City of Fond du Lac, WI
First on the Lake

Comprehensive Annual Financial Report with Single Audit

Year ended December 31, 2014

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

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.

Fond du Lac City Government's mission is to provide excellent local government through responsiveness and accountability to the citizens of Fond du Lac.
Our values: Excellence in Service, Honesty, Integrity, and Personal Accountability guide everything we do.

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 sixteenth 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

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

Fond du Lac
First on the Lake

City Council

Boards, Commissions & Committees

City Manager

Community Development Director	Police Chief	Human Resources Director/ City Attorney	Public Works Director	Manager of Information Technology Services	Fire Chief	Director of Administration
Community Development Inspections Senior Center Parking	Police	Human Resources City Attorney	Engineering Fleet Operations Construction & Maintenance Municipal Service Center Street Maintenance Snow/Ice Removal Stormwater Electrical Street Lighting Parks Tree Care Pools Solid Waste Recycling Harbor Fund Transit Water Utility Wastewater Utility	Information Technology	Fire Ambulance	Comptroller Clerk Elections Central Collection Central Services Assessor

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

Schenck
CPAs AND SO MUCH MORE.

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.

Schmidt SC

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

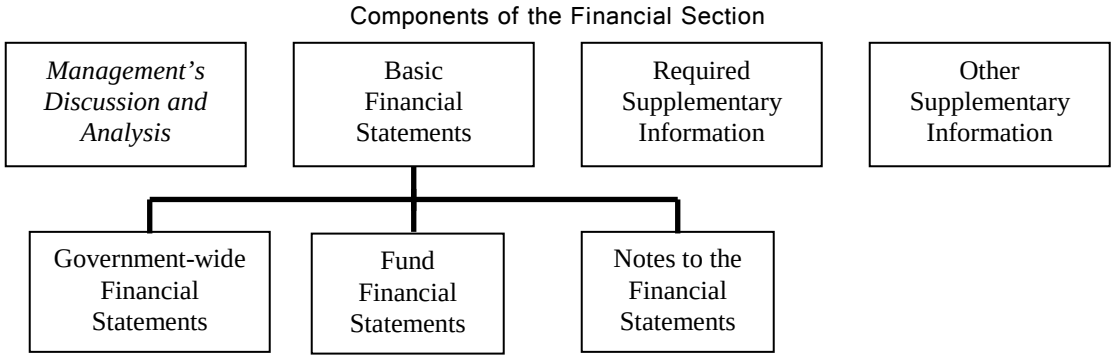
- The City has strong general fund reserves and a moderate overall debt burden.
- A net positive budget variance for 2014 operations was experienced through both revenues and expenses.
- The assets of the City exceeded the liabilities and deferred inflows of resources at December 31, 2014 by $217 million. 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 short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government and report the City's operations in more detail than the government-wide statements.
    - The governmental funds statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending.
    - Proprietary fund statements provide short and long-term financial information about the activities the government operates similar to businesses, such as the water and sewer system.

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

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



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

The statement of net position presents information on all of the City of Fond du Lac's assets and liabilities 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)

	Governmental Activities		Business-type Activities		Total	
	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 resources						
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

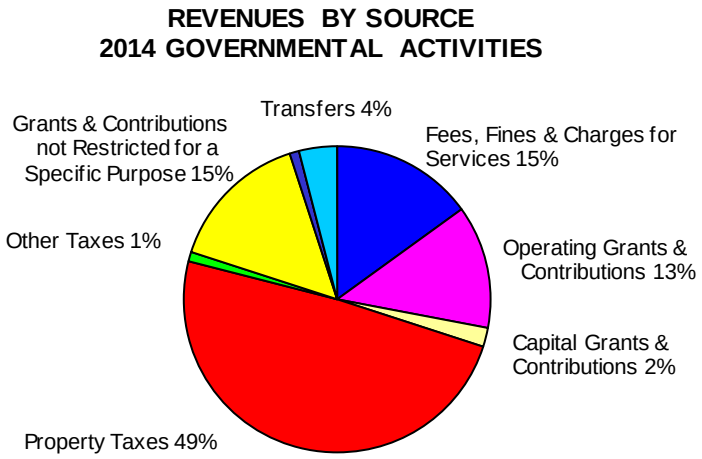
The following table summarizes the changes in net position for the City of Fond du Lac for the fiscal year ended December, 31 2014.

Changes in Net Position

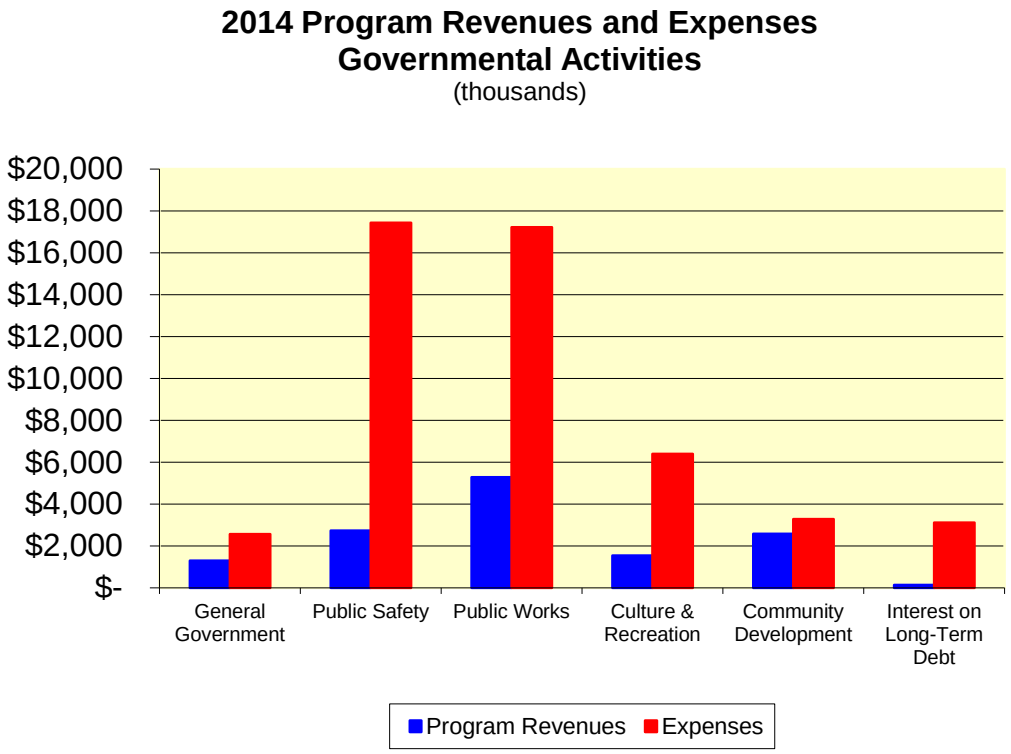
(in thousands)

