

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
CITY OF APPLETON, WISCONSIN**

Year Ended December 31, 2003

**FINANCE DEPARTMENT**

Lisa A. Maertz, CPA, CPFO, Director of Finance  
Anthony D. Saucerman, CPA, Deputy Director of Finance  
Kelli K. Rindt, CPA, Accounting Manager  
John F. Hoft-March, CMA, Budget Manager  
Lisa R. Maloney, Grants Administrator

# CITY OF APPLETON

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# INTRODUCTORY SECTION

**DEPARTMENT OF FINANCE  
100 North Appleton Street  
Appleton, WI 54911  
920/832-6442**

June 17, 2004

The Honorable Mayor Hanna  
Chairman Groat and Members of the Common Council  
City of Appleton:

The Comprehensive Annual Financial Report of the City of Appleton for the fiscal year ended December 31, 2003, is hereby submitted.

**Management Representations**

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City.

All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

**Significant Change in Presentation**

With the December 31, 2003 financial statements, the City adopted Governmental Accounting Standards Board Statement 34, *“Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.”* The format and purpose of these changes are addressed in the Management’s Discussion and Analysis section of this report. Additionally, the notes to the financial statements discuss the change and reflect and explain the effects and results of these changes.

**Report Organization**

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, reporting award, the City's organizational chart and a directory of officials. The Financial Section includes the auditors report, management discussion and analysis, the government-wide and fund financial statements along with the notes and supplementary information. The Statistical Section includes selected financial and demographic information, generally presented on a multiyear basis. The Single Audit Section is described in the following paragraph.

The City is required to undergo an annual single audit in accordance with Generally Accepted Auditing Standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Information related to this single audit, including the schedule of federal and state financial assistance, findings and recommendations and auditors' reports on the internal control structures and compliance with applicable laws and regulations, are presented under this cover.

### **The Reporting Entity**

The City provides a full range of services, including police and fire protection, sanitation services, construction and maintenance of highways, streets and infrastructure, health services, planning and development, library, recreational activities and cultural events. The Water Utility, Wastewater Utility, Valley Transit System, Parking Utility, Stormwater Utility and Reid Municipal Golf Course are reported as enterprise funds of the primary government. The Appleton Housing Authority, Business Improvement District and the Appleton Redevelopment Authority component units, are reported in the government-wide financial statements to emphasize that they are legally separate from the primary government. However, the school districts (Appleton, Menasha, Kimberly, Freedom), sanitary districts (Grand Chute Sanitary District #1, Town of Menasha Utility District, Waverly Sanitary District, Darboy Sanitary District) and Fox Valley Technical College do not meet the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report. These entities are independent jurisdictions with elected governing bodies and minimal financial interdependency with the City.

### **Background Information**

In 1634, Jean Nicolet, commissioned by Champlain to explore this region, paddled his way up the Fox River from Green Bay. Various tribes of Indians roamed the lands of present day Appleton which was ceded by the Menominee Indians to the United States in the Treaty of 1831. During the first few years of its history, there were three villages where the City of Appleton now stands: Lawesburgh on the east side, Grand Chute on the west end and Appleton in the middle. The three villages were incorporated under the name of Appleton in 1857. Very early, the Fox River improvements -- the building of dams and canals making it possible to use the water power for industry -- gave impetus to the growth of our City. The residents of our community are proud of Appleton's past and present; they manifest a great confidence in its future and a dedication to its ongoing betterment.

Geographically, the City is located in northeast Wisconsin in Outagamie, Winnebago, and Calumet Counties. It lies 30 miles south of Green Bay and 90 miles north of Milwaukee on Lake Winnebago. The City has a mayor/aldermanic form of government and sixteen alderpersons. Alderpersons are elected for two-year alternating terms, while our mayor is elected for a four-year term.

Because of its strategic location and population, the City of Appleton is a Metropolitan Statistical Area "central city" of the Appleton-Oshkosh-Neenah urban area as defined by the Federal Office of Management and Budget. Thus, the City is an "entitlement city" under the federal block grant program. Appleton is the county seat for Outagamie County and the largest city in both Outagamie and Calumet Counties.

City service units and facilities include: police services (140 full-time), fire protection (102 full time), public works (158.5 employees), administrative offices (73.5 employees), health services (13 employees), parks and recreation (41.5 employees), library services (46 employees), transportation (63 employees) and utilities (47 employees). Approximately 500 of the City's 684.5 employees are represented by the following bargaining units:

- International Association of Firefighters, representing City firefighters;
- Appleton Professional Policemen's Association, representing City non-supervisory police professionals;
- Appleton Professional Policemen's Association Supervisory Unit, representing supervisory police professionals;
- American Federation of Municipal Employees, representing Wastewater Division, Water Department Plant Employees and Central Building Maintenance;
- Teamster's Union Local 563, representing street, sanitation, maintenance, electrical, CEA, inspection, engineering aides, water distribution, health sanitarians, Valley Transit, community service officers, animal control officers, parking ramp personnel, meter checkers and clerical personnel in City Hall, police, fire, wastewater, park & recreation and water departments.

The City has historically enjoyed a low unemployment rate although the downturn in the economy has the unemployment rates higher at this time, along with the majority of the rest of the United States (5.6% for 2003). The City does maintain an above average adjusted gross income per household (\$43,597 for 2001). Additional background data is included in the Statistical Section of this report.

### **Economic Condition and Outlook/Major Initiatives**

The City of Appleton is one of the top growth areas in Wisconsin. Appleton is a significant regional center for the insurance industry and has an extensive presence of paper manufacturing and related industry facilities. The presence of four major insurance industry home offices or regional headquarters has stimulated related services as well as an "up-scale" housing market. The City's population has exceeded 70,000.

In 2003, total valuation of residential building construction was \$48,691,919. There were 203 single-family homes constructed with an average construction cost of \$199,862. In addition, there were 10 two-family residences and 8 apartment buildings constructed with a combined total of 244 units. Additions or alterations to existing dwellings added \$5,715,421 in value.

Appleton's commercial industrial permits totaled 205 in 2003 with a valuation of \$55,225,516. These permits were the result of new construction in developing outlying areas. The six largest commercial building permits, Richmond Terrace, Copper Leaf Hotel, Copps, Prospera Credit Union, First Federal Savings and Gordman's accounted for \$26 million in permit value.

Based on current projections, these positive trends are expected to continue. However, the rate of growth is expected to be stable over the next year. While the growth continues to provide a positive impact, it also presents significant challenges. The City continues to meet these challenges by planning for growth in a rational and economically sound manner. If the present high level of services are to be maintained in the future, the City must continue to explore innovative methods of financing and providing services.

### **Financial Information**

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

### **Single Audit**

As a recipient of federal, state and county financial assistance, the City also is responsible for establishing an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. This system of internal controls is subject to periodic evaluation by management.

As a part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal controls, including that portion related to federal and state financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations.

### **Budgetary Controls**

The City of Appleton maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual budget approved by the Common Council. Activities of the general fund, special revenue funds, debt service funds, capital projects funds, enterprise funds and internal service funds are included in the annual budget. In addition, project length financial plans are adopted for most capital projects funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the total fund expenditure level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances are reappropriated as part of the following year's budget through formal resolution.

