- Positive (Negative)	Original and Final Budget	Actual	Variance- Positive (Negative)	Original and Final Budget	Actual	Variance- Positive (Negative)	
REVENUES					-								
Property taxes	\$ 1,709,139	\$ 1,709,139	\$	\$	\$ -	\$ -	\$ =	\$ =	\$ -	\$ -	\$	\$ -	
Intergovernmental	819,874	819,865	(9)	24,000	54,802	30,802	÷	-	98	-	52,219	52,219	
Charges for services	79,500	75,937	(3,563)	-	-	5.	204,000	210,949	6,949	(2)	-	-	
Court and parking fines	~	9	-	-	-	퓢	3,540	3,852	312	-	-	-	
Investment earnings	20	220	-	-	-	2	3,000	2,461	(539)		28	28	
Miscellaneous	154,242	221,947	67,705	593	-	-	=	-	12	14.1	97,499	97,499	
Total revenues	2,762,755	2,826,888	64,133	24,000	54,802	30,802	210,540	217,262	6,722		149,746	149,746	
EXPENDITURES													
General government	(9)	3-3	-	(#)	-	-			=	120		5	
Public safety	-	-	-	-	37,720	(37,720)	_	-	-	-	112,546	(112,546)	
Public works	21	929	220	727	-	2	2	-	-	-		E	
Culture and recreation	2,733,584	2,766,872	(33,288)	15,000	13,152	1,848	126,280	192,050	(65,770)	120	28,950	(28,950)	
Community development	-	848	S#3	-	E	2	2€	-	=	_	4,809	(4,809)	
Interest and other charges	7=		-	-	-	-	旦	-	-	-	-	-	
Total expenditures	2,733,584	2,766,872	(33,288)	15,000	50,872	(35,872)	126,280	192,050	(65,770)		146,305	(146,305)	
Excess (deficiency) of revenues													
over expenditures	29,171	60,016	30,845	9,000	3,930	(5,070)	84,260	25,212	(59,048)		3,441	3,441	
OTHER FINANCING SOURCES (USES)													
Long-term debt issued		(+)	÷.	(e)	-	+5	€	-	-	-	-	(E)	
Premium on debt issued	-	-	-	-	-	-	-	=	•	175.1	8.5	-	
Transfers in	9	-	-	-	-	-	-	-	-	-	-	-	
Transfers out	(29,000)	(24,690)	4,310	(12)	12	12	(76,994)	(76,994)		-	•		
Total other financing sources (uses)	(29,000)	(24,690)	4,310				(76,994)	(76,994)			-		
Net change in fund balances	171	35,326	35,155	9,000	3,930	(5,070)	7,266	(51,782)	(59,048)	-	3,441	3,441	
Fund balances (deficit) -	E4.050	54.050		10.000	10.000		100.676	100.670		101 600	404.000		
January 1	54,053	54,053	-	10,988	10,988		180,676	180,676		191,609	191,609		
Fund balances (deficit) - December 31	\$ 54,224	\$ 89,379	\$ 35,155	\$ 19,988	\$ 14,918	\$ (5,070)	\$ 187,942	\$ 128,894	\$ (59,048)	\$ 191,609	\$ 195,050	\$ 3,441	

(Continued)

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual Nonmajor Special Revenue Funds For the Year Ended December 31, 2014

	Solid	Waste and Rec	ycling		Parking			Transit		HazMat Agreement			
	Original and Final Budget	Actual	Variance- Positive (Negative)	Original and Final Budget	Actual	Variance- Positive (Negative)	Original and Final Budget	Actual	Variance- Positive (Negative)	Original and Final Budget	Actual	Variance- Positive (Negative)	
REVENUES													
Property taxes	\$ 507,864	\$ 507,864	\$ -	\$ =	\$	\$ (9)	\$ 221,591	\$ 221,591	\$ -	\$ =	\$	\$ -	
Intergovernmental	157,273	157,036	(237)			5 2 8	1,168,593	1,134,338	(34,255)	15,000	36,466	21,466	
Charges for services	1,319,800	1,316,480	(3,320)	336,000	280,425	(55,575)	273,500	260,503	(12,997)	₹:	6,825	6,825	
Court and parking fines	5		ā	60,000	37,697	(22,303)	123	-	-	-	•		
Investment earnings	-	-	-	8	3	5.	(475)	(395)	80	7.		-	
Miscellaneous	-	8,464	8,464	-	56	56	12,000	34,430	22,430	-	8	-	
Total revenues	1,984,937	1,989,844	4,907	396,000	318,178	(77,822)	1,675,209	1,650,467	(24,742)	15,000	43,291	28,291	
EXPENDITURES													
General government	*		=	5	25		: <u>*</u> :	-	-	_		-	
Public safety	-	-	8	2	-	-		_		30,964	33,263	(2,299)	
Public works	1,811,738	2,017,073	(205,335)	_	-	_	1,666,099	1,555,287	110,812	豐	2	-	
Culture and recreation	뀰	=	2	2	G	127	20	_	-	-	2	-	
Community development	2	•	9	394,348	329,124	65,224	~	_	=	-	€	-	
Interest and other charges	2		2	2	2	Sec. 1	543	-	2	-	2	- 4	
Total expenditures	1,811,738	2,017,073	(205,335)	394,348	329,124	65,224	1,666,099	1,555,287	110,812	30,964	33,263	(2,299)	
Excess (deficiency) of revenues													
over expenditures	173,199	(27,229)	(200,428)	1,652	(10,946)	(12,598)	9,110	95,180	86,070	(15,964)	10,028	25,992	
OTHER FINANCING SOURCES (USES)													
Long-term debt issued	-	-	F	~	14	940	6 -6 0	19-1	(4)	*	×	52	
Premium on debt issued	-	-	-	5	5	-	-	-	-	-	-	-	
Transfers in	-	94,003	94,003	=	-	-	-	-	1.5	7,500	7,500	•	
Transfers out	(100,000)	(200,000)	(100,000)	-	<u> </u>	-	(14,500)	(14,500)	<u>-</u>	-			
Total other financing sources													
(uses)	(100,000)	(105,997)	(5,997)		 -	-	(14,500)	(14,500)	- · · · -	7,500	7,500		
Net change in fund balances	73,199	(133,226)	(206,425)	1,652	(10,946)	(12,598)	(5,390)	80,680	86,070	(8,464)	17,528	25,992	
Fund balances (deficit)													
January 1	153,149	153,149					227,493	227,493	-	43,489	43,489	35	
Fund balances (deficit) - December 31	\$ 226,348	\$ 19,923	\$ (206,425)	\$ 1,652	\$ (10,946)	\$ (12,598)	\$ 222,103	\$ 308,173	\$ 86,070	\$ 35,025	\$ 61,017	\$ 25,992	

(Continued)

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014

		Fuel Pump Maintenance						TIF Districts						
		Original and Final Budget		Actual		/ariance- Positive Negative)	Original and Final Budget		Actual		Variance- Positive (Negative)			
REVENUES														
Property taxes	\$	-	\$	\;` ≥	\$	×	\$	757,280	\$	768,997	\$	11,717		
Intergovernmental		(40)		(e)		-		6,417		5,913		(504)		
Charges for services		-		-		-		9		-		(*)		
Court and parking fines		(*)		196		5		2.0		-		-		
Investment earnings		397		:=:		-		-		223		-		
Miscellaneous		28,000		31,128		3,128		:=		82,500		82,500		
Total revenues		28,000		31,128		3,128		763,697		857,410		93,713		
EXPENDITURES														
General government		-		-		-		1,500		3,351		(1,851)		
Public safety		-		(*:		-		-		1.00 S		-		
Public works		4,000		2,211		1,789		25		-		75		
Culture and recreation		-		1,50		-				-		UT:		
Community development		-		-		-		1,759,999		472,949		1,287,050		
Interest and other charges								2		3,400		(3,400)		
Total expenditures		4,000	-	2,211		1,789		1,761,499		479,700		1,281,799		
Excess (deficiency) of revenues														
over expenditures		24,000		28,917		4,917		(997,802)		377,710		1,375,512		
OTHER FINANCING SOURCES (USES)														
Long-term debt issued		-		-		-		1,000,000		1,040,000		40,000		
Premium on debt issued		-		95		5		-		869		869		
Transfers in		-		-		-		(750)		-		750		
Transfers out		120		1921				(410,195)		(410,628)		(433)		
Total other financing sources								500.055		000 044		44.400		
(uses)								589,055		630,241		41,186		
Net change in fund balances		24,000		28,917		4,917		(408,747)		1,007,951		1,416,698		
Fund balances (deficit) -														
January 1		87,458		87,458		-		927,701		927,701		<u> </u>		
Fund balances (deficit) -	*	444.450	Φ.	446.075	•	4.047	æ	E40.0E4	œ	1 025 650	ď	1 416 600		
December 31	\$	111,458	\$	116,375	\$	4,917	\$	518,954	\$	1,935,652	<u>\$</u>	1,416,698		