	Governmental Activities		Business-type Activities		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)	-	-	-	(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.



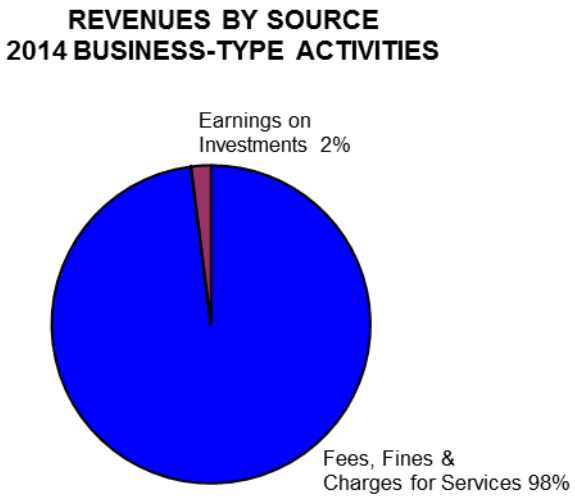
The bar graph below compares the activities and expenses by function. Public safety represents the largest expense at $17.4 million or 35 percent. Public works is the next largest area of expense at $17.2 million or 34 percent. The blue bars indicate the program revenues by function. The graph reflects 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.



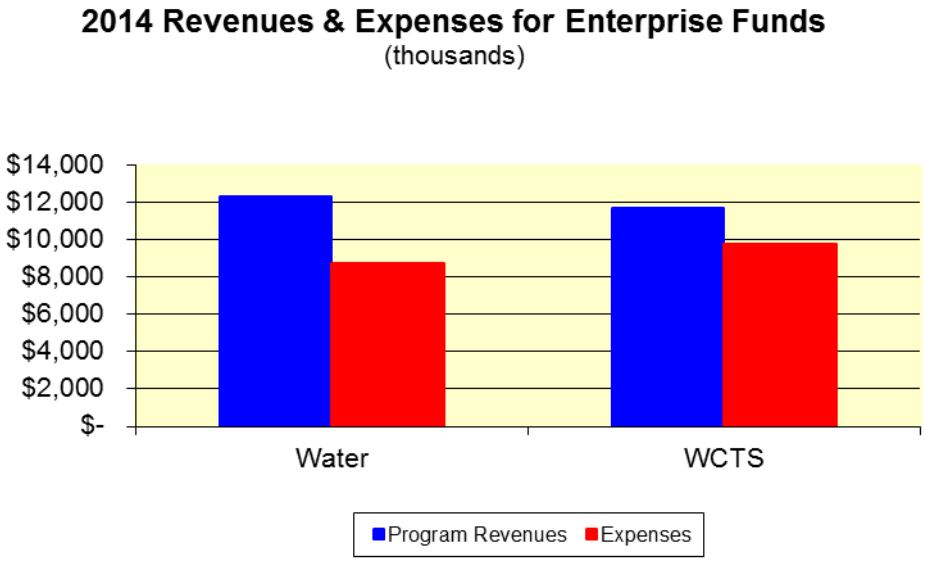
Business-type activities.
The business-type activities of the Water and Wastewater utilities increased the City's net position by $4.2 million.

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.



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 re-appropriated 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.
    - 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.
    - 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.
    - 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		Business-type Activities		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		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	$ 64,395	$ 65,400	$ -	$ -	$ 64,395	$ 65,400
General obligation notes	14,050	12,805	-	-	14,050	12,805
Revenue bonds	-	-	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

CITY OF FOND DU LAC, WISCONSIN
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	-	174,000
Restricted assets	-	6,230,592	6,230,592
Noncurrent special assessments	-	85,965	85,965
Other - noncurrent	154	76,138	76,292
Capital assets:			
Land and construction in progress	6,995,548	1,914,985	8,910,533
Infrastructure	200,142,455	-	200,142,455
Buildings	26,898,085	87,157,443	114,055,528
Improvements other than buildings	9,857,213	113,749,876	123,607,089
Equipment	22,574,451	43,718,805	66,293,256
Accumulated depreciation	(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:			
Due within one year			
Long-term obligations	5,262,284	6,533,805	11,796,089
Due in more than one year			
Long-term obligations	76,869,165	84,139,792	161,008,957
Total liabilities	132,876,120	93,470,467	226,346,587
DEFERRED INFLOWS OF RESOURCES			
Property taxes	23,836,591	-	23,836,591
NET POSITION			
Net investment in capital assets	71,413,644	98,116,652	169,530,296
Restricted for:			
Equipment replacement	-	1,901,699	1,901,699
Debt service	176,731	4,328,893	4,505,624
Construction improvements	-	-	-
Water plant decommissioning	-	-	-
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.