As demonstrated by the statements and schedules included in the Financial Section of this report, the City continues to meet its responsibility for sound financial management.

### **Enterprise Operations**

The City's enterprise operations are comprised of six separate and distinct activities: Water Utility, Wastewater Utility, Valley Transit, Parking Utility, Stormwater Utility and Reid Municipal Golf Course.

**Retirement Program:** The City participates in the Wisconsin Retirement System, paying both employer and employee shares of contributions for most employees. Contribution benefit formulas and eligibility are all determined by the system, and explained in footnote V.A. of this report.

**Debt Administration:** As of December 31, 2003, the City had twenty-nine debt issues outstanding. These issues included \$55,846,190 of general obligation bonds and notes and \$95,837,356 of revenue bonds. The City has maintained its "Aa1" rating from Moody's Investors Service on general obligation debt, "A1" on its water, "A3" on its sewerage revenue bonds, and "Aa3" on the stormwater revenue bonds. Under Wisconsin statutes, general obligation debt is subject to a legal limitation based on 5% of total equalized value of real and personal property. As of December 31, 2003, the City's net general obligation debt of \$52,615,690 was well below the legal limit of \$182,020,950 (28.91%) and debt per capita equaled \$734.35. The City adheres to an aggressive repayment policy and uses capital financing to augment a "pay as you go" philosophy.

**Cash Management:** Cash temporarily idle during the year was invested in demand deposits, U.S. government and agency securities, corporate bonds, Wisconsin Investment Trust, the State of Wisconsin Local Government Investment Pool, repurchase agreements, and Government Money Markets. The average yield on all cash investments was 2.20%. The City and its proprietary funds earned investment revenue of \$3,172,947 on all investments for the year ended December 31, 2003.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Deposits are insured by federal depository insurance up to \$100,000. Investments in the State of Wisconsin Local Government Investment Pool, although unsecured, are insured and considered very safe since the pool's primary investment is government securities

**Risk Management:** The City became a member of the Cities and Villages Mutual Insurance Company on January 1, 1990. To join the insurance mutual, the City issued a \$2,300,000 taxable general obligation promissory note payable to the company. Our mutual insurance company is comprised of 37 Wisconsin cities and villages pooling their risk in the exposure areas of general liability, workers compensation, police professionals and public officials' liability. The pool is capitalized in excess of \$25,000,000 and has not incurred any significant claims to date. The City anticipates substantial annual cost savings, increased self-insured levels (as accumulated funds grow) and advances in health, wellness, and safety programs to further reduce our risk.

### **Independent Audit**

City policy is in accordance with state and federal requirements to provide for an annual audit by independent certified public accountants. The accounting firm of Virchow, Krause and Company, LLP was selected by the City. In addition to meeting the requirements set forth by the American Institute of Certified Public Accountants, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Circular A-133. The independent auditors' report is included in the Financial Section of this report. The independent auditors' reports related specifically to the single audit are also included in the Single Audit Section. As part of the examination, the independent auditor is also issuing an internal control letter covering their review of the City's system of internal control over financial reporting and tests of compliance with certain provisions of laws, regulations, contracts, and grants. The management and compliance letter will not modify or affect, in any way, this report.

### **Reporting Achievements**

This report has been prepared following the guidelines recommended by the Government Finance Officers' Association of the United States and Canada. The Government Finance Officers' Association awards a "Certificate of Achievement for Excellence in Financial Reporting" to those governments whose annual financial reports are judged to conform substantially with high standards of public financial reporting, including Generally Accepted Accounting Principles promulgated by the Governmental Accounting Standards Board (GASB).

The City of Appleton was awarded the "Certificate of Achievement for Excellence in Financial Reporting" for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2002. A "Certificate of Achievement for Excellence in Financial Reporting" is valid for a period of one year only. We believe our current report for the year ended December 31, 2003 continues to meet program standards. It will be submitted to the Government Finance Officers' Association to determine its eligibility for the "Certificate of Achievement for Excellence in Financial Reporting".

### **Acknowledgements**

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the City's Finance Department, our auditors, Virchow, Krause and Company, LLP, and various other City personnel. We would like to express our sincere appreciation to all who assisted and contributed to its preparation. We would also like to thank Mayor Hanna and the Common Council for their interest and continuing support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Sincerely,

Lisa A. Maertz, CPA CPFO  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Appleton,  
Wisconsin