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

For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
Property taxes	\$ 5,166,160	\$ 5,166,160	\$ 5,166,160	\$ -
Intergovernmental	134,750	134,750	136,972	2,222
Total revenues	5,300,910	5,300,910	5,303,132	2,222
EXPENDITURES				
Debt Service				
Principal	3,883,805	3,883,805	3,881,976	1,829
Interest	2,990,587	2,990,587	3,017,770	(27,183)
Other	9,000	9,000	7,025	1,975
Total expenditures	6,883,392	6,883,392	6,906,771	(23,379)
Excess (deficiency) of revenues				
over expenditures	(1,582,482)	(1,582,482)	(1,603,639)	(21,157)
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	1,055,000	1,055,000	1,055,000	-
Premium on long-term debt issued	-	-	29,469	29,469
Transfers in	535,648	535,648	531,533	(4,115)
Total other financing sources (uses)	1,590,648	1,590,648	1,616,002	25,354
Net change in fund balance	8,166	8,166	12,363	4,197
Fund balance - January 1	164,368	164,368	164,368	
Fund balance - December 31	\$ 172,534	\$ 172,534	\$ 176,731	\$ 4,197

Combining Statement of Net Position Internal Service Funds December 31, 2014

	Health Insurance			formation echnology	Totals
ASSETS					
Cash and investments	\$	4,281,649	\$	174,888	\$ 4,456,537
Receivables					
Accounts		41,739		4,892	46,631
Inventories and prepaid items		174,000			 174,000
TOTAL ASSETS		4,497,388		179,780	 4,677,168
LIABILITIES					
Accounts payable		401,209		19,352	420,561
Accrued and other current liabilities		46,621		19,584	66,205
Unearned revenue		28,315		(**)	28,315
Long-term Obligations					
Due within one year		14		19,612	19,612
Due in more than one year			_	1,833	 1,833
TOTAL LIABILITIES		476,145		60,381	536,526
NET POSITION					
Unrestricted	\$	4,021,243	\$	119,399	\$ 4,140,642

Combining Statement of Revenues, Expenses and Changes in Net Position Internal Service Funds For the Year Ended December 31, 2014

	Health	Information Technology	Totals
On another Davisson	Insurance	recrinology	Totals
Operating Revenues Charges for services	\$ 5,956,445	\$ 1,328,235	\$ 7,284,680
Operating Expenses			
Personal services	-	432,329	432,329
Contractual services	-	60,801	60,801
Supplies and materials	-	738,866	738,866
Insurance	4,386,406	_	4,386,406
Utilities	_	27,367	27,367
Total Operating Expenses	4,386,406	1,259,363	5,645,769
Operating Income (Loss)	1,570,039	68,872	1,638,911
Transfers out		(48,500)	(48,500)
Change in Net Position	1,570,039	20,372	1,590,411
Net Position - January 1	2,451,204	99,027	2,550,231
Net Position - December 31	\$ 4,021,243	\$ 119,399	\$ 4,140,642

Combining Statement of Cash Flows Internal Service Funds For the Year Ended December 31, 2014

	Health Insurance	Information Technology	Totals
Cash Flows from Operating Activities			
Receipts from customers	\$ 5,948,858	\$ 1,321,685	\$ 7,270,543
Payments to suppliers	(4,593,405)	(430,777)	(5,024,182)
Payments to employees		(853,908)	(853,908)
Net Cash Provided by Operating Activities	1,355,453	37,000	1,392,453
Cash Flows from Noncapital and Related Financing Activities			
Transfer in (out)	-	(48,500)	(48,500)
Change in Cash and Cash Equivalents	1,355,453	(11,500)	1,343,953
Cash and Cash Equivalents - January 1	2,926,196	186,388	3,112,584
Cash and Cash Equivalents - December 31	\$ 4,281,649	\$ 174,888	\$ 4,456,537
Reconciliation of Operating Income to Net			
Cash Provided by Operating Activities:			
Operating income	\$ 1,570,039	\$ 68,872	\$ 1,638,911
Adjustments to reconcile operating income			
to net cash provided by operating activities:			
Changes in assets and liabilities			
Receivables	(8,412)	(4,752)	(13,164)
Accounts payable	(119,825)	(26,874)	(146,699)
Accrued and other liabilities	(87,174)	(232)	(87,406)
Accrued compensated absences	(#)	3,287	3,287
Other post-employment benefits	-	(1,503)	(1,503)
Unearned revenue	825	(1,798)	(973)
Net Cash Provided by Operating Activities	\$ 1,355,453	\$ 37,000	\$ 1,392,453

Schedule of Governmental Capital Assets - By Source December 31, 2014

		2014
Governmental capital assets:		
Land	\$	6,324,220
Buildings		26,898,085
Improvements other than buildings		9,857,213
Equipment		22,574,451
Infrastructure		200,142,455
Construction in progress	_	671,329
Total governmental capital assets	\$	266,467,753
Investments in governmental capital assets by source:		
Capital projects funds - General obligation bonds/notes	\$	238,253,111
General fund revenues		9,259,553
Gifts		426,226
Private development		3,458,365
City owned		6,000
Non-cash transactions		86,922
Special revenue funds		8,775,053
Federal grants		5,284,837
State grants	_	917,686
Total governmental funds capital assets	\$	266,467,753

Schedule of Governmental Capital Assets by Function and Activity December 31, 2014

	Land	Buildings	Improvements Other Than Buildings	Equipment	Infrastructure	Construction in Progress	Total
General government	\$ 1,761,262	\$ 3,210,881	\$ 511,684	\$ 2,074,550	\$ -	\$ 514,930	\$ 8,073,307
Public safety Police protection Fire protection Ambulance	377,000 454,342 -	2,656,169 3,162,444	- 23,541 -	2,126,651 4,009,890 1,113,140	- - -	145,162 - -	5,304,982 7,650,217 1,113,140
Public works	1,583,525	6,759,135	8,432,706	9,984,077	200,142,456	11,237	226,913,136
Senior Center	155,080	976,178	10,009	v	-	-	1,141,267
Library	-	4,832,325	-	181,980	-	-	5,014,305
Transit	-	485,272	127,483	3,003,680	-	-	3,616,435
Parking	1,993,011	4,815,681	751,790	80,483	12 5		7,640,965
Total governmental capital assets	\$ 6,324,220	\$ 26,898,085	\$ 9,857,213	\$ 22,574,451	\$ 200,142,456	\$ 671,329	\$ 266,467,754

Schedule of Changes in Governmental Capital Assets - By Function and Activity For the Year Ended December 31, 2014

	Balance December 31, 2013	2014 Additions and Transfers	2014 Deductions and Transfers	Balance December 31, 2014
General government	\$ 7,701,402	\$ 618,619	\$ 246,714	\$ 8,073,307
Public safety Police protection Fire protection Ambulance	5,475,923 7,556,673 1,113,140	314,644 93,544	485,585 - -	5,304,982 7,650,217 1,113,140
Public works	225,326,918	4,441,793	2,855,575	226,913,136
Senior Center	1,141,267	-	-	1,141,267
Library	5,014,305		-	5,014,305
Transit	3,639,832	55,853	79,250	3,616,435
Parking	7,640,965		-	7,640,965
Total governmental capital assets	\$ 264,610,425	\$ 5,524,453	\$ 3,667,124	\$ 266,467,754

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.