CITY OF FOND DU LAC, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues: Fees, Fines, and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	$ 2,563,667	$ 1,192,847	$ 114,667	$ -	$ (1,256,153)	$ -	$ (1,256,153)
Public safety							
Police	9,144,237	92,561	521,222	-	(8,530,454)	-	(8,530,454)
Fire	4,728,724	21,492	157,365	38,138	(4,511,729)	-	(4,511,729)
Ambulance	3,563,137	1,537,855	364,439	-	(1,660,843)	-	(1,660,843)
Public works	17,214,323	1,697,518	3,159,116	425,625	(11,932,064)	-	(11,932,064)
Culture and recreation	6,402,639	459,396	1,090,822	-	(4,852,421)	-	(4,852,421)
Community development	3,289,740	1,894,294	182,190	505,025	(708,231)	-	(708,231)
Interest on long-term debt	3,123,404	-	136,972	-	(2,986,432)	-	(2,986,432)
Total governmental activities	50,029,871	6,895,963	5,726,793	968,788	(36,438,327)	-	(36,438,327)
Business-type activities:							
Water	8,734,239	12,315,152	-	-	-	3,580,913	3,580,913
Wastewater	9,762,358	11,704,905	-	-	-	1,942,547	1,942,547
Total business-type activities	18,496,597	24,020,057	-	-	-	5,523,460	5,523,460
Total	$ 68,526,468	$ 30,916,020	$ 5,726,793	$ 968,788	(36,438,327)	5,523,460	(30,914,867)
General revenues:							
Property taxes					22,270,692	-	22,270,692
Other taxes					321,744	-	321,744
Grants and contributions not restricted to specific programs					7,073,021	-	7,073,021
Gain on disposal of capital assets					30,725	5,579	36,304
Earnings on investments					418,826	440,630	859,456
Miscellaneous					12,665	-	12,665
Transfers					1,786,086	(1,786,086)	-
Total general revenues and transfers					31,913,759	(1,339,877)	30,573,882
Change in net position					(4,524,568)	4,183,583	(340,985)
Net position - January 1					94,670,649	122,814,368	217,485,017
Net position - December 31					$ 90,146,081	$ 126,997,951	$ 217,144,032

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

CITY OF FOND DU LAC, WISCONSIN
Balance Sheet
Governmental Funds
December 31, 2014

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 10,545,726	$ 176,731	$ 7,129,992	$ 17,852,449
Accounts receivable	1,041,435	-	73,510	1,114,945
Ambulance receivable	-	-	955,000	955,000
Taxes receivable, net	33,459,588	5,696,744	4,941,246	44,097,578
Special assessments receivable	348,830	-	24,976	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	23,242,249	-	922,009	24,164,258
Inventories	788,600	-	16,531	805,131
Other	-	-	154	154
Total assets	$ 69,456,881	$ 5,873,475	$ 20,110,965	$ 95,441,321
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	44,333,554	-	-	44,333,554
Unearned revenue	41,633	-	1,256,016	1,297,649
Other	723,291	-	65,184	788,475
Total liabilities	46,803,612	-	2,347,153	49,150,765
Deferred inflows of resources:				
Property taxes	13,499,787	5,696,744	4,640,060	23,836,591
Special assessments	397,013	-	-	397,013
Loans receivable	-	-	6,047,548	6,047,548
Total deferred inflows of resources	13,896,800	5,696,744	10,687,608	30,281,152
Fund balances:				
Nonspendable				
Inventories and prepaid items	788,600	-	16,531	805,131
Restricted				
Debt service	-	176,731	-	176,731
Community development projects and loans	-	-	1,722,691	1,722,691
Committed				
Subsequent years' expenditures	129,700	-	5,356,621	5,486,321
Assigned				
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	16,009,404
Total liabilities, deferred inflows of resources and fund balances	$ 69,456,881	$ 5,873,475	$ 20,110,965	$ 95,441,321

CITY OF FOND DU LAC, WISCONSIN
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	$ 397,013	
Loans receivable	6,047,548	
Net adjustment		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	$ (78,445,000)	
Bond premium	(352,896)	
Capital leases	0	
Compensated absences	(1,539,471)	
Other post-employment benefits	(1,772,637)	
Accrued interest on long-term obligations	(1,109,278)	
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.

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

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
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	-	-	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	-	-	365,625
Investment earnings	365,514	-	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	-	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	-	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 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	-	-	3,040,000	3,040,000
Premium on long-term debt issued	-	29,469	869	30,338
Transfers in	1,815,365	531,533	2,452,444	4,799,342
Transfers out	(286,303)	-	(2,678,453)	(2,964,756)
Total other financing sources (uses)	1,529,062	1,616,002	2,814,860	5,959,924
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

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	$ 2,560,728	
Loss on disposals	(13,051)	
Depreciation expense	(7,608,488)	
Net adjustment		(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	$ (4,095,000)	
Premium on issuance of debt	(30,338)	
Principal paid on long-term debt	3,855,000	
Payment of capital lease	26,976	
Net adjustment		(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	$ 62,807	
Other post-employment benefits	144,087	
Accrued interest	(136,419)	
Net adjustment		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 Statement of Activities (see pages 26 - 27)		$ (4,524,568)

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

CITY OF FOND DU LAC, WISCONSIN

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

General Fund

For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
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	-	-	414	(414)
Total general government	2,932,929	2,932,929	2,860,576	72,353
Public safety				
Police	9,512,775	9,521,498	9,525,949	(4,451)
Fire	4,672,367	4,690,582	4,591,333	99,249
Ambulance	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)

CITY OF FOND DU LAC, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual (Continued)
General Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
EXPENDITURES (Continued)				
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 development				
Community development	478,797	478,797	586,204	(107,407)
Inspections	665,025	665,025	710,756	(45,731)
Economic development	115,428	115,428	115,428	-
Total community development	1,259,250	1,259,250	1,412,388	(153,138)
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.