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2002

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



President

Executive Director

# CITY OF APPLETON

## Directory of Officials

### MAYOR

Timothy M. Hanna

### PRESIDENT OF THE COUNCIL

Earl J. Brooker

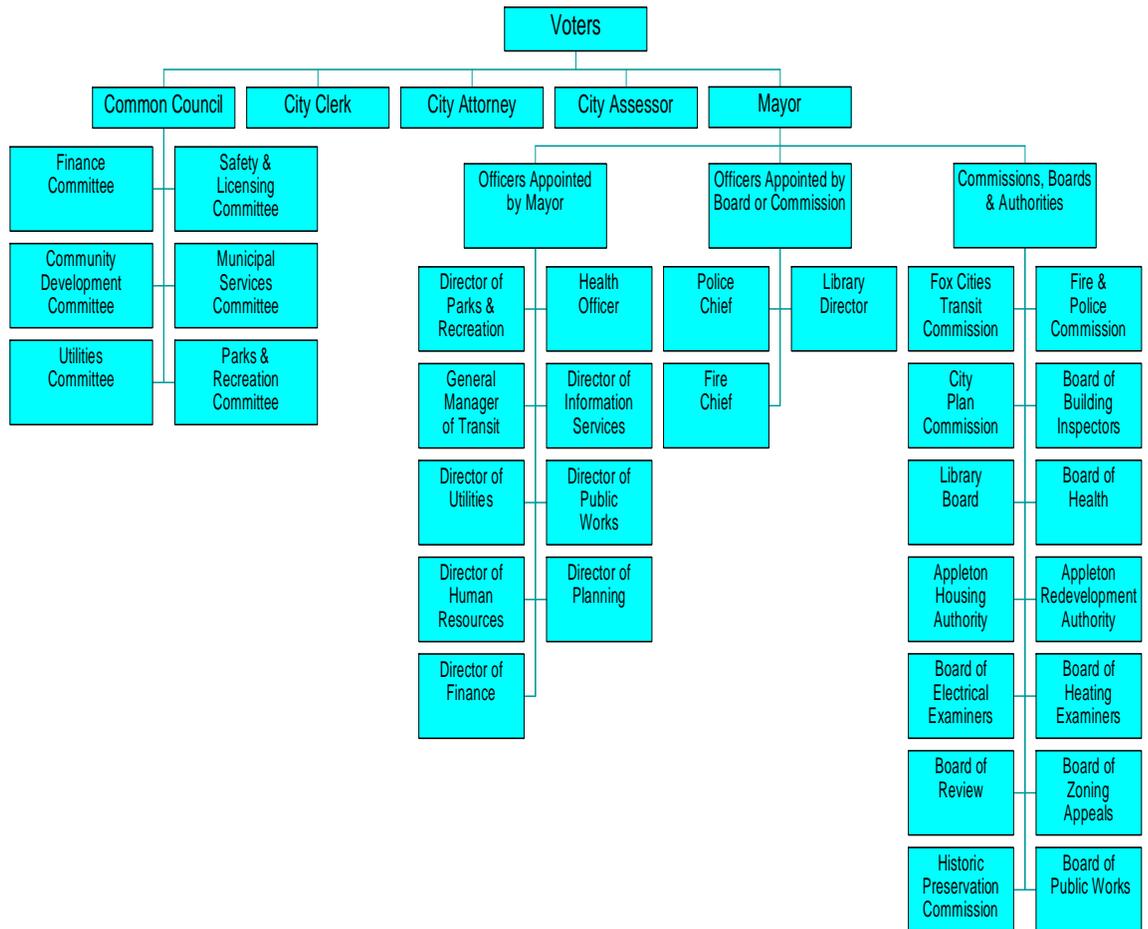
### COUNCIL MEMBERS

District 1:	Walter H. Kalata	District 10:	Robert V. Bellin
District 2:	Helen I. Nagler	District 11:	Earl J. Brooker
District 3:	Curt J. Konetzke	District 12:	Erik A. Saucerman
District 4:	Edward L. Spang	District 13:	Edward T. Kranick
District 5:	Edward S. Baranowski	District 14:	Kathy D. Groat
District 6:	Leslie A. Niles	District 15:	Hank Eng
District 7:	James E. Clemons	District 16:	Jerome R. Hiler
District 8:	Richard A. Thompson		
District 9:	Shiloh J. Ramos		

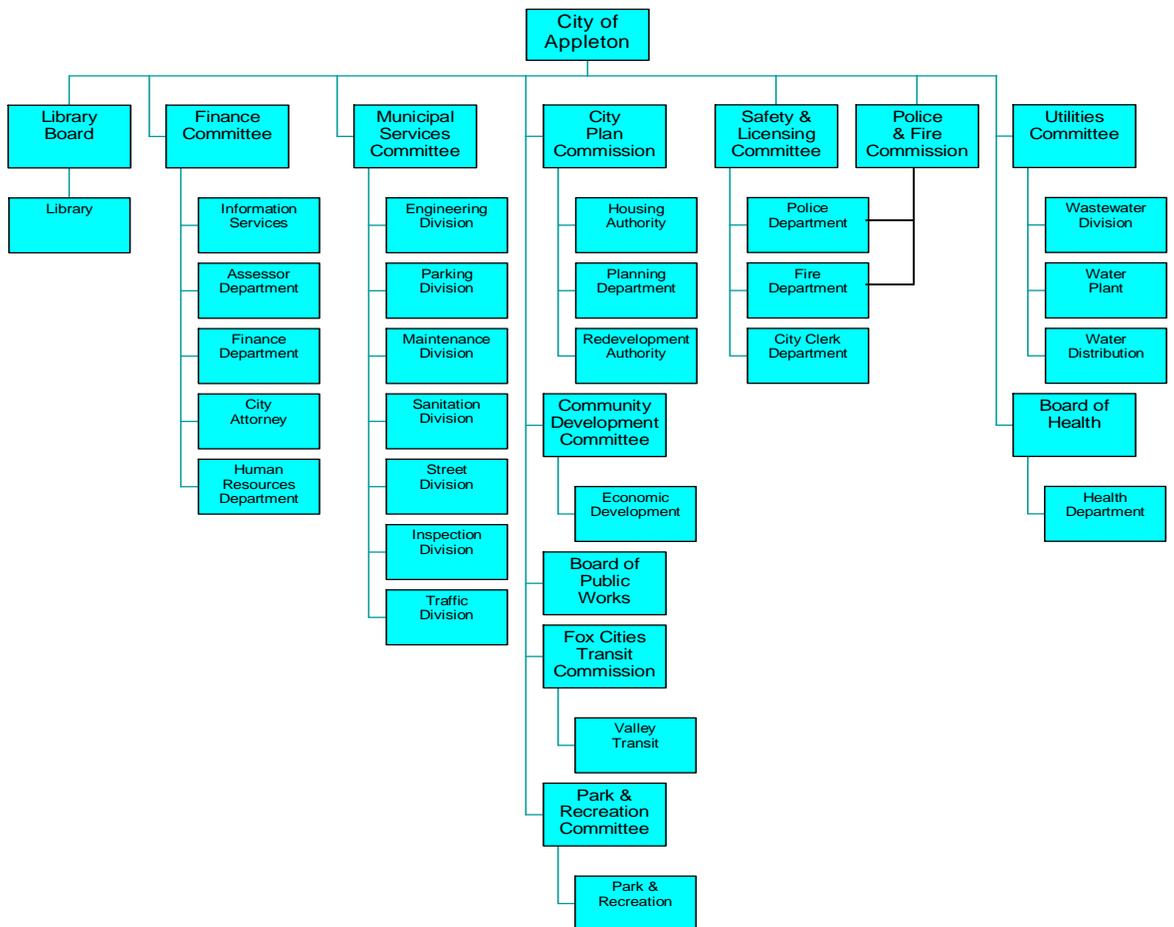
### DEPARTMENT/DIVISION HEADS

Director of Human Resources	Sandra A. Neisen
City Attorney	James P. Walsh
Fire Chief	Neil A. Cameron
Director of Library	Terry P. Dawson
Director of Economic Develop.	Peter A. Hensler
Director of Parks & Recreation	William N. Lecker
City Clerk	Cynthia I. Hesse
Valley Transit General Manager	Charles L. Kamp
Director of Utilities	Duane D. Leaf
Director of Information Services	Scott J. Liske
Police Chief	Richard W. Myers
Director of Public Works	Paula A. Vandehey
City Assessor	Dawn C. Washatka
Health Officer	Kurt D. Eggebrecht
Director of Finance	Lisa A. Maertz
Director of Planning	Laura D. Johnston

# City of Appleton Structure by Voters



# City of Appleton Organizational Structure by Committee



# FINANCIAL SECTION

## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the Common Council  
City of Appleton  
Appleton, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Appleton, Wisconsin, as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Appleton's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the City of Appleton, which represent 97 percent and 96 percent, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Authority, is based on the report of the other auditors.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Appleton, Wisconsin, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I.B., the City of Appleton has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as of December 31, 2003.

The Honorable Mayor and Members of the Common Council  
City of Appleton

In accordance with *Government Auditing Standards*, we have issued a report on our consideration of the City of Appleton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages xviii through xxxi and 70 through 77 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we and the other auditors did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Appleton's basic financial statements. The combining and individual fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The "Letter of Transmittal" and "Statistical Section" listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Appleton. The information has not been audited by us and, accordingly, we express no opinion on such information.

Virchow, Krause & Company, LLP

Madison, Wisconsin  
March 24, 2004

# CITY OF APPLETON

## MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2003

As management of the City of Appleton, Wisconsin we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2003. We encourage readers to consider the information presented here in conjunction with the City's financial statements. The City implemented Governmental Accounting Standards Board Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* for the first time this year.