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

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Year

ricoar roar										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities Invested in capital assets, net of related debt Restricted Unrestricted	\$ 107,220,232 1,783,067 18,583,789	\$ 107,412,441 2,092,982 20,270,954	\$ 106,473,954 3,701,801 19,258,033	\$ 104,098,121 4,580,770 17,773,361	\$ 95,685,038 4,085,076 19,697,434	\$ 98,081,195 2,126,824 12,357,734	\$ 95,930,395 2,217,656 5,647,742	\$ 81,618,359 1,443,920 14,581,825	\$ 76,912,015 1,406,998 16,351,636	\$ 71,413,644 1,899,422 16,833,015
Total government activities not assets	¢ 107 507 000	¢ 120 776 277	\$ 129,433,788	\$ 126,452,252	\$ 119.467.548	\$ 112,565,753	\$ 103,795,793	\$ 97,644,104	\$ 94,670,649	\$ 90.146.081
Total government activities net assets	\$ 127,587,088	\$ 129,776,377	\$ 129,433,788	\$ 126,452,252	\$ 119,467,548	\$ 112,565,755	\$ 103,795,793	\$ 97,044,104	\$ 94,670,649	\$ 90,146,081
Business-type activities Invested in capital assets, net of related debt Restricted Unrestricted	\$ 51,995,538 12,347,326 4,536,385	\$ 66,061,153 13,129,295 (249,756)	\$ 68,077,271 8,192,121 7,663,590	\$ 66,483,919 9,580,648 13,513,824	\$ 65,864,910 14,131,694 24,545,964	\$ 65,677,207 14,316,382 27,668,488	\$ 67,300,385 10,376,924 35,301,494	\$ 80,275,705 8,393,145 29,752,670	\$ 90,430,362 6,452,250 25,931,756	\$ 98,116,652 6,230,592 22,650,707
Total business-type activities net assets	\$ 68,879,249	\$ 78,940,692	\$ 83,932,982	\$ 89,578,391	\$ 104,542,568	\$ 107,662,077	\$ 112,978,803	\$ 118,421,520	\$ 122,814,368	\$ 126,997,951
Primary government Invested in capital assets, net of related debt Restricted Unrestricted	\$ 159,215,770 14,130,393 23,120,174	\$ 173,473,594 15,222,277 20,021,198	\$ 174,551,225 11,893,922 26,921,623	\$ 170,582,040 14,161,418 31,287,185	\$ 161,549,948 18,216,770 44,243,398	\$ 163,758,402 16,443,206 40,026,222	\$ 163,230,780 12,594,580 40,949,236	\$ 161,894,064 9,837,065 44,334,495	\$ 167,342,377 7,859,248 42,283,392	\$ 169,530,296 8,130,014 39,483,722
Total primary government	\$ 196,466,337	\$ 208,717,069	\$ 213,366,770	\$ 216,030,643	\$ 224,010,116	\$ 220,227,830	\$ 216,774,596	\$ 216,065,624	\$ 217,485,017	\$ 217,144,032

CHANGES IN NET POSITION

Last Ten Fiscal Years

Fiscal Year

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
F										
Expenses										
Governmental activities	A 0.550.507	Ф 0.770.444	Ф 0.000.040	Ф 0.044.00 г	¢ 0.044.400	r 0.004.070	Ф 0.040.0E0	ф о ооо ооо	Ф 0.440.044	Ф 0 500 00 7
General government	\$ 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	\$ 2,563,667
Public safety							40.000.074	10.000.110		
Police	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	9,144,237
Fire	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	4,728,724
Ambulance	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	3,563,137
Public works	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	17,214,323
Culture and recreation	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	6,402,639
Community development	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	3,289,740
Interest on long-term debt	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	3,123,404
Total governmental activities expenses	43,000,022	43,921,567	44,308,558	48,026,450	48,934,232	48,355,332	55,885,743	51,991,787	47,835,439	50,029,871
Business-type activities										
Water	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	8,734,239
Wastewater	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	9,762,358
Total business-type activities	11,455,926	11,542,362	12,385,532	14,867,029	17,764,541	17,739,608	17,762,316	18,079,655	17,831,929	18,496,597
Total primary government expenses	\$ 54,455,948	\$ 55,463,929	\$ 56,694,090	\$ 62,893,479	\$ 66,698,773	\$ 66,094,940	\$ 73,648,059	\$ 70,071,442	\$ 65,667,368	\$ 68,526,468
Program Revenues										
Governmental activities:										
Fees, fines and charges for services:										
General government	\$ 1,011,330	\$ 919,690	\$ 971,074	\$ 934,277	\$ 960,688	\$ 1,233,397	\$ 1,069,724	\$ 994,003	\$ 1,288,711	\$ 1,192,847
Public safety	* 1,011,000	•,	• • • • • • • • • • • • • • • • • • • •	* ***,=**	+ ,	* 1,=00,001	* 1,000,1=1	* 55.,555	+ 1,===,:	+ 1,10=,011
Police	283,133	217,162	214,356	171,602	148,394	139,424	141,226	109,655	126,566	92,561
Fire	20,347	33,319	13,015	20,280	15,585	20,539	15,148	19,287	17,511	21,492
Ambulance	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	1,537,855
Public works	436,184	90,542	77,967	91,387	51,321	161,744	168,178	419,502	1,802,173	1,697,518
Culture and recreation	256,157	445,567	480,882	481,240	480,903	532,432	468,079	531,292	478,373	459,396
Community development	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	1,894,294
·										1,094,294
Operating grants and contributions	5,945,937	7,205,374	7,630,860	8,376,196	7,387,543	5,848,654	6,171,946	5,567,122	609,096	-
Capital grants and contributions	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	6 905 062
Total governmental activities program revenue	13,203,662	16,453,980	14,039,868	14,861,106	13,507,738	12,397,026	16,820,580	15,192,712	8,292,656	6,895,963