CITY OF FOND DU LAC, WISCONSIN
Statement of Net Position
Proprietary Funds
December 31, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Water	Wastewater	Total	Internal
ASSETS				
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	-	701	701	-
Taxes	3,112	-	3,112	-
Prepaid items	-	-	-	174,000
Inventories	477,357	-	477,357	-
Total current assets	7,244,704	9,064,406	16,309,110	4,677,168
Noncurrent assets:				
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	-
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	-	1,694,144	66,205
Compensated absences	80,470	71,136	151,606	19,612
Bonds, notes, and loans payable	3,124,798	3,257,401	6,382,199	-
Total current liabilities	5,611,227	3,719,448	9,330,675	534,693
Noncurrent liabilities:				
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				
Net investment in capital assets	30,263,965	67,852,687	98,116,652	-
Restricted for equipment replacement	-	1,901,699	1,901,699	-
Restricted for bond redemption	4,328,893	-	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 internal service fund activities related to enterprise funds.			223,032	
			$ 126,780,199	

CITY OF FOND DU LAC, WISCONSIN
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	$ 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

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

CITY OF FOND DU LAC, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Wastewater	Total	
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	-
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	-	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)	-
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

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

CITY OF FOND DU LAC, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position (Continued)
Proprietary Funds
For the Year Ended December 31, 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

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

CITY OF FOND DU LAC, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Wastewater	Total	
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)
Cash flows from capital and related financing activities:				
Net proceeds from issuance of long-term debt	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)	-	(51,287)	-
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 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	$ 3,182,135	$ 6,450,657	$ 9,632,792	$ 4,456,537
Restricted	4,328,893	1,901,699	6,230,592	-
Total	$ 7,511,028	$ 8,352,356	$ 15,863,384	$ 4,456,537

(Continued)

CITY OF FOND DU LAC, WISCONSIN
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Wastewater	Total	
Reconciliation of operating income to net cash provided by operating activities				
Operating income	$ 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	-
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	-
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)	-
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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Assets, Liabilities, 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Capital Assets

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

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

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

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

g. Compensated Absences

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

h. Deferred 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.

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.

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

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

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

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

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

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:

Fund	Function	Excess Expenditures
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.

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	$ 16,348
Deposits with financial institutions	12,540,847
Investments	25,615,175
	$ 38,172,370
Government-wide Statement of Net Position	
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.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The City does not have an additional credit risk policy. Presented below is the actual rating as of yearend for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Wells Fargo Mutual Funds	$ 80,903	$ -	$ -	$ -	$ 80,903
U.S. Treasury Notes	3,025,980	-	3,025,980	-	-
Federal National Mortgage Association	8,145,313	-	8,145,313	-	-
Federal Home Loan Mortgage Corporation	4,304,631	-	4,304,631	-	-
Federal Home Loan Bank	3,996,729	-	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	$ -	$ 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:

Issuer	Investment Type	Reported Amount	Percent of Total 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%

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:

		Remaining Maturity (in Months)			
Investment Type	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Wells Fargo Mutual Funds	$ 80,903	$ 80,903	$ -	$ -	$ -
U.S. Treasury Notes	3,025,980	-	1,515,819	1,510,161	-
Federal National Mortgage Association	8,145,313	-	2,001,504	4,599,975	1,543,834
Federal Home Loan Mortgage Corporation	4,304,631	-	298,755	4,005,876	-
Federal Home Loan Bank	3,996,729	-	-	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):

Highly Sensitive Investments	Fair Value 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.

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

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 Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 6,314,920	$ 9,300	$ -	$ 6,324,220
Construction in progress	2,963,725	372,122	2,664,519	671,328
Total capital assets, not being depreciated	9,278,645	381,422	2,664,519	6,995,548
Capital assets, being depreciated:				
Buildings	26,898,085	-	-	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	-	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
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 387,830	$ -	$ -	$ 387,830
Construction in progress	1,373,263	1,658,510	1,504,618	1,527,155
Total capital assets, not being depreciated	1,761,093	1,658,510	1,504,618	1,914,985
Capital assets, being depreciated:				
Buildings	87,157,443	-	-	87,157,443
Improvements other than buildings	110,895,991	2,899,726	45,841	113,749,876
Equipment	43,399,303	507,596	188,094	43,718,805
Subtotals	241,452,737	3,407,322	233,935	244,626,124
Less accumulated depreciation for:				
Buildings	17,339,473	2,305,545	-	19,645,018
Improvements other than buildings	22,581,133	1,830,869	56,069	24,355,933
Equipment	12,455,283	1,867,990	191,685	14,131,588
Subtotals	52,375,889	6,004,404	247,754	58,132,539
Total capital assets, being depreciated, net	189,076,848	(2,597,082)	(13,819)	186,493,585
Business-type activities capital assets, net	$ 190,837,941	$ (938,572)	$ 1,490,799	188,408,570
Less related long-term debt outstanding				90,291,918
Net investment in capital assets				$ 98,116,652

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:			
	General Fund	Debt Service Fund	Nonmajor Governmental 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.

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 1/1/14	Issued	Retired	Outstanding 12/31/14	Due Within 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
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.

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				
2007 Capital improvement refunding bonds	$ 10,950,000	5.00%	04/01/22	$ 9,700,000
2009 Capital improvement refunding bonds	3,125,000	5.00%	05/01/23	2,475,000
2010 Capital improvement refunding bonds	10,665,000	3.96%	03/01/25	10,265,000
2010 Build America Bonds	7,800,000	3.74%	03/01/30	7,475,000
2010 Capital improvement refunding bonds	2,700,000	3.05%	04/01/21	2,525,000
2011 Capital improvement refunding bonds	5,700,000	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				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 December 31	Governmental Activities		
	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.

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:

Description	Issue Amount	Interest	Maturity Date	Balance as of 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

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.

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

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	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/13/2014	$ 420,362	138%	$ 2,004,543
12/31/2013	816,135	49%	2,164,788
12/31/2012	217,065	297%	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%.

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:

	Employee	Employer
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.

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 January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2014	$ 521,034	$ 3,869,754	$ 3,989,579	$ 401,209
2013	605,618	4,329,144	4,413,728	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.

NOTE E - OTHER INFORMATION (Continued)

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

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

TID	Creation Date	Construction Period Ends	Termination Date
8	4/22/92	closed	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.

5. Contingencies
   a. The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under OMB Circular A-133 and the *State Single Audit Guidelines* 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.