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### **FINANCIAL HIGHLIGHTS**

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- The assets of the City of Appleton exceeded its liabilities at the close of the most recent fiscal year by \$411,972,760. Of this amount, \$30,954,873 may be used to meet the government's obligations to citizens and creditors as the rest of the amount includes funds subject to external restrictions on how they may be used and all major infrastructure capital assets.
  - The City's total net assets increased by \$9,349,262. Despite a sluggish economy, the City of Appleton continues to grow. 906 building permits were issued in 2003 valued at \$109,632,856 compared to 916 permits valued at \$116,998,613 in 2002. Our equalized value grew 4.48% from 2002 to 2003 with single-family homes accounting for a large sector of that growth. This growth requires related infrastructure necessary to expand.
  - As of the close of the current fiscal year, the City of Appleton's governmental funds reported combined ending fund balances of \$13,935,354, a decrease of \$1,742,363 in comparison with the prior year. There is an unrestricted deficit of \$2,224,463 due to the net costs that still need to be recovered from tax increments in our tax financing districts.
  - At the end of the current fiscal year, the undesignated and unreserved balance in the general fund is \$986,817. Of this amount, approximately \$199,000 is in excess of the City's general fund reserve policies. Of this amount, 75% or \$153,000 is to be used for the reduction of long term debt and 25% or \$46,000 is subject to recommendation from the Finance Committee to be used for additional reduction of long-term debt or general fund expenditures with final Common Council approval.
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### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **GOVERNMENT-WIDE STATEMENTS**

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

# CITY OF APPLETON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2003

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### **OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)**

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The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

The *Statement of Activities* presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of the 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 compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from 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 include general government; public safety; public works; education and recreation; and community development. The business-type activities of the City of Appleton include transit and the water, stormwater, and sewer utilities.

The government-wide financial statements include not only the City of Appleton itself (known as the primary government), but also three component units that are separate legal entities for which the City of Appleton is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 1 to 3 of this report.

### **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, 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 can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 financing requirements.

# CITY OF APPLETON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2003

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### **OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)**

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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.

The City maintains 35 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, TIF District No. 1, TIF District No. 3, and Debt Service, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 4 to 6 of this report.

*Proprietary Funds* – The City maintains two different 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 uses enterprise funds to account for its Sewer, Water, Stormwater and Parking Utilities in addition to Valley Transit and Reid Golf Course. The City uses its internal service funds to account for its central equipment agency and insurance programs. The services provided by these funds predominately benefit the government rather than the business-type functions. They have been included within the 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 Valley Transit and the Sewer, Water and Stormwater Utilities since they are considered to be major funds of the City. Data from the other proprietary enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report. All internal service funds are also combined into a single, aggregated column in the proprietary fund financial statements. Individual fund information is provided in the Supplementary Section of this report.

The basic proprietary fund financial statements can be found on pages 7 to 16 of this report.

*Fiduciary Funds* – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 17 of this report.

# CITY OF APPLETON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2003

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### **OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)**

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*Notes to the Financial Statements* – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 to 69 of this report.

*Other Information* – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a detailed budgetary comparison schedule for the General Fund and TIF Incremental District Nos. 1 and 3 to demonstrate compliance with the budget. These schedules and the related notes can be found on pages 70 to 77 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds, proprietary funds, and other information related to the individual funds are presented immediately following the required supplementary information. Combining and individual statements and schedules can be found on pages 78 to 128 of this report.

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### **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

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An analysis of the City's financial position begins with a review of the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets. These two statements report the City's net assets and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth and new regulations.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Appleton, assets exceeded liabilities by \$411,972,760 as of December 31, 2003.

The largest portion of the City's net assets (approximately 90%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

With the first year implementation of GASB Statement No. 34, the City is not presenting comparable columns in the various comparisons and analyses for the prior year.

## CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For Year Ended December 31, 2003

### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

#### CITY OF APPLETON'S NET ASSETS

	Governmental Activities 2003	Business- Type Activities 2003	Total
Current and Other Assets	\$ 78,354,249	\$ 54,685,237	\$ 133,039,486
Capital Assets	<u>242,701,765</u>	<u>243,876,966</u>	<u>486,578,731</u>
Total Assets	<u>321,056,014</u>	<u>298,562,203</u>	<u>619,618,217</u>
Long-term Liabilities	60,059,801	98,436,474	158,496,275
Other Liabilities	<u>42,558,857</u>	<u>6,590,325</u>	<u>49,149,182</u>
Total Liabilities	<u>102,618,658</u>	<u>105,026,799</u>	<u>207,645,457</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	222,306,765	148,565,590	370,872,355
Restricted	218,516	9,927,016	10,145,532
Unrestricted (deficit)	<u>(4,087,925)</u>	<u>35,042,798</u>	<u>30,954,873</u>
Total Net Assets	<u>\$ 218,437,356</u>	<u>\$ 193,535,404</u>	<u>\$ 411,972,760</u>

An additional portion of the City's net assets (approximately 2.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$30,954,873 may be used to meet the government's ongoing obligation to citizens and creditors.

**Analysis of the City's Operations** – The following table provides a summary of the City's operations for the year ended December 31, 2003. The City first implemented GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, in 2003, therefore, comparative data is not presented. Governmental activities increased the City of Appleton's net assets by \$4,112,098, accounting for approximately 44% of the total growth in net assets. Of this amount, \$1,986,301 was contributed from others. Business-type activities increased the City's net assets by \$5,237,164, accounting for 56% of the total growth in net assets. Capital contributions in the business-type activities accounted for \$4,345,345 of the additions.

# CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For Year Ended December 31, 2003

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

### CITY OF APPLETON CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	<u>Governmental Activities 2003</u>	<u>Business- Type Activities 2003</u>	<u>Total</u>
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for services	\$ 4,945,020	\$ 29,400,525	\$ 34,345,545
Operating grants and contributions	2,320,915	4,355,203	6,676,118
Capital grants and contributions	4,416,370	4,345,345	8,761,715
<b>General Revenues:</b>			
Property taxes	32,614,255	-	32,614,255
Other taxes	866,069	-	866,069
Intergovernmental	17,271,606	-	17,271,606
Investment income	2,030,374	1,142,573	3,172,947
Gain (loss) on sale of assets	206,811	(3,206)	203,605
Miscellaneous	568,296	8,940	577,236
<b>Total Revenues</b>	<u><u>\$ 65,239,716</u></u>	<u><u>\$ 39,249,380</u></u>	<u><u>\$ 104,489,096</u></u>
<b>Expenses:</b>			
General government	\$ 6,492,619	\$ -	\$ 6,492,619
Public safety	22,639,969	-	22,639,969
Public works	15,379,335	-	15,379,335
Education and recreation	8,820,286	-	8,820,286
Community development	4,356,058	-	4,356,058
Interest and fiscal charges	4,080,710	-	4,080,710
Water Utility	-	11,436,383	11,436,383
Wastewater Utility	-	10,442,858	10,442,858
Valley Transit	-	5,951,388	5,951,388
Stormwater Utility	-	3,032,606	3,032,606
Other non-major proprietary funds	-	2,507,622	2,507,622
<b>Total Expenses</b>	<u><u>\$ 61,768,977</u></u>	<u><u>\$ 33,370,857</u></u>	<u><u>\$ 95,139,834</u></u>