CHANGES IN NET POSITION

Last Ten Fiscal Years

Fiscal	Year	
~~~=		

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014			
Business-type activities													
Charges for services:													
Water	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	12,315,152			
Wastewater	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	11,704,905			
Capital grants and contributions	845,280	6,173,951	81,021	410,635	12,662,614	159,758	20,588	8,283	-	-			
Total business-type activities program revenue	14,443,087	20,975,766	15,441,753	19,372,053	32,835,264	21,629,796	23,769,515	24,440,986	23,629,491	24,020,057			
Total primary government program revenue	\$ 27,646,749	\$ 37,429,746	\$ 29,481,621	\$ 34,233,159	\$ 46,343,002	\$ 34,026,822	\$ 40,590,095	\$ 39,633,698	\$ 31,922,147	\$ 30,916,020			
Net (Expense)/Revenue													
Govenmental activities	\$(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)	\$ (36,438,327)			
Business-type activities	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	5,523,460			
Total primary government net expense	\$(26,809,199)	\$(18,034,183)	\$(27,212,469)	\$(28,660,320)	\$(20,355,771)	\$(32,068,118)	\$(33,057,964)	\$(30,437,744)	\$(28,264,221)	\$(30,914,867)			
General Revenues and Other Changes in Net Position													
Governmental activities:													
Taxes													
Property taxes	\$ 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	\$ 22,270,692			
Other taxes	153,802	149,767	171,395	146,544	176,958	196,919	246,540	354,692	377,172	321,744			
Grants and contributions not restricted to													
specific programs	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	7,073,021			
Gain on disposal of capital assets	-	-	-	-	-	-	-	-	-	30,725			
Earnings on investments	880,455	1,491,215	1,923,391	1,528,254	434,415	261,771	538,307	229,992	(111,182)	418,826			
Miscellaneous	-	-	-	-	-	-	-	196	11,239	12,665			
Transfers	498,988	650,366	667,887	722,274	877,398	1,269,596	1,422,395	1,497,592	1,631,170	1,786,086			
Total governmental activities	28,099,849	29,656,876	29,926,101	30,183,808	29,714,287	29,056,511	30,295,203	30,655,525	31,188,328	31,913,759			
Business-type activities:													
Investment earnings	733,236	1,267,885	2,603,956	1,861,833	770,306	498,917	708,559	561,116	201,006	440,630			
Gain on disposal of capital assets	-	10,520	-	826	546	-	23,363	17,862	25,450	5,579			
Transfers	(498,988)	(650,366)	(667,887)	(722,274)	(877,398)	(1,269,596)	(1,422,395)	(1,497,592)	(1,631,170)	(1,786,086)			
Total business-type activities	234,248	628,039	1,936,069	1,140,385	(106,546)	(770,679)	(690,473)	(918,614)	(1,404,714)	(1,339,877)			
Total primary government	\$ 28,334,097	\$ 30,284,915	\$ 31,862,170	\$ 31,324,193	\$ 29,607,741	\$ 28,285,832	\$ 29,604,730	\$ 29,736,911	\$ 29,783,614	\$ 30,573,882			
Changes in Net Position													
Governmental activities	\$ (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)	\$ (4,524,568)			
Business-type activities	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	4,183,583			
Total primary government	\$ 1,524,898	\$ 12,250,732	\$ 4,649,701	\$ 2,663,873	\$ 9,251,970	\$ (3,782,286)	\$ (3,453,234)	\$ (700,833)	\$ 1,519,393	\$ (340,985)			
· · · · ·										<u> </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.

## **Fund Balances, Governmental Funds**

#### **Last Ten Fiscal Years**

#### **Fiscal Year** 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 General fund Nonspendable \$ 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 \$ 788,600 Committed 98,715 42,015 353,587 592,917 962,169 876,223 83,300 110,500 129,700 53,115 Assigned 120,015 63,761 147,345 312,681 275,838 192,985 260,398 1,013,681 726,392 1,034,438 Unassigned 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 6,803,731 Total general fund \$ 5,325,261 \$ 5,953,440 \$ 6,994,147 \$ 7,341,804 \$ 7,503,336 \$ 7,568,767 \$ 7,304,297 \$ 7,329,961 \$ 8,472,231 \$ 8,756,469 All other governmental funds Nonspendable \$ 69,851 \$ 65,297 \$ 53,371 \$ 41,803 \$ 37,381 \$ 30,052 \$ 41,160 \$ 35,553 \$ 23,541 \$ 16,531 Restricted, reported in: 3,701,801 375,374 Debt service fund 1,783,067 2,092,982 4,580,770 4,085,076 2,126,824 1,193,819 164,368 176,731 Community development grant fund 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 1,722,691 Committed 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 5,356,621 Unassigned (52,076)(238,462)(388,023)(8,693)(19,639)\$ 15,104,534 Total all other governmental funds \$ 13,891,156 \$ 15,515,737 \$ 15,723,886 \$ 16,028,456 \$ 17,886,176 \$ 11,620,054 \$ 10,475,379 \$ 8,044,337 \$ 7,252,935

#### Note:

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

# **Changes in Fund Balances, Governmental Funds**

#### **Last Ten Fiscal Years**

Fiscal Year										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES										<u> </u>
Property taxes	\$ 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	\$ 22,270,692
Other taxes	179,538	178,210	171,395	146,544	176,958	196,919	246,540	354,692	377,172	321,744
Licenses and permits	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	1,502,338
Intergovernmental	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	12,809,625
Charges for services	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	4,057,457
Court and parking fines	418,603	363,741	412,033	440,903	463,420	453,954	429,803	396,288	403,259	353,427
Special assessments	830,198	1,333,122	819,254	766,582	633,167	359,422	218,540	352,627	310,994	365,625
Investment earnings	785,426	1,393,932	1,882,463	1,501,709	408,409	232,934	500,637	191,142	(145,521)	382,470
Miscellaneous	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	1,862,085
Total revenues	41,023,709	42,727,291	43,091,882	43,997,854	42,332,761	41,589,645	45,660,479	44,487,899	43,527,435	43,925,463
EXPENDITURES										
Current:										
General government	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	2,864,927
Public safety	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	17,906,887
Public works	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	9,297,529
Culture and recreation	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	4,771,827
Community development	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	2,354,789
Other	13,800	10,750	342,537	13,989	882,528	443,019	112,592	8,401	82,258	7,025
Debt service:										
Principal	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	3,881,976
Interest and other charges	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	3,021,170
Capital outlay	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	6,286,421
Total expenditures	46,565,156	47,489,897	51,295,974	51,346,823	50,252,511	53,657,803	55,282,108	58,653,847	55,616,314	50,392,551
Excess (deficiency) of revenues										
over expenditures	(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)	(6,467,088)
OTHER FINANCING SOURCES (USES)										
Refunding bonds issued	-	-	13,210,000	-	3,125,000	21,165,000	11,075,000	13,125,000	8,860,000	1,055,000
Long-term debt issued	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	3,040,000
Premium on long-term debt issued	-	-	527,584	-	77,806	34,517	121,705	63,626	376,520	30,338
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	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	4,799,342
Transfers out	(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)	(2,964,756)
Total other financing sources (uses)	11,778,988	7,015,366	9,452,948	7,077,274	9,005,204	13,991,309	3,029,037	13,108,937	10,799,907	5,959,924
Net change in fund balances	\$ 6,237,541	\$ 2,252,760	\$ 1,248,856	\$ (271,695)	\$ 1,085,454	\$ 1,923,151	\$ (6,592,592)	\$ (1,057,011)	\$ (1,288,972)	\$ (507,164)
Debt service (net of principal refinancings) as a percentage of noncapital expenditures	17.30%	20.09%	23.20%	14.63%	12.53%	18.21%	10.32%	23.49%	23.02%	14.43%

# ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

#### Last Ten Fiscal Years

Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Total ¹ Assessed Value	Total Direct Tax Rate	Estimated ² Actual Value	Ratio of Total Assessed to Estimated Actual Value