NOTE E - OTHER INFORMATION (Continued)

6. Upcoming Accounting Pronouncements
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

CITY OF FOND DU LAC, WISCONSIN
Schedule of Funding Progress
Other Post-Employment Benefit Plan
For the Year Ended December 31, 2014

Actuarial Valuation Date December 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Unit Credit	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2008	$ -	$ 8,634,315	0.00%	$ 8,634,315	$ 16,580,000	52%
2010	-	8,821,561	0.00%	8,821,561	20,712,000	43%
2012	-	6,332,156	0.00%	6,332,156	21,036,395	30%
2014	-	4,245,582	0.00%	4,245,582	19,719,206	22%

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

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

Year Ended December 31,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2008	$ 307,932	$ 860,429	36%
2009	347,705	873,439	40%
2010	514,082	1,001,557	51%
2011	380,180	1,001,558	38%
2012	645,573	718,033	90%
2013	398,490	822,896	48%
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

CITY OF FOND DU LAC, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
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	-	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	16,531	-	16,531
Restricted			
CDBG	1,722,691	-	1,722,691
Committed			
Nonmajor special revenue funds	2,873,347	-	2,873,347
Nonmajor capital project funds	-	2,483,274	2,483,274
Unassigned	(19,639)	-	(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

CITY OF FOND DU LAC, WISCONSIN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014

	Library	City Grant Programs	Community Development Block Grant	Harbor & Boating Facilities	Community Projects	Solid Waste and Recycling	Parking
ASSETS							
Cash and investments	$ 200,955	$ -	$ 1,605,258	$ 126,494	$ 186,089	$ 132,651	$ 20,304
Accounts receivable	2,100	-	15,000	3,834	-	7,500	2,119
Taxes receivable, net	1,743,322	-	-	-	-	1,994,671	-
Special assessment receivable	-	-	-	-	-	24,976	-
Community development loans receivable	-	-	6,047,547	-	-	-	-
Due from other governments	-	42,406	112,266	-	20,678	-	-
Inventories	-	-	-	-	-	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:							
Accounts payable	$ 37,639	$ 4,314	$ 8,832	$ 1,415	$ 4,787	$ 147,416	$ 2,746
Contracts payable	-	-	-	-	-	-	-
Accrued compensation	76,191	-	-	-	-	14,489	4,901
Due to other funds	-	23,174	-	-	-	-	-
Unearned revenue	-	-	-	-	-	1,256,016	-
Other	-	-	1,000	19	6,930	-	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	1,743,322	-	-	-	-	738,485	-
Loans receivable	-	-	6,047,548	-	-	-	-
Total deferred inflows of resources	1,743,322	-	6,047,548	-	-	738,485	-
Fund balances:							
Nonspendable							
Inventories	-	-	-	-	-	16,531	-
Restricted							
Community development projects and loans	-	-	1,722,691	-	-	-	-
Committed							
Subsequent years' expenditures	89,379	14,918	-	128,894	195,050	3,392	-
Unassigned	-	-	-	-	-	-	(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	$ 1,946,531	$ 42,406	$ 7,780,071	$ 130,328	$ 206,767	$ 2,176,329	$ 22,423

(Continued)

CITY OF FOND DU LAC, WISCONSIN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2014

	Transit	Haz Mat Agreement	Fuel Pump Maintenance	Special Events	TIF Districts	Property Insurance Deductible	Total
ASSETS							
Cash and investments	$ 273,067	$ 59,130	$ 116,382	$ -	$ 1,937,652	$ 19,083	$ 4,677,065
Accounts receivable	705	2,400	-	-	-	-	33,658
Taxes receivable, net	221,591	-	-	-	981,662	-	4,941,246
Special assessment receivable	-	-	-	-	-	-	24,976
Community development loans receivable	-	-	-	-	-	-	6,047,547
Due from other governments	304,008	-	-	-	-	-	479,358
Inventories	-	-	-	-	-	-	16,531
Other	-	-	-	-	-	-	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	$ 206,098	$ 513	$ 7	$ -	$ 500	$ -	$ 414,267
Contracts payable	10,282	-	-	-	1,500	-	11,782
Accrued compensation	24,714	-	-	-	-	-	120,295
Due to other funds	-	-	-	7,279	-	-	30,453
Unearned revenue	-	-	-	-	-	-	1,256,016
Other	28,513	-	-	-	-	-	62,184
Total liabilities	269,607	513	7	7,279	2,000	-	1,894,997
Deferred Inflows of Resources:							
Property taxes	221,591	-	-	-	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	-	-	-	-	-	-	16,531
Restricted							
Community development projects and loans	-	-	-	-	-	-	1,722,691
Committed							
Subsequent years' expenditures	308,173	61,017	116,375	1,414	1,935,652	19,083	2,873,347
Unassigned	-	-	-	(8,693)	-	-	(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

CITY OF FOND DU LAC, WISCONSIN
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	-	683,000	272,000	-	-	955,000
Due from other governments	375,000	7,651	-	60,000	-	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	103,015	43,427	-	3,065	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

CITY OF FOND DU LAC, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 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	-	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	-	183,529
Public works	3,574,571	-	3,574,571
Culture and recreation	3,058,489	-	3,058,489
Community development	942,401	-	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
Excess (deficiency) of revenues 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	-	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
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

CITY OF FOND DU LAC, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014

	Library	City Grant Programs	Community Development Block Grant	Harbor & Boating Facilities	Community Projects	Solid Waste and Recycling	Parking
REVENUES							
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	-	-	-	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	-	-
Public works	-	-	-	-	-	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	-	-	-	-	-	-	-
Capital outlay	-	-	972,393	-	-	-	-
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	480,061	25,212	3,441	(27,229)	(10,946)
OTHER FINANCING SOURCES (USES)							
Long-term debt issued	-	-	-	-	-	-	-
Premium on debt issued	-	-	-	-	-	-	-
Transfers in	-	-	28,346	-	-	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)