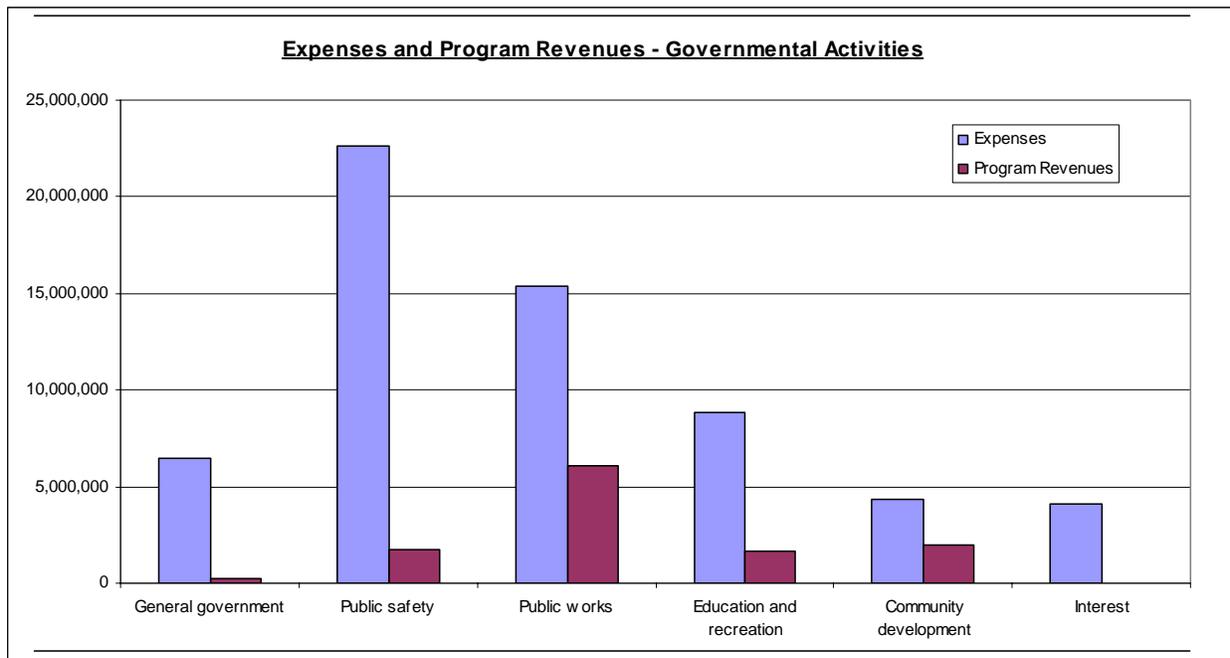
# CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For Year Ended December 31, 2003

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

### CITY OF APPLETON CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

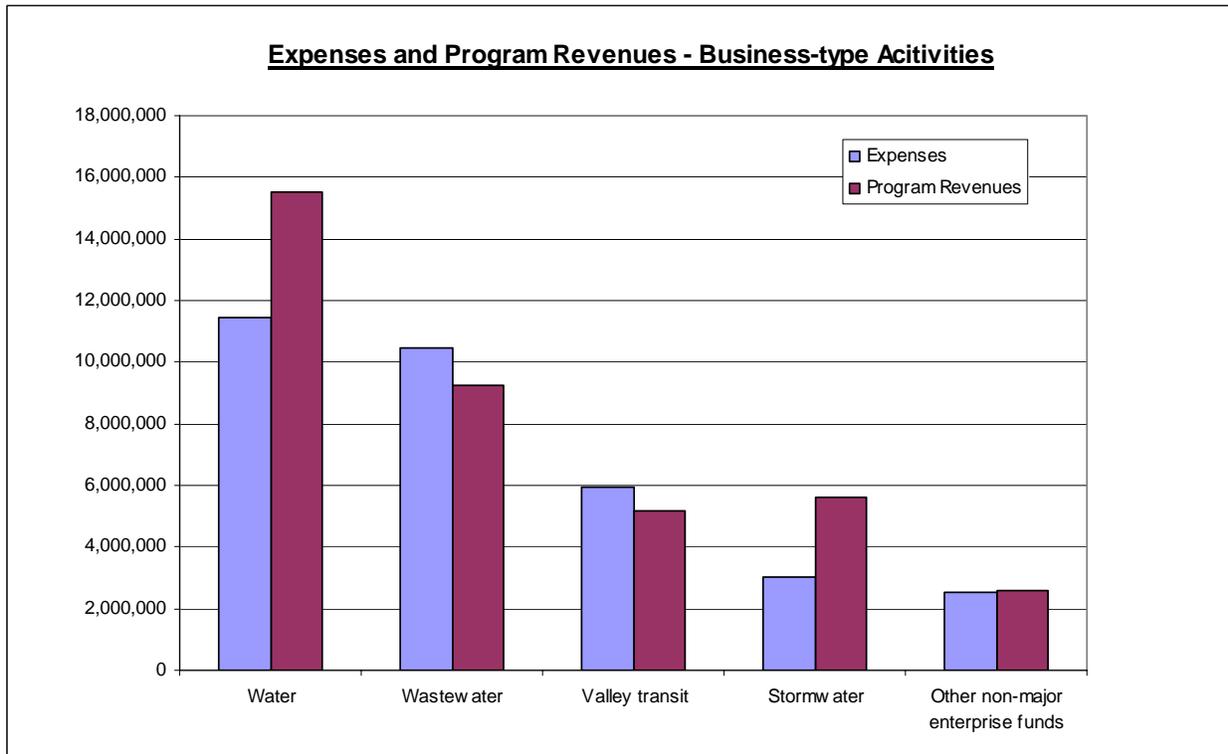
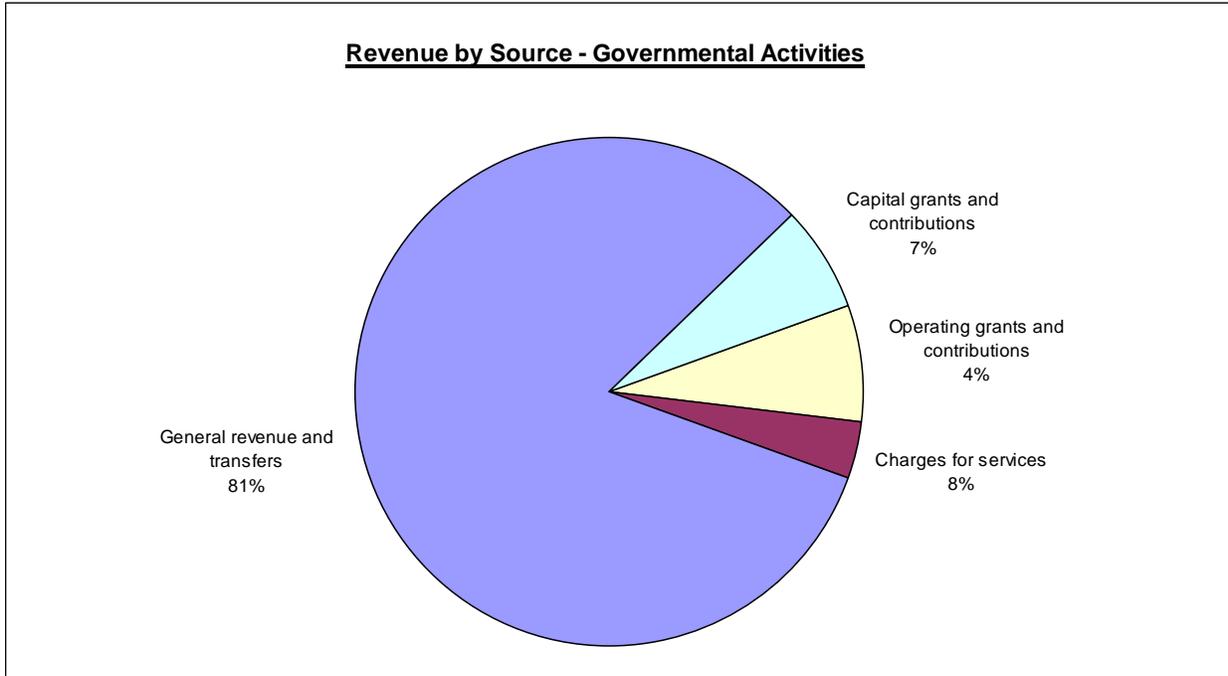
	Governmental Activities 2003	Business- Type Activities 2003	Total
Increases in net assets before transfers	\$ 3,470,739	\$ 5,878,523	\$ 9,349,262
Transfers	641,359	(641,359)	-
Increase in net assets	4,112,098	5,237,164	9,349,262
Net Assets – January 1, 2003	214,325,258	188,298,240	402,623,498
Net Assets – December 31, 2003	\$ 218,437,356	\$ 193,535,404	\$ 411,972,760



# CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For Year Ended December 31, 2003

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)



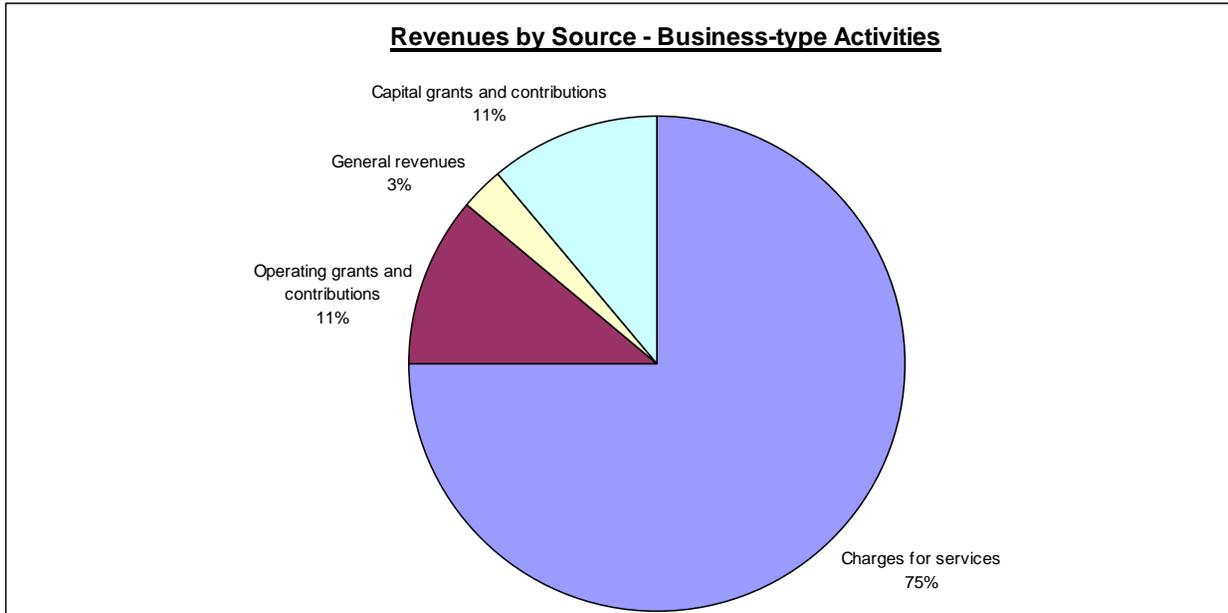
# CITY OF APPLETON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2003

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### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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#### ***GOVERNMENTAL FUNDS***

The focus of the City of Appleton'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's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At the end of current fiscal year, the City of Appleton's governmental funds reported combined ending fund balances of \$13,935,354. The fund balance that is reserved to indicate that it is not available for new spending because it has already been committed equals \$16,159,817. It includes: 1) \$4,102,982 to pay for encumbrances, 2) \$314,311 for prepaid items, 3) \$730,647 for inventories, 4) \$10,793,361 for loans receivable and 5) \$218,516 for debt retirement.

A net deficit fund balance of \$2,224,463 constitutes the unreserved fund balance due to our tax incremental districts as explained earlier. At year end, \$29,119,323 is designated for specific purposes (working capital and debt service for example), leaving a deficit of \$31,343,786 to be recovered from tax increment in our TIF districts.

# CITY OF APPLETON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2003

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### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)**

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#### ***GOVERNMENTAL FUNDS (cont.)***

**General Fund:** The general fund is the main operating fund of the City. The general fund has a detailed reserve policy that insures financial stability to the City of Appleton. The policy stipulates that the total unreserved fund balances (excluding designations for debt service) will be 25% of the following year's budgeted appropriations. It also calls for a designated balance for debt service of 25% of ensuing years debt service requirements. Any excess funds over that amount will have at least 75% used for the reduction of long-term liabilities. Utilization of the remaining funds is subject to recommendation from the Finance Committee to be used for additional reduction of long-term liabilities or general fund expenditures with final council approval. This policy has allowed the City to keep its debt outstanding well below the legal debt limit. We are currently at 28.9% of the limit or a debt per capita of \$734.35.

**Tax Incremental District No. 1 and 3:** These two districts are both closed for project expenditures but continue to exist in order to recover project costs from tax increments over their remaining statutory life. At this time, it is estimated that Tax Incremental District 1 will close prior to paying all interest to the general fund. This means that the actual rate assumed by the district on previous loans would be less than the originally established 5%. Tax Incremental District 3 is estimated to close prior to paying all interest to the general fund resulting in a rate less than the 5% established as well. In addition, no payments on principal or interest will be made to the Parking Utility (meaning the Parking Utility paid for a portion of the ramps rather than tax increment). Both of these projections are subject to change if more development occurs in the district than projected.

**Debt Service:** The debt service fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

#### ***PROPRIETARY FUNDS***

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

**Water Utility:** The Water Utility operating income was approximately \$6,461,000 in 2003, or a 7.01% rate of return on the net investment rate base. This compares to operating income of \$4,598,000 in 2002, or a 5.65% rate of return. The 2003 rate of return is below the 8% authorized by the Public Service Commission on August 20, 2002. The increase in income is attributed to a rate increase that went into effect in September of 2002. Also, operating expenses decreased with the closing of the old water treatment plant. The percentage of water lost increased from 9% to 15% largely due to a leak found in a river crossing main. The customer loss of Foremost Farms due to the closing of the John Street plant also had an impact on revenue.