2014	2,522,732,900	123,894,340	2,646,627,240	8.219	2,565,745,100	103.14
2013	2,514,207,500	126,052,990	2,640,260,490	7.979	2,563,349,900	103.05
2012	2,491,291,200	124,925,480	2,616,216,680	7.929	2,643,226,500	98.98
2011	2,481,796,900	123,207,470	2,605,004,370	7.858	2,696,593,500	96.60
2010	2,443,319,300	122,162,520	2,565,481,820	7.699	2,736,857,700	93.74
2009	2,426,900,000	123,431,680	2,550,331,680	7.471	2,674,717,400	95.35
2008	2,386,851,900	110,286,160	2,497,138,060	7.568	2,560,199,300	97.54
2007	2,349,237,900	107,222,780	2,456,460,680	7.527	2,431,370,400	101.03
2006	2,103,154,400	99,655,110	2,202,809,510	8.256	2,340,276,200	94.13
2005	2,074,618,100	99,205,670	2,173,823,770	8.058	2,234,550,300	97.28

#### Notes:

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

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

#### **PRINCIPAL TAXPAYERS**

Current Year and Nine Years Ago

2014 2005

Name	Type of Business		ssessed ^a /aluation	Percent Total Assessed Valuation	Name	Type of Business		Assessed ^b Valuation	Percent Total Assessed Valuation
Mercury Marine	Manufacturer of Boat Engines	\$	48,777,400	1.87%	Mercury Marine	Manufacturer of Boat Engines	\$	30,097,640	1.37%
Agnesian Healthcare Inc	Hospital/Health Care Facility		31,837,150	1.22%	Mark Properties	Apartments		23,034,230	1.05%
McNeilus Steel Inc	Warehouse		24,379,580	0.93%	1st Industrial Development Services	Warehousing		19,179,880	0.87%
John Mark Apt. Complexes	Apartments		18,653,000	0.71%	VH Enterprises	Warehousing		18,848,890	0.86%
Simon Properties	Shopping Mall		16,965,510	0.65%	Simon Properties	Retail shopping mall		17,693,130	0.80%
Aurora Medical Group	Health Care Facility		16,027,860	0.61%	Aurora Medical Group	Medical clinic		15,258,830	0.69%
Eagle Fond du Lac	Warehouse		15,155,280	0.58%	Agnesian Health Care	Hospital and medical clinic		15,111,050	0.69%
Wal-Mart	Retail Shopping Facility		14,434,830	0.55%	Wal-Mart	Retail shopping facility		13,721,640	0.62%
J.F. Ahern	Metal Fabrication		13,722,120	0.53%	Charter Cable Partners	Cable television		12,256,960	0.56%
1115 East Johnson LLC	Grocery / Retail		13,249,650	0.51%	BASM LLC	Real Estate		12,196,820	0.55%
Principal Taxpayers Total		:	213,202,380	8.17%	Principal Taxpayers Total			177,399,070	8.05%
All Other		2,	396,619,840	91.83%	All Other			2,025,410,440	91.95%
Total		\$ 2,	609,822,220	100.00%	Total		\$ 2	2,202,809,510	100.00%

#### Sources:

^a 2014 City Assessment Roll. ^b 2004 City Assessment Roll.

# PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal ¹ Year	 Total ^{2 a} Tax Levied	Current ^{3 b} Tax Collected	Percent of Levy Collected	_
2014	\$ 21,751,481	\$ 21,740,957	99.952	%
2013	21,067,332	21,054,905	99.941	
2012	20,744,450	20,728,027	99.921	
2011	20,470,060	20,457,307	99.938	
2010	19,751,289	19,743,825	99.962	
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	

#### Notes:

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:

¹ Fiscal year is the year in which the tax is collected. The 2014 fiscal year consists of the 2013 tax bills due in 2014 and used to finance the 2014 budget.

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

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

^a Tax levy reconciliation file.

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

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

Last Ten Fiscal Years

Fiscal ¹ Year	City Fond c		Scl	du Lac nool trict	Morai Par Techn Colle	k ical	Fond d Cou		c	ate of onsin		Gross Tax Rate	Stat Tax Cred	(	Net Tax Rate	Total
						ax Rates	per \$1,000 of	Assessed \	/alue and F	Percent of T	otal					
2014	8.219	34.4%	9.771	40.9%	1.521	6.4%	5.684	23.8%	0.164	0.7%		25.359	1.482	6.2%	23.877	100.0%
2013	7.979	34.4	9.456	40.8	1.496	6.5	5.549	23.9	0.165	0.7		24.645	1.473	6.4	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
					Tax Levi	es						Total				
2014	\$ 2	21,751,481	\$	25,183,570	\$ 4,	025,570	\$ 15	5,042,270	\$	435,422	\$	66,438,313				
2014	·	21,067,332		24,344,422		949,154	•	4,649,892	Ψ	435,422	Φ	64,445,816				
2013		20,744,450		23,894,325		914,660		4,548,034		448,572		63,550,041				
2012		20,470,060		24,145,645	·	925,948		1,478,642		618,297		50,638,592				
2010		9,751,289		23,129,717		792,413		3,823,980		464,462		60,961,861	Notes:			
2009		9,054,315		21,317,456		591,530		2,995,963		453,916		57,413,180			e year in v	
2008		8,897,278		20,313,809		431,018		2,381,718		434,482		55,458,305			ed. The 2	
2007		8,490,470		18,241,868		329,928		1,790,957		426,976		52,280,199	nodal your condicto of the 2010			
2006	1	8,186,840		18,578,489	3,	341,709	11,613,092			438,989	52,159,119		finance	the 2014	budget.	
2005	1	7,516,586		18,803,388	3,	292,492	11	1,076,153 92		446,910		51,135,529				

# **RATIO OF OUTSTANDING DEBT BY TYPE**

Last Ten Fiscal Years

	Go	vernmental Activiti	es		Business-type	pe Activities				
Fiscal Year	General Obligation Bonds	General Obligation Notes	Capital Leases ¹	Re	venue Bond Debt	Oblig	neral gation onds	Total Primary Government	Percentage of Personal Income ²	Per Capita ²
2014	\$ 64,395,000	\$ 14,050,000	\$ -	\$	90,086,370	\$	-	168,531,370	N/A	3,906
2013	65,400,000	12,805,000	26,976		100,358,839		-	178,590,815	2.3%	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

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

N/A = Not Available.

¹ Capital Leases are not bonded debt.

² See the Schedule of Demographic and Economic Statistics on page 99 for personal income and population data.

# **RATIO OF GENERAL BONDED DEBT OUTSTANDING**

Last Ten Fiscal Years

Fiscal Year	Population ^a	Ger	neral Bonded Debt	Avail	s: Amounts lable in Debt rvice Fund	 Total	Percentage of Assessed Value ¹	Percentage of Equalized Value ¹	Pε	er Capita ²
2014	43,151	\$	78,445,000	\$	176,731	\$ 78,621,731	2.97%	3.06%	\$	1,822.01
2013	43,100		78,205,000		164,368	78,369,368	2.97	3.06		1,818.31
2012	43,100		75,245,000		375,374	74,869,626	2.86	2.83		1,737.11
2011	43,075		65,597,477		1,193,819	64,403,658	2.47	2.39		1,495.15
2010	43,021		65,347,477		2,126,824	63,220,653	2.43	2.34		1,469.53
2009	43,600		67,802,477		4,085,076	63,717,401	2.28	2.33		1,461.41
2008	43,460		62,657,413		4,580,770	58,076,643	2.28	2.17		1,336.32
2007	43,270		60,084,110		3,701,801	56,382,309	2.26	2.20		1,303.03
2006	43,270		59,630,253		2,092,982	57,537,271	2.34	2.37		1,329.73
2005	43,101		58,585,949		1,783,067	56,802,882	2.58	2.43		1,317.90

#### Notes:

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

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

²Population dada can be found in the Schedule of Demographic and Economic Statistics on page 99.

## **COMPUTATION OF LEGAL DEBT MARGIN**

#### Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed Value ^a	\$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	\$2,609,822,220
Equalized Value ^a	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	2,597,744,000
Debt Limit Five Percent of Equalized Value ¹	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	129,887,200
Amount of Debt Applicable to Debt Limit:										
General Obligation Bonds	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	64,395,000
General Obligation Notes	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	14,050,000
Total Debt	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	78,445,000
Deduct:										
Debt Service Fund Balance	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	176,731
Total Amount of Debt Applicable to Debt Limit	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	78,268,269
Legal Debt Margin	\$ 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	\$ 51,618,931
Percent of Legal Debt Limit Avaliable	51.5%	52.7%	56.0%	56.6%	53.4%	53.1%	51.3%	41.6%	39.2%	39.7%

#### Notes:

#### Sources:

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

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

# **COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

December 31, 2014