CITY OF FOND DU LAC, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2014

	Transit	HazMat Agreement	Fuel Pump Maintenance	Special Events	TIF Districts	Property Insurance Deductible	Total
REVENUES							
Property taxes	$ 221,591	$ -	$ -	$ -	$ 768,997	$ -	$ 3,207,591
Other taxes	-	-	-	58,879	-	-	58,879
Intergovernmental	1,134,338	36,466	-	-	5,913	-	2,705,981
Charges for services	260,503	6,825	-	-	-	-	2,151,119
Court and parking fines	-	-	-	-	-	-	41,549
Investment earnings	(395)	-	-	-	-	-	16,956
Miscellaneous	34,430	-	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	-	-	-	-	183,529
Public works	1,555,287	-	2,211	-	-	-	3,574,571
Culture and recreation	-	-	-	57,465	-	-	3,058,489
Community development	-	-	-	-	472,949	-	942,401
Interest and other charges	-	-	-	-	3,400	-	3,400
Capital outlay	-	-	-	-	-	-	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	-	-	-	-	869	-	869
Transfers in	-	7,500	-	-	-	-	129,849
Transfers out	(14,500)	-	-	-	(410,628)	-	(755,158)
Total other financing sources (uses)	(14,500)	7,500	-	-	630,241	-	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

CITY OF FOND DU LAC, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2014

	General Capital Projects	Streets	Storm Sewers	Parks	Special 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

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

	Library			City Grant Programs			Harbor & Boating Facilities			Community Projects		
	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)
REVENUES												
Property taxes	$ 1,709,139	$ 1,709,139	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	819,874	819,865	(9)	24,000	54,802	30,802	-	-	-	-	52,219	52,219
Charges for services	79,500	75,937	(3,563)	-	-	-	204,000	210,949	6,949	-	-	-
Court and parking fines	-	-	-	-	-	-	3,540	3,852	312	-	-	-
Investment earnings	-	-	-	-	-	-	3,000	2,461	(539)	-	28	28
Miscellaneous	154,242	221,947	67,705	-	-	-	-	-	-	-	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	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	37,720	(37,720)	-	-	-	-	112,546	(112,546)
Public works	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation	2,733,584	2,766,872	(33,288)	15,000	13,152	1,848	126,280	192,050	(65,770)	-	28,950	(28,950)
Community development	-	-	-	-	-	-	-	-	-	-	4,809	(4,809)
Interest and other charges	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-
Premium on debt issued	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	(29,000)	(24,690)	4,310	-	-	-	(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) - 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)

CITY OF FOND DU LAC, WISCONSIN

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

	Solid Waste and Recycling			Parking			Transit			HazMat Agreement		
	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)
REVENUES												
Property taxes	$ 507,864	$ 507,864	$ -	$ -	$ -	$ -	$ 221,591	$ 221,591	$ -	$ -	$ -	$ -
Intergovernmental	157,273	157,036	(237)	-	-	-	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	-	-	-	60,000	37,697	(22,303)	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	(475)	(395)	80	-	-	-
Miscellaneous	-	8,464	8,464	-	56	56	12,000	34,430	22,430	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	30,964	33,263	(2,299)
Public works	1,811,738	2,017,073	(205,335)	-	-	-	1,666,099	1,555,287	110,812	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-
Community development	-	-	-	394,348	329,124	65,224	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-
Premium on debt issued	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	94,003	94,003	-	-	-	-	-	-	7,500	7,500	-
Transfers out	(100,000)	(200,000)	(100,000)	-	-	-	(14,500)	(14,500)	-	-	-	-
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	-
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)

CITY OF FOND DU LAC, WISCONSIN

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

	Fuel Pump Maintenance			TIF Districts		
	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)
REVENUES						
Property taxes	$ -	$ -	$ -	$ 757,280	$ 768,997	$ 11,717
Intergovernmental	-	-	-	6,417	5,913	(504)
Charges for services	-	-	-	-	-	-
Court and parking fines	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-
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	-	-	-	-	-	-
Public works	4,000	2,211	1,789	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	1,759,999	472,949	1,287,050
Interest and other charges	-	-	-	-	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	-	-	-	-	869	869
Transfers in	-	-	-	(750)	-	750
Transfers out	-	-	-	(410,195)	(410,628)	(433)
Total other financing sources (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	-
Fund balances (deficit) - December 31	$ 111,458	$ 116,375	$ 4,917	$ 518,954	$ 1,935,652	$ 1,416,698

CITY OF FOND DU LAC, WISCONSIN

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

Debt Service Fund

For the Year Ended December 31, 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

CITY OF FOND DU LAC, WISCONSIN
Combining Statement of Net Position
Internal Service Funds
December 31, 2014

	Health Insurance	Information Technology	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	-	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

CITY OF FOND DU LAC, WISCONSIN

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the Year Ended December 31, 2014

	Health Insurance	Information Technology	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

CITY OF FOND DU LAC, WISCONSIN
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

CITY OF FOND DU LAC, WISCONSIN

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

CITY OF FOND DU LAC, WISCONSIN
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	377,000	2,656,169	-	2,126,651	-	145,162	5,304,982
Fire protection	454,342	3,162,444	23,541	4,009,890	-	-	7,650,217
Ambulance	-	-	-	1,113,140	-	-	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	-	-	-	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	-	-	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

CITY OF FOND DU LAC, WISCONSIN

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	5,475,923	314,644	485,585	5,304,982
Fire protection	7,556,673	93,544	-	7,650,217
Ambulance	1,113,140	-	-	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 finanical health.