# CITY OF APPLETON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2003

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (cont.)

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#### *PROPRIETARY FUNDS* (cont.)

**Sewer Utility:** The Sewer Utility realized an operating loss of approximately \$1,372,000 in 2003 compared to an operating loss of \$1,465,000 in 2002. During the last rate study, rates were designed to result in an operating loss in order to refund a share of the cash reserves to the customers. In order to accomplish this goal, the utility implemented a 4.77% decrease effective in May 2001. This resulted in unrestricted cash and investments decreasing by \$306,000 in 2003. Even with the reduction, unrestricted cash and investments currently remain strong at \$3,761,000. The customer loss of Foremost Farms due to the closing of the John Street plant also had an impact on revenue.

**Stormwater Utility:** The Stormwater Utility operating income was approximately \$885,000 in 2003 compared to an operating income of \$649,000 in 2002. The majority of the improvement was due to less maintenance expense. Cash flows from operating activities decreased slightly to \$1,423,000 in 2003 compared to \$1,537,000 in 2002. Additionally, the utility implemented a 31.48% rate increase effective October 1, 2003.

**Valley Transit:** Operating revenues increased approximately \$106,000 from 2002 to 2003 primarily the result of an across the board passenger fare increase implemented in January of 2003. It was the first fare increase since 1996 and is felt to be a key reason ridership dropped on both bus and paratransit use by 6% and 7%, respectively. Operating expenses grew \$160,000 with the largest increase in employee wages and benefits (\$101,000).

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### GENERAL FUND BUDGETARY HIGHLIGHTS

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The final amended General Fund budget had total appropriations of \$3,556,243 more than the original budget. The total original appropriations, including those for transfers out, were \$48,468,733, while the final appropriations were \$52,024,976. The majority of the difference was related to the carryover of \$2,995,672 of project costs from 2002 to 2003 for projects not completed or in process at the end of 2002. The remaining increase of approximately \$560,000 was for various items legislated by City Council throughout the year. These increases in appropriations were a result of various grants awarded, donations and reimbursement for services provided.

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### CAPITAL ASSETS

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At the end of 2003, the City had invested a total of \$486,578,731 in capital assets (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, infrastructure and construction work in progress.

## CITY OF APPLETON

### MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2003

#### **CAPITAL ASSETS** (cont.)

Major capital asset events during the current fiscal year included the following:

TIF Districts 4 and 6: Infrastructure (streets, water, sewer and stormwater) in both our North and South Industrial Parks were significant projects for 2003 accounting for approximately \$2 million of additions.

Wastewater: A cogeneration project was capitalized in 2003 for the wastewater utility allowing the utility to utilize this energy source for the plant when the price of gas warrants, to achieve savings in operating costs.

Water: A north side booster pumping station was capitalized at a cost of \$1,249,661 which is a critical component in supporting development in the City's growth corridor.

Stormwater: Improvements necessary to continue our efforts in the management of stormwater in the City accounted for \$5.4 million in additions to mains and facilities in order to comply with regulations.

General: The City continued its efforts to maintain existing infrastructure. Approximately \$2.9 million was spent on various street projects. Additionally, some funds were used on quality of life projects such as the CE Trail and the Derks Park Pavilion.

#### **CAPITAL ASSETS AT YEAR-END NET OF ACCUMULATED DEPRECIATION**

	Governmental Activities 2003	Business- Type Activities 2003	Total
Land	\$ 19,586,335	\$ 14,594,976	\$ 34,181,311
Right-of-ways	57,399,984	-	57,399,984
Land improvements	36,326,146	-	36,326,146
Improvements	4,049,395	-	4,049,395
Buildings	15,938,584	212,127,483	228,066,067
Equipment, furniture and fixtures	9,998,727	10,466,659	20,465,386
Completed construction not classified	-	1,961,089	1,961,089
Streets	62,201,706	-	62,201,706
Sidewalks	15,178,700	-	15,178,700
Traffic signals	2,409,599	-	2,409,599
Bridges	15,763,275	-	15,763,275
Construction in progress	3,849,314	4,726,759	8,576,073
Total	\$ 242,701,765	\$ 243,876,966	\$ 486,578,731

Additional information on the City of Appleton's capital assets can be found in note IV D. of this report.

## CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For Year Ended December 31, 2003

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### LONG-TERM DEBT

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During 2003, the City issued \$4,312,743 and retired \$6,235,740 of general obligation bonds and notes resulting in an outstanding balance of \$5,846,190 at December 31, 2003. This results in a per capita general obligation debt of \$779.44. Of the bonded debt, \$14,452,526 is to be repaid with general property taxes with the remaining amount supported by revenue from tax incremental districts and industrial park funds.

Under Wisconsin State Statutes Chapter 67, the City of Appleton's aggregate indebtedness may not exceed 5% of the equalized value of taxable property located in the City. The net amount of debt that is applicable to the statutory limit is \$52,615,690 (\$55,846,190 less bonds on hand) which is considerably below the maximum of \$182,020,950. The general obligation notes and bonds issued in 2003 received an Aa1 rating from Moody's Investor Services.

#### CITY OF APPLETON'S OUTSTANDING DEBT GENERAL OBLIGATION AND REVENUE BONDS

	Governmental Activity 2003	Business-Type Activity 2003	Total
General obligation bonds and notes payable	\$ 52,421,190	\$ 3,425,000	\$ 55,846,190
Revenue bonds	-	95,837,356	95,837,356
Total Outstanding General Obligation and Revenue Bonds	<u>\$ 52,421,190</u>	<u>\$ 99,262,356</u>	<u>\$ 151,683,546</u>

Additional information on the City of Appleton's long-term debt can be found in footnote IV F. of this report.

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### CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

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Appleton's substantial \$3.5 billion tax base (\$49,712 per capita) has experienced steady growth during recent years with equalized values growing at an average of 5.6% over the last four years. Paper manufacturing, insurance, health care, higher education and public sector institutions dominate the local employment base. The paper industry has been experiencing strong pricing pressures and volatility nationally during recent years, though local employment have remained fairly stable. Nonetheless, the impact of the national slowdown has been felt locally as unemployment is at 5.6%. Building permits, however, remain strong supporting the expectation of long term growth in taxable valuation.

The City's debt position remains favorable with rapid payout of existing debt and use of non-tax levy sources for debt service. The principal amortization schedule is aggressive with 97% of the debt repaid in ten years.

In conclusion, the City's diverse economy that continues to experience growth makes the City of Appleton an attractive quality of life community to its citizens and employers.

## CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For Year Ended December 31, 2003

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### **REQUESTS FOR INFORMATION**

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The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the City of Appleton, Attn: Lisa A. Maertz, CPA, CPFO at 1.920.832.5502 or [Lisa.Maertz@appleton.org](mailto:Lisa.Maertz@appleton.org).