Direct Debt:	_0	Net Debt utstanding	Percentage Applicabe to City of Fond du Lac ¹	le of	Fo	City of ond du Lac Share of Debt
City of Fond du Lac	\$	78,445,000	100.0	%	\$	78,445,000
Overlapping Debt:						
Fond du Lac County		69,050,000	37.8			26,100,900
Moraine Park Technical College		26,120,000	10.8			2,820,960
Fond du Lac School District		31,262,087	73.3			22,915,110
School District of North Fond du Lac		4,501,500	13.7			616,706
Total - overlapping debt						52,453,675
		TOTAL			\$	130,898,675

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

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

# **Water Utility Revenue Bond Coverage**

Last Ten Fiscal Years

		ı	nterest	Income Available			Debt				
Operating Revenue	Operating ¹ Expenses	_			for Debt Service	F	Principal ²	Interest		Total	Coverage
\$ 12,285,466	\$ 4,318,788	\$	123,401	\$	8,090,079	\$	3,190,481	\$ 1,606,172	: \$	4,796,653	1.69
12,078,425	4,231,224		11,770		7,858,971		2,905,684	1,883,516	i	4,789,200	1.64
12,382,846	4,731,915		191,512		7,842,443		3,246,675	1,936,287	,	5,182,962	1.51
12,690,230	4,211,058		239,655		8,718,827		4,553,435	1,435,783	1	5,989,218	1.46
11,652,164	4,246,162		99,737		7,505,739		3,690,834	1,439,536	i	5,130,370	1.46
9,790,165	3,794,684		229,195		6,224,676		2,433,629	2,537,005	;	4,970,634	1.25
9,467,849	2,877,200		1,144,089		7,734,738		1,495,000	2,413,104		3,908,104	1.98
6,366,839	3,215,283		1,656,724		4,808,280		1,440,000	1,324,938	}	2,764,938	1.74
6,444,899	3,193,931		686,273		3,937,241		1,365,000	1,314,663	}	2,679,663	1.47
6,513,120	2,994,138		370,890		3,889,872		2,290,000	1,294,089	)	3,584,089	1.09
	Revenue \$ 12,285,466 12,078,425 12,382,846 12,690,230 11,652,164 9,790,165 9,467,849 6,366,839 6,444,899	Revenue         Expenses           \$ 12,285,466         \$ 4,318,788           12,078,425         4,231,224           12,382,846         4,731,915           12,690,230         4,211,058           11,652,164         4,246,162           9,790,165         3,794,684           9,467,849         2,877,200           6,366,839         3,215,283           6,444,899         3,193,931	Operating Revenue         Operating¹ Expenses         are Revenue Revenue           \$ 12,285,466         \$ 4,318,788         \$           12,078,425         4,231,224         \$           12,382,846         4,731,915         \$           12,690,230         4,211,058         \$           11,652,164         4,246,162         \$           9,790,165         3,794,684         \$           9,467,849         2,877,200         \$           6,366,839         3,215,283         \$           6,444,899         3,193,931         \$	Revenue         Expenses         Revenue           \$ 12,285,466         \$ 4,318,788         \$ 123,401           12,078,425         4,231,224         11,770           12,382,846         4,731,915         191,512           12,690,230         4,211,058         239,655           11,652,164         4,246,162         99,737           9,790,165         3,794,684         229,195           9,467,849         2,877,200         1,144,089           6,366,839         3,215,283         1,656,724           6,444,899         3,193,931         686,273	Operating Revenue         Operating¹ Expenses         and Other Revenue           \$ 12,285,466         \$ 4,318,788         \$ 123,401         \$ 12,078,425         \$ 4,231,224         \$ 11,770           \$ 12,382,846         \$ 4,731,915         \$ 191,512         \$ 12,690,230         \$ 4,211,058         \$ 239,655         \$ 11,652,164         \$ 4,246,162         \$ 99,737         \$ 9,790,165         \$ 3,794,684         \$ 229,195         \$ 9,467,849         \$ 2,877,200         \$ 1,144,089         \$ 6,366,839         \$ 3,215,283         \$ 1,656,724         \$ 6,444,899         \$ 3,193,931         \$ 686,273	Operating RevenueOperating¹ ExpensesInterest and Other RevenueAvailable for Debt Service\$ 12,285,466\$ 4,318,788\$ 123,401\$ 8,090,07912,078,4254,231,22411,7707,858,97112,382,8464,731,915191,5127,842,44312,690,2304,211,058239,6558,718,82711,652,1644,246,16299,7377,505,7399,790,1653,794,684229,1956,224,6769,467,8492,877,2001,144,0897,734,7386,366,8393,215,2831,656,7244,808,2806,444,8993,193,931686,2733,937,241	Operating Revenue         Operating¹ Expenses         Interest and Other Revenue         Available for Debt Service         Fervice           \$ 12,285,466         \$ 4,318,788         \$ 123,401         \$ 8,090,079         \$ 12,078,425         \$ 4,231,224         \$ 11,770         \$ 7,858,971         \$ 7,842,443         \$ 12,382,846         \$ 4,731,915         \$ 191,512         \$ 7,842,443         \$ 12,690,230         \$ 4,211,058         \$ 239,655         \$ 8,718,827         \$ 11,652,164         \$ 4,246,162         \$ 99,737         \$ 7,505,739         \$ 9,790,165         \$ 3,794,684         \$ 229,195         \$ 6,224,676         \$ 9,467,849         \$ 2,877,200         \$ 1,144,089         \$ 7,734,738         \$ 6,366,839         \$ 3,215,283         \$ 1,656,724         \$ 4,808,280         \$ 6,444,899         \$ 3,193,931         \$ 686,273         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3,937,241         \$ 3	Operating RevenueOperating¹ ExpensesInterest and Other RevenueAvailable for Debt ServiceDebt\$ 12,285,466\$ 4,318,788\$ 123,401\$ 8,090,079\$ 3,190,48112,078,4254,231,22411,7707,858,9712,905,68412,382,8464,731,915191,5127,842,4433,246,67512,690,2304,211,058239,6558,718,8274,553,43511,652,1644,246,16299,7377,505,7393,690,8349,790,1653,794,684229,1956,224,6762,433,6299,467,8492,877,2001,144,0897,734,7381,495,0006,366,8393,215,2831,656,7244,808,2801,440,0006,444,8993,193,931686,2733,937,2411,365,000	Operating RevenueOperating¹ ExpensesInterest and Other RevenueAvailable for Debt ServiceDebt Service Required For Debt Service\$ 12,285,466\$ 4,318,788\$ 123,401\$ 8,090,079\$ 3,190,481\$ 1,606,172\$ 12,078,4254,231,224\$ 11,770\$ 7,858,971\$ 2,905,684\$ 1,883,516\$ 12,382,8464,731,915\$ 191,512\$ 7,842,443\$ 3,246,675\$ 1,936,287\$ 12,690,2304,211,058\$ 239,655\$ 8,718,827\$ 4,553,435\$ 1,435,783\$ 11,652,1644,246,162\$ 99,737\$ 7,505,739\$ 3,690,834\$ 1,439,536\$ 9,790,165\$ 3,794,684\$ 229,195\$ 6,224,676\$ 2,433,629\$ 2,537,005\$ 9,467,849\$ 2,877,200\$ 1,144,089\$ 7,734,738\$ 1,495,000\$ 2,413,104\$ 6,366,839\$ 3,215,283\$ 1,656,724\$ 4,808,280\$ 1,440,000\$ 1,324,938\$ 6,444,899\$ 3,193,931\$ 686,273\$ 3,937,241\$ 1,365,000\$ 1,314,663	Operating Revenue         Operating¹ Expenses         Interest and Other Revenue         Available for Debt Service         Principal²         Interest           \$ 12,285,466         \$ 4,318,788         \$ 123,401         \$ 8,090,079         \$ 3,190,481         \$ 1,606,172         \$ 12,078,425         \$ 4,231,224         \$ 11,770         \$ 7,858,971         \$ 2,905,684         \$ 1,883,516         \$ 12,382,846         \$ 4,731,915         \$ 191,512         \$ 7,842,443         \$ 3,246,675         \$ 1,936,287         \$ 12,690,230         \$ 4,211,058         \$ 239,655         \$ 8,718,827         \$ 4,553,435         \$ 1,435,783         \$ 11,652,164         \$ 4,246,162         \$ 99,737         \$ 7,505,739         \$ 3,690,834         \$ 1,439,536         \$ 9,790,165         \$ 3,794,684         \$ 229,195         \$ 6,224,676         \$ 2,433,629         \$ 2,537,005         \$ 9,467,849         \$ 2,877,200         \$ 1,144,089         \$ 7,734,738         \$ 1,495,000         \$ 2,413,104         \$ 6,366,839         \$ 3,215,283         \$ 1,656,724         \$ 4,808,280         \$ 1,440,000         \$ 1,324,938         \$ 6,444,899         \$ 3,193,931         \$ 686,273         \$ 3,937,241         \$ 1,365,000         \$ 1,314,663         \$ 1,314,663         \$ 1,314,663         \$ 1,314,663         \$ 1,314,663         \$ 1,314,663         \$ 1,314,663         \$ 1,314,663         \$ 1,314,663         \$ 1	Operating RevenueOperating¹ ExpensesInterest and Other RevenueAvailable for Debt ServicePrincipal² InterestInterestTotal\$ 12,285,466\$ 4,318,788\$ 123,401\$ 8,090,079\$ 3,190,481\$ 1,606,172\$ 4,796,65312,078,4254,231,22411,7707,858,9712,905,6841,883,5164,789,20012,382,8464,731,915191,5127,842,4433,246,6751,936,2875,182,96212,690,2304,211,058239,6558,718,8274,553,4351,435,7835,989,21811,652,1644,246,16299,7377,505,7393,690,8341,439,5365,130,3709,790,1653,794,684229,1956,224,6762,433,6292,537,0054,970,6349,467,8492,877,2001,144,0897,734,7381,495,0002,413,1043,908,1046,366,8393,215,2831,656,7244,808,2801,440,0001,324,9382,764,9386,444,8993,193,931686,2733,937,2411,365,0001,314,6632,679,663