Category	Pages
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Invested in capital assets, net of related debt	$ 107,220,232	$ 107,412,441	$ 106,473,954	$ 104,098,121	$ 95,685,038	$ 98,081,195	$ 95,930,395	$ 81,618,359	$ 76,912,015	$ 71,413,644
Restricted	1,783,067	2,092,982	3,701,801	4,580,770	4,085,076	2,126,824	2,217,656	1,443,920	1,406,998	1,899,422
Unrestricted	18,583,789	20,270,954	19,258,033	17,773,361	19,697,434	12,357,734	5,647,742	14,581,825	16,351,636	16,833,015
Total government activities net assets	$ 127,587,088	$ 129,776,377	$ 129,433,788	$ 126,452,252	$ 119,467,548	$ 112,565,753	$ 103,795,793	$ 97,644,104	$ 94,670,649	$ 90,146,081
Business-type activities										
Invested in capital assets, net of related debt	$ 51,995,538	$ 66,061,153	$ 68,077,271	$ 66,483,919	$ 65,864,910	$ 65,677,207	$ 67,300,385	$ 80,275,705	$ 90,430,362	$ 98,116,652
Restricted	12,347,326	13,129,295	8,192,121	9,580,648	14,131,694	14,316,382	10,376,924	8,393,145	6,452,250	6,230,592
Unrestricted	4,536,385	(249,756)	7,663,590	13,513,824	24,545,964	27,668,488	35,301,494	29,752,670	25,931,756	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	$ 159,215,770	$ 173,473,594	$ 174,551,225	$ 170,582,040	$ 161,549,948	$ 163,758,402	$ 163,230,780	$ 161,894,064	$ 167,342,377	$ 169,530,296
Restricted	14,130,393	15,222,277	11,893,922	14,161,418	18,216,770	16,443,206	12,594,580	9,837,065	7,859,248	8,130,014
Unrestricted	23,120,174	20,021,198	26,921,623	31,287,185	44,243,398	40,026,222	40,949,236	44,334,495	42,283,392	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

City of Fond du Lac, Wisconsin

CHANGES IN NET POSITION

Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities										
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										
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										
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
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	-
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

City of Fond du Lac, Wisconsin

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)

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

City of Fond du Lac, Wisconsin

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	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	53,115	353,587	592,917	962,169	876,223	83,300	110,500	129,700
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:										
Debt service fund	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
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)
Total all other governmental funds	$ 13,891,156	$ 15,515,737	$ 15,723,886	$ 15,104,534	$ 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.

City of Fond du Lac, Wisconsin

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES										
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%

City of Fond du Lac, Wisconsin

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Total[1] Assessed Value	Total Direct Tax Rate	Estimated[2] Actual Value	Ratio of Total Assessed to Estimated Actual Value
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:

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

[2] Estimated Actual Values (Equalized Values) are provided by the Wisconsin Deparment of Revenue Supervisor

City of Fond du Lac, Wisconsin

PRINCIPAL TAXPAYERS

Current Year and Nine Years Ago

2014				2005			
Name	**Type of Business**	**Assessed[a] Valuation**	**Percent Total Assessed Valuation**	**Name**	**Type of Business**	**Assessed[b] Valuation**	**Percent Total Assessed Valuation**
Mercury Marine	Manufacturer of Boat Engines	$ 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		$ 2,202,809,510	100.00%

Sources:

[a] 2014 City Assessment Roll.

[b] 2004 City Assessment Roll.

City of Fond du Lac, Wisconsin

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal[1] Year	Total[2 a] Tax Levied	Current[3 b] Tax Collected	Percent of Levy Collected
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:

[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.

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

Sources:

[a] Tax levy reconciliation file.

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

City of Fond du Lac, Wisconsin

PROPERTY TAX RATES AND TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS

ASSESSED VALUE BASIS

Last Ten Fiscal Years

Fiscal[1] Year	City of Fond du Lac		Fond du Lac School District		Moraine Park Technical College		Fond du Lac County		State of Wisconsin		Gross Tax Rate	State Tax Credit		Net Tax Rate	Total
	Tax Rates per $1,000 of Assessed Value and Percent of Total														
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 Levies										Total				
2014	$ 21,751,481		$ 25,183,570		$ 4,025,570		$ 15,042,270		$ 435,422		$ 66,438,313				
2013	21,067,332		24,344,422		3,949,154		14,649,892		435,016		64,445,816				
2012	20,744,450		23,894,325		3,914,660		14,548,034		448,572		63,550,041				
2011	20,470,060		24,145,645		3,925,948		1,478,642		618,297		50,638,592				
2010	19,751,289		23,129,717		3,792,413		13,823,980		464,462		60,961,861				
2009	19,054,315		21,317,456		3,591,530		12,995,963		453,916		57,413,180				
2008	18,897,278		20,313,809		3,431,018		12,381,718		434,482		55,458,305				
2007	18,490,470		18,241,868		3,329,928		11,790,957		426,976		52,280,199				
2006	18,186,840		18,578,489		3,341,709		11,613,092		438,989		52,159,119				
2005	17,516,586		18,803,388		3,292,492		11,076,153		446,910		51,135,529				

Notes:
[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.

City of Fond du Lac, Wisconsin

RATIO OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

	Governmental Activities			Business-type Activities				
Fiscal Year	General Obligation Bonds	General Obligation Notes	Capital Leases[1]	Revenue Bond Debt	General Obligation Bonds	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.

City of Fond du Lac, Wisconsin

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year	Population[a]	General Bonded Debt	Less: Amounts Available in Debt Service Fund	Total	Percentage of Assessed Value[1]	Percentage of Equalized Value[1]	Per 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.

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

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

City of Fond du Lac, Wisconsin

COMPUTATION OF LEGAL DEBT MARGIN

Last Ten Fiscal Years

	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:

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

Sources:

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

City of Fond du Lac, Wisconsin

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2014

	Net Debt Outstanding	Percentage Applicable to City of Fond du Lac[1]	City of Fond du Lac Share of Debt
Direct Debt:			
City of Fond du Lac	$ 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.