# Notes:

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

² Principal payments are shown net of debt principal refundings.

# **Wastewater Collection & Treatment System Revenue Bond Coverage**

Last Ten Fiscal Years

			Interest	Income Available	Debt \$	Debt Service Requirements ²			
Fiscal Year	Operating Revenue	Operating ¹ Expenses	and Other Revenue	for Debt Service	Principal ³	Interest	Total	Coverage	
2014	\$ 11,704,905	\$ 5,852,095	\$ 352,494	\$ 6,205,304	\$ 3,481,988	\$ 1,166,946	\$ 4,648,934	1.33	
2013	11,544,534	5,492,001	160,213	6,212,746	3,833,320	1,269,777	5,103,097	1.22	
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	

#### Notes:

¹ Operating expenses do not include depreciation.

² Includes principal and interest of revenue bonds only.

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

#### **DEMOGRAPHIC AND ECONOMIC STATISTICS**

Last Ten Fiscal Years

Fiscal Year	Population ^a	Inc	djusted ^b Gross come Per x Return	Total Personal Income ^c housands of dollars	P	er Capita ersonal ecome ^{1c}	Median ^d Age	Annual ^e Unemployment Rate	Public ^f School Enrollment	Public ^f High School Graduates
2014	43,151		NA	NA		NA	36.9	5.3	7,463	454
2013	43,100	\$	46,620	\$ 4,160,801	\$	40,873	36.9	7.4	7,462	485
2012	43,100		45,730	4,018,578		39,459	36.9	7.7	7,415	504
2011	43,075		43,370	3,766,440		36,897	36.9	8.5	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

#### Notes:

 $\overline{N/A}$  = Not Available.

#### Sources:

¹ Includes Fond du Lac County and Metropolitan Area

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

^b Wisconsin Department of Revenue

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

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

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

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

# PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

2014 2005

Name	<b>Employees</b> ^a	Percentage of Total City Employment ¹	Name	<b>Employees</b> ^a	Percentage of Total City Employment ¹
Mercury Marine	3,000	6.29%	Mercury Marine	3,526	7.27%
Agnesian Health Care	2,964	6.21%	Agnesian Health Care	1,481	3.05%
Fond du Lac County	900	1.89%	J. F. Ahern Co.	1,000	2.06%
Fond du Lac School District	854	1.79%	Fond du Lac County	910	1.88%
J.F. Ahern Co.	508	1.06%	Fond du Lac School District	824	1.70%
Moraine Park Technical College	415	0.87%	Charter Communications	450	0.93%
Taycheedah Correctional Facility	390	0.82%	Moraine Park Technical College	425	0.88%
City of Fond du Lac	309	0.65%	Giddings & Lewis	400	0.82%
Walker Group Holdings (Brenner Tank)	300	0.63%	City of Fond du Lac	323	0.67%
Total	6,640	13.92%	- Total	9,339	19.26%

#### Notes:

Sources:

¹ Wisconsin's WorkNet Current Employment Statistics

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

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

Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Culture and Recreation	Community Development	Total
2014	20.7	147.3	69.2	12.4	12.0	261.6
2013	21.0	146.8	68.8	12.0	12.5	261.1
2012	25.0	147.0	69.4	13.0	13.2	267.6
2011	29.5	148.0	61.0	13.0	22.1	273.6
2010	29.4	148.0	61.0	13.0	22.1	273.5
2009	29.4	147.0	64.6	12.6	23.5	277.1
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

#### Notes:

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

In 2012 Transit operations, 8.4 FTE's were moved from Community Development to Public Works. In 2013 Information Technology Services, 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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function/Program										
Governmental Activities:										
Community Development										
Building Permits Issued	4,129	4,235	3,885	4,845	3,663	3,591	2,941	2,981	3,133	3,157
Total Valuation of Building Permits	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	51,921,182
New site plans reviewed	40	34	35	26	15	11	19	28	30	26
Rezonings/special use permits applied for	31	34	21	14	12	13	13	19	14	9
Variances applied for	44	59	50	42	48	38	39	26	37	16
New lots/parcels created	61	87	12	27	11	14	6	4	2	4
Housing Code Enforcement-complaints filed	469	516	497	418	477	397	418	414	402	410
Housing Code Enforcement-violations cured	912	814	962	718	809	648	739	648	664	610
Housing rehabilitation value of loans approved	470,400	561,763	620,670	557,250	460,771	351,044	325,501	220,798	258,800	286,300
Downtown parking revenue	337,607	343,262	307,295	322,799	328,505	318,828	338,259	320,560	298,400	276,667
Downtown parking violations-tickets issued*	3,953	7,334	5,556	6,463	6,235	6,107	6,217	3,877	4,351	2,670
Transit ridership	163,639	166,800	146,657	159,735	167,049	157,314	181,002	171,119	212,327	200,473
Transit farebox revenue	176,997	206,013	198,614	200,422	234,057	221,752	287,350	133,065	252,248	249,664
Culture and Recreation										
Library	1	1	1	1	1	1	1	1	1	1
Library Volumes	206,100	208,453	195,178	209,757	203,479	191,694	209,759	221,833	197,213	198,829
Circulation	728,451	761,980	772,506	799,490	835,262	851,842	859,012	826,121	766,425	779,448
Senior Center number of visits	38,445	47,550	45,325	45,378	47,039	46,562	49,237	53,616	52,508	47,728
Senior Center volunteer hours worked	15,720	17,655	17,758	17,387	16,189	16,608	17,411	18,876	17,812	17,058
Business-type activities:										
Water Utility										
Average No. of Customers:										
Residential	13,951	14,028	14,060	14,103	14,152	14,239	14,214	14,238	14,275	14,202
Commercial	1,355	1,362	1,367	1,383	1,380	1,384	1,385	1,380	1,381	1,199
Industrial	58	55	56	58	57	55	56	54	56	53
Multifamily	30	33	30	30	31	55	30	34	30	297
Public	74	77	73	72	71	70	72	74	43	77
Gallons of Water Sold:	74		75	12	, ,	70	12	,-		
Residential	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	546.756.404
Commercial	423,793,000	411,200,015	397,121,009	382,916,197	360,302,534	,,-	368,500,375	374,618,581	348,345,590	269,906,076
Industrial	322,219,000	318,813,727	317,491,502	213,231,560	153,712,025		346,566,644	320,528,853	321,641,496	290,630,912
Multifamily	322,219,000	310,013,727	317,491,302	213,231,300	155,7 12,025	109,514,970	340,300,044	320,320,033	321,041,430	83,877,728
Public	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	63,676,492
Plant Capacity (gallons/day)	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	6,606,000
Watewater Collection & Treatment System	7,500,000	7,323,000	14,323,000	7,274,000	0,410,000	3,004,000	0,001,000	0,540,000	0,000,000	0,000,000
Average No. of Customers:										
Residential	13,951	14,028	14,060	14,103	14,152	14,239	14,214	14,238	14,275	14,202
Commercial	1,355	1,362	1,367	1,383	1,380	1,384	1,385	1,380	1,381	1,199
Industrial	58	55	56	58	57	55	56	54	56	53
Multifamily	30	55	30	30	31	55	30	34	30	297
Public	74	77	73	72	71	70	72	74	43	77
System Usage in Gallons	74	11	73	12	/ 1	70	12	74	43	11
Residential	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	546,756,404
Commercial Industrial	423,793,000 322,219,000	411,200,015	397,121,009	382,916,197 213,231,560	360,302,534 153,712,025		368,500,375	374,618,581	348,345,590	269,906,076 290,630,912
	322,219,000	318,813,727	317,491,502	213,231,300	153,712,025	189,314,970	346,566,644	320,528,853	321,641,496	83,877,728
Multifamily	66 63E 000	66 624 525	70 200 620	71.582.613	70 665 770	65 040 004	E0 020 2E0	61 012 000	E0 E40 005	63,676,492
Public	66,635,000	66,634,525	78,298,628	71,582,613 102	72,665,776	65,842,281	58,930,350	61,913,800	59,540,905	03,070,492
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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function/Program										
Governmental Activities:										
Public Safety										
Police Protection										
Sworn Personnel - Authorized Positions	72	71	71	74	74	75	75	74	73	68
Fire and EMS Protection										
Number of Stations	3	3	3	3	3	3	3	3	3	3
Firefighting Force	64	61	65	63	64	65	65	65	65	65
Firefighting Vehicles	6	6	6	6	6	6	6	6	6	6
Ambulances	4	4	4	5	5	5	5	5	5	5
Public Works										
Miles of Streets	161.50	162.40	169.04	169.29	170.33	170.93	170.94	168.07	170.51	171.08
Miles of Storm Sewers	163	163.70	165.8	165.85	169.3	171.35	172.77	174.5	174.6	175.4
Recreation and Culture										
Playgrounds	15	15	15	15	15	15	15	15	15	15
City Parks	21	21	21	21	21	21	21	21	21	21
Acres of City Park Land	520	520	520	520	520	520	520	520	520	520
Indoor Skating Facility	1	1	1	1	1	1	1	1	1	1
Outdoor Skating Facility	-	1	1	1	1	1	1	1	1	1
Outdoor Skateboarding Facility	1	1	1	1	1	1	1	1	1	1
Outdoor Pools	1	1	1	1	1	1	1	1	1	1
Outdoor Water Park	1	1	1	1	1	1	1	1	1	1
Disc Golf Course	1	1	1	1	1	1	1	1	1	1
Band Shelters	1	1	1	1	1	1	1	1	1	1
Boat Launches	16	16	16	16	16	16	16	16	16	16
Business-type activities:										
Water Utility										
Miles of Mains	205.9	209.5	211	219.98	220.44	220.42	220.07	220.05	220.17	220.51
Hydrants	1,739	1,774	1,773	1,803	1,817	1,826	1,824	1,827	1,829	1,833
Watewater Collection & Treatment System										
Miles of Sanitary Sewers	196.5	197	193.65	193.76	203.51	197.23	197.29	197.39	197.47	197.54

# 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, 2014, 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 dated September 21, 2015.

### 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### 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

Schmilsc

September 21, 2015



## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND 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, 2014. 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, 2014.

### 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

Solm ASC

September 21, 2015

### CITY OF FOND DU LAC, WISCONSIN SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2014

Grantor/Pass-Through Grantor/Program Title	Federal CFDA/ State ID Number	Pass-Through Grantor's Number	ogram or Award Amount	Cash/ Receivable at January 1, 2014		Receipts or Revenue Recognized	Disbursements/ Expenditures	(Deferred Revenue)/ Receivable at December 31, 2014
U. S. Department of Housing and Urban Development  Community Development Block Grant - State Administered CDBG Cluster  Community Development Block Grant  Community Development Block Grant - Program Income  Total Community Development Block Grant - State Administered	14.228 14.228	<u>-</u>	\$ 1,231,937	\$ 83,360	\$	401,102 133,778	133,778	
CDBG Cluster and U.S. Department of Housing and Urban Development  U.S. Department of Transportation  Passed through Wisconsin Department of Transportation:  Federal Transit Cluster				83,360	_	534,880	564,120	112,600
Operating Assistance - 2013	20.507	-	\$ 521,843	88,843		88,843	-	-
Operating Assistance - 2014	20.507		\$ 613,487			420,845	613,487	192,642
Total Federal Transit Cluster				88,843		509,688	613,487	192,642
Highway Safety Cluster								
Speed Enforcement - 2013/2014	20.600		\$ 30,000	-		19,181	19,181	-
Bicycle Enforcement - 2014	20.600	<del></del>	\$ 1,500	-		1,698	1,698	-
Pedestrian Enforcement - 2014	20.600	<del></del>	\$ 2,920			1,909	1,909	
Total Highway Safety Cluster						22,788	22,788	
Safe Routes to School	20.205	4809-09-0071	\$ 79,900	<u> </u>			53,083	53,083
Total U. S. Department of Transportation				88,843		532,476	689,358	245,725
110 0								
U.S. Department of Justice	40.700	0044 5 1 5 4 6 6 6						
Edward Byrne Memorial Justice Assistance Grant-2011	16.738	2011-DJ-BX-3325	\$ 19,746	-		5,224	5,224	-
Edward Byrne Memorial Justice Assistance Grant-2013 Edward Byrne Memorial Justice Assistance Grant-2014	16.738	2013-DJ-BX-3325	\$ 15,442			15,351	15,351	•
Bulletproof Vest Partnership Program	16.738	2014-DJ-BX-3326	\$ 18,744	-		-	18,744	18,744
Bulletproof Vest Partnership Program	16.607	~-	\$ 6,064			6,064	6,064_	
Total U.S. Department of Justice						26,639	45,383	18,744
U.S. Department of Homeland Security Passed through Wisconsin Dept of Military Affairs								
Assistance to Firefighters	97.044	EMW-2013-FO-05497	\$ 31,860			<u> </u>	31,860	31,860
TOTAL FEDERAL AWARDS			:	\$ 172,203	\$	1,093,995	\$ 1,330,721	\$ 408,929

### CITY OF FOND DU LAC, WISCONSIN SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2014

Grantor/Pass-Through Grantor/Program Title	Federal CFDA/ State ID Number	Pass-Through Grantor's Number	ogram or Award Amount	Cash/ Receivable at January 1, 2014	Receipt Reven Recogni	ue	Disbursements/ Expenditures	Rev Rece Dece	eferred venue)/ vivable at mber 31, 2014
Wisconsin Department of Administration									
Office of Justice Assistance Grant-Beat Patrol	505.603	2013-BP-01-9968	\$ 134,927		\$ 12	21,434	\$ 121,434	\$	
Wisconsin Department of Health & Family Services									
EMS-FAP Grant	435.17	440	\$ 10,430	(8,637)		10,173	5,858		(12,952)
Wisconsin Department of Natural Resources									
Urban Forestry		UF-1163-14	\$ 5,409	94		-	5,409		5,409
Recreational Boating Facilities	370.573	RBF-1452	\$ 60,000			-	60,000		60,000
All-Terrain Vehicle Trail	370.577	ATV-2264	\$ 10,000	1,188		1,188	-		-
All-Terrain Vehicle Trail	370.577	ATV-3054	\$ 6,500	17		-	6,704		6,704
All-Terrain Vehicle Trail	370.577	ATV-2263	\$ 13,000	6,871		6,871	-		-
All-Terrain Vehicle Trail	370.577	ATV-3055	\$ 10,000			2,223	6,065	_	3,842
Total Wisconsin Department of Natural Resources				8,059		10,282	78,178		75,955
Wisconsin Department of Transportation									
Operating Assistance Grant - 2009	395.104		\$ 402,568	43,638	4	43,638	-		-
Operating Assistance Grant - 2010	395.104		\$ 423,617	42,362	4	12,362	-		-
Operating Assistance Grant - 2011	395.104		\$ 436,369	40,257	4	40,257	-		-
Operating Assistance Grant - 2012	395.104		\$ 421,652	42,165	4	12,165	-		-
Operating Assistance Grant - 2013	395.104	<del></del>	\$ 397,275	39,727		-	-		39,727
Operating Assistance Grant - 2014	395.104		\$ 462,484		4	16,236	462,484		46,248
Total Wisconsin Department of Transportation				208,149	58	34,658	462,484	_	85,975
TOTAL STATE AWARDS				\$ 207,571	\$ 72	26,547	\$ 667,954	\$	148,978
TOTAL FEDERAL AND STATE AWARDS				\$ 379,774	\$ 1,82	20,542	\$ 1,998,675	\$	557,907

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, 2014

#### **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, supplementary 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 2014 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, 2014

### Section I - Summary of Auditors' Results

**Basic Financial Statements** 

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Significant deficiency identified?

None Reported

Noncompliance material to basic financial statements noted?

No

No

Federal Awards Programs

Internal control over major program:

Material weakness(es) identified

No

No

Significant deficiency(ies) identified?

None Reported

Type of auditors' report issued on compliance for major programs Any audit findings disclosed that are required to be reported

in accordance with Section 510(a) of Circular A-133?

Identification of major federal program:

Unmodified

CFDA Number	Name of Federal Program
20.507	Mass Transit Operating Assistance

Identification of major state programs:

State ID Number	Name of State Program
395.104	Transit Operating Assistance

Audit threshold used to determine between Type A and Type B programs: Auditee qualified as low-risk auditee

\$300,000

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, 2014.

### **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, 2014.

CITY OF FOND DU LAC, WISCONSIN
Schedule of Prior Year Audit Findings and Corrective Action Plan For the Year Ended December 31, 2014

### **Prior Year Audit Findings**

There were no findings or questioned costs for federal awards for the year ended December 31, 2014.

### **Corrective Action Plan**

No corrective action plan is required.