City of Fond du Lac, Wisconsin

Water Utility Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating[1] Expenses	Interest and Other Revenue	Income Available for Debt Service	Debt Service Requirements			Coverage
					Principal[2]	Interest	Total	
2014	$ 12,285,466	$ 4,318,788	$ 123,401	$ 8,090,079	$ 3,190,481	$ 1,606,172	$ 4,796,653	1.69
2013	12,078,425	4,231,224	11,770	7,858,971	2,905,684	1,883,516	4,789,200	1.64
2012	12,382,846	4,731,915	191,512	7,842,443	3,246,675	1,936,287	5,182,962	1.51
2011	12,690,230	4,211,058	239,655	8,718,827	4,553,435	1,435,783	5,989,218	1.46
2010	11,652,164	4,246,162	99,737	7,505,739	3,690,834	1,439,536	5,130,370	1.46
2009	9,790,165	3,794,684	229,195	6,224,676	2,433,629	2,537,005	4,970,634	1.25
2008	9,467,849	2,877,200	1,144,089	7,734,738	1,495,000	2,413,104	3,908,104	1.98
2007	6,366,839	3,215,283	1,656,724	4,808,280	1,440,000	1,324,938	2,764,938	1.74
2006	6,444,899	3,193,931	686,273	3,937,241	1,365,000	1,314,663	2,679,663	1.47
2005	6,513,120	2,994,138	370,890	3,889,872	2,290,000	1,294,089	3,584,089	1.09

Notes:

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

[2] Principal payments are shown net of debt principal refundings.

City of Fond du Lac, Wisconsin

Wastewater Collection & Treatment System Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating[1] Expenses	Interest and Other Revenue	Income Available for Debt Service	Debt Service Requirements[2]			Coverage
					Principal[3]	Interest	Total	
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.

City of Fond du Lac, Wisconsin

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population[a]	Adjusted[b] Gross Income Per Tax Return	Total Personal Income[c] thousands of dollars	Per Capita Personal Income[1c]	Median[d] Age	Annual[e] Unemployment Rate	Public[f] School Enrollment	Public[f] High School Graduates
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:
N/A = Not Available.

[1] Includes Fond du Lac County and Metropolitan Area

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

[b] Wisconsin Department of Revenue

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

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

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

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

City of Fond du Lac, Wisconsin

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

2014			2005		
Name	**Employees[a]**	**Percentage of Total City Employment[1]**	**Name**	**Employees[a]**	**Percentage of Total City Employment[1]**
Mercury Marine	3,000	6.29%	Mercury Marine	3,526	7.27%
Agmesian Health Care	2,964	6.21%	Agnesian Health Care	1,481	3.05%
Fond du Lac County	900	1.89%	J. F. Ahern	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:

[1] Wisconsin's WorkNet Current Employment Statistics

Sources:

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

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Culture and Recreation	Community Development	Total
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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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										297
Public	74	77	73	72	71	70	72	74	43	77
Gallons of Water Sold:										
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	356,280,172	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	189,314,970	346,566,644	320,528,853	321,641,496	290,630,912
Multifamily										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										
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										297
Public	74	77	73	72	71	70	72	74	43	77
System Usage in Gallons										
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	423,793,000	411,200,015	397,121,009	382,916,197	360,302,534	356,280,172	368,500,375	374,618,581	348,345,590	269,906,076
Industrial	322,219,000	318,813,727	317,491,502	213,231,560	153,712,025	189,314,970	346,566,644	320,528,853	321,641,496	290,630,912
Multifamily										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

Notes: N/A = Not Available

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

City of Fond du Lac, Wisconsin

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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

Schenck
CPAs AND SO MUCH MORE.

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.

Schmidt SC

Certified Public Accountants
Green Bay, Wisconsin
September 21, 2015

Schenck sc

CPAs AND SO MUCH MORE.

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.

Schmidt SC

Certified Public Accountants
Green Bay, Wisconsin
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	Program 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	14.228	--	$ 1,231,937	$ 83,360	$ 401,102	$ 430,342	$ 112,600
Community Development Block Grant- Program Income	14.228	--		-	133,778	133,778	-
Total Community Development Block Grant - State Administered CDBG Cluster and U.S. Department of Housing and Urban Development				83,360	534,880	564,120	112,600
U. S. Department of Transportation							
Passed through Wisconsin Department of Transportation:							
Federal Transit Cluster							
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	--	$ 1,500	-	1,698	1,698	-
Pedestrian Enforcement - 2014	20.600	--	$ 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	-	-	53,083	53,083
Total U. S. Department of Transportation				88,843	532,476	689,358	245,725
U.S. Department of Justice							
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	16.738	2013-DJ-BX-3325	$ 15,442	-	15,351	15,351	-
Edward Byrne Memorial Justice Assistance Grant-2014	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	-	-	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	Program or Award Amount	Cash/ Receivable at January 1, 2014	Receipts or Revenue Recognized	Disbursements/ Expenditures	(Deferred Revenue)/ Receivable at December 31, 2014
Wisconsin Department of Administration							
Office of Justice Assistance Grant-Beat Patrol	505.603	2013-BP-01-9968	$ 134,927	$ -	$ 121,434	$ 121,434	$ -
Wisconsin Department of Health & Family Services							
EMS-FAP Grant	435.17	--	$ 10,430	(8,637)	10,173	5,858	(12,952)
Wisconsin Department of Natural Resources							
Urban Forestry	370.587	UF-1163-14	$ 5,409	-	-	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	-	-	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	43,638	-	-
Operating Assistance Grant - 2010	395.104	--	$ 423,617	42,362	42,362	-	-
Operating Assistance Grant - 2011	395.104	--	$ 436,369	40,257	40,257	-	-
Operating Assistance Grant - 2012	395.104	--	$ 421,652	42,165	42,165	-	-
Operating Assistance Grant - 2013	395.104	--	$ 397,275	39,727	-	-	39,727
Operating Assistance Grant - 2014	395.104	--	$ 462,484	-	416,236	462,484	46,248
Total Wisconsin Department of Transportation				208,149	584,658	462,484	85,975
TOTAL STATE AWARDS				$ 207,571	$ 726,547	$ 667,954	$ 148,978
TOTAL FEDERAL AND STATE AWARDS				$ 379,774	$ 1,820,542	$ 1,998,675	$ 557,907

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

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

Identification of major federal program:

CFDA Number	Name of Federal Program
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:	$300,000
Auditee qualified as low-risk auditee	Yes

Section II - Financial Statement Findings

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