General information relating to the City of Appleton, Wisconsin, can be found at the City's website, [www.appleton.org](http://www.appleton.org).

**CITY OF APPLETON**

STATEMENT OF NET ASSETS  
December 31, 2003

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
<b>ASSETS</b>				
Cash and investments	\$ 42,561,427	\$ 10,778,976	\$ 53,340,403	\$ 1,022,439
Receivables				
Taxes	34,262,270	-	34,262,270	-
Accounts	208,296	5,787,339	5,995,635	-
Special assessments	1,728,492	329,386	2,057,878	-
Delinquent special assessments	12,867	-	12,867	-
Developer loans	637,942	-	637,942	1,616,767
Accrued interest	613,780	-	613,780	-
Deferred loans	5,491,439	-	5,491,439	-
Other	1,479,443	112,939	1,592,382	519,744
Due from other governments	555,534	379,384	934,918	16,342
Internal balances -interfunds	(2,590,771)	2,590,771	-	-
Internal balances -advances	(9,851,827)	9,851,827	-	-
Inventories	753,976	598,815	1,352,791	208,066
Prepaid items	330,005	7,618	337,623	35,585
Restricted assets:				
Temporarily restricted:				
Cash and investments	-	23,515,881	23,515,881	177,819
Accrued interest	-	220,755	220,755	-
Investment in CVMIC	2,020,950	-	2,020,950	-
Property held for future use	-	95,011	95,011	-
Other assets	140,426	416,535	556,961	-
Land	113,312,465	14,594,976	127,907,441	844,907
Construction in progress	3,849,314	4,726,759	8,576,073	289,693
Capital assets net of depreciation	<u>125,539,986</u>	<u>224,555,231</u>	<u>350,095,217</u>	<u>12,897,484</u>
<b>Total Assets</b>	<u>321,056,014</u>	<u>298,562,203</u>	<u>619,618,217</u>	<u>17,628,846</u>
<b>LIABILITIES</b>				
Accounts payable	2,915,176	1,135,903	4,051,079	113,935
Other accrued liabilities	2,993,068	894,462	3,887,530	98,457
Claims payable	3,461,737	-	3,461,737	-
Due to other governments	200	722,629	722,829	-
Other liabilities	10,000	-	10,000	-
Unearned revenue	33,178,676	2,214,475	35,393,151	172,818
Liabilities payable from restricted assets				
Revenue debt principal	-	1,504,119	1,504,119	-
Accrued interest	-	118,737	118,737	-
Security deposit	-	-	-	57,339
Tenant FSS escrow	-	-	-	63,915
Noncurrent liabilities:				
Due within one year	8,329,375	1,344,870	9,674,245	-
Due in more than one year	<u>51,730,426</u>	<u>97,091,604</u>	<u>148,822,030</u>	<u>-</u>
<b>Total Liabilities</b>	<u>102,618,658</u>	<u>105,026,799</u>	<u>207,645,457</u>	<u>506,464</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	222,306,765	148,565,590	370,872,355	14,032,084
Restricted	218,516	9,927,016	10,145,532	1,650,939
Unrestricted (Deficit)	<u>(4,087,925)</u>	<u>35,042,798</u>	<u>30,954,873</u>	<u>1,439,359</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 218,437,356</u>	<u>\$ 193,535,404</u>	<u>\$ 411,972,760</u>	<u>\$ 17,122,382</u>

See accompanying notes to financial statements.

**CITY OF APPLETON**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2003

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General government	\$ 6,492,619	\$ 225,484	\$ 27,500
Public safety	22,639,969	1,000,506	649,101
Public works	15,379,335	1,717,902	-
Education and recreation	8,820,286	1,009,016	627,660
Community development	4,356,058	992,112	1,016,654
Interest	4,080,710	-	-
Total Governmental Activities	<u>61,768,977</u>	<u>4,945,020</u>	<u>2,320,915</u>
Business type activities:			
Water	11,436,383	14,503,814	-
Wastewater	10,442,858	8,381,938	-
Valley transit	5,951,388	845,530	4,145,830
Stormwater	3,032,606	3,102,677	209,373
Other non-major enterprise funds	2,507,622	2,566,566	-
Total Business-Type Activities	<u>33,370,857</u>	<u>29,400,525</u>	<u>4,355,203</u>
Total primary government	<u>\$ 95,139,834</u>	<u>\$ 34,345,545</u>	<u>\$ 6,676,118</u>
Component Units:			
Appleton Redevelopment Authority	\$ 160,543	\$ -	\$ -
Housing Authority	3,763,049	775,448	2,947,992
Business Improvement District	156,165	155,818	-
Total component units	<u>\$ 4,079,757</u>	<u>\$ 931,266</u>	<u>\$ 2,947,992</u>
		General revenues:	
		Taxes	
		Property taxes, levied for general	
		Property taxes, levied for debt service	
		Other taxes	
		Intergovernmental revenues not related to	
		specific programs	
		Investment income	
		Gain (loss) on the sale of assets	
		Miscellaneous	
		Transfers	
		Total general revenues and transfers	
		Change in net assets	
		Net Assets - Beginning	
		<b>NET ASSETS - ENDING</b>	

as	Net (Expense) Revenue and Changes in Net Assets				
	Capital Grants and Contributions	Primary Government Governmental Activities	Business-Type Activities	Totals	Component Units
\$	-	\$ (6,239,635)	\$ -	\$ (6,239,635)	\$ -
	70,000	(20,920,362)	-	(20,920,362)	-
	4,346,370	(9,315,063)	-	(9,315,063)	-
	-	(7,183,610)	-	(7,183,610)	-
	-	(2,347,292)	-	(2,347,292)	-
	-	(4,080,710)	-	(4,080,710)	-
	<u>4,416,370</u>	<u>(50,086,672)</u>	<u>-</u>	<u>(50,086,672)</u>	<u>-</u>
	1,012,325	-	4,079,756	4,079,756	-
	845,750	-	(1,215,170)	(1,215,170)	-
	168,198	-	(791,830)	(791,830)	-
	2,319,072	-	2,598,516	2,598,516	-
	-	-	58,944	58,944	-
	<u>4,345,345</u>	<u>-</u>	<u>4,730,216</u>	<u>4,730,216</u>	<u>-</u>
\$	<u>8,761,715</u>	<u>(50,086,672)</u>	<u>4,730,216</u>	<u>(45,356,456)</u>	<u>-</u>
\$	-	-	-	-	(160,543)
	-	-	-	-	(39,609)
	-	-	-	-	(347)
\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
l purposes	29,691,299	-	29,691,299	-	-
ervice	2,922,956	-	2,922,956	-	-
	866,069	-	866,069	-	-
restricted to	17,271,606	-	17,271,606	-	-
	2,030,374	1,142,573	3,172,947	15,464	-
	206,811	(3,206)	203,605	1,020	-
	568,296	8,940	577,236	404,310	-
	<u>641,359</u>	<u>(641,359)</u>	<u>-</u>	<u>-</u>	<u>-</u>
nsfers	<u>54,198,770</u>	<u>506,948</u>	<u>54,705,718</u>	<u>420,794</u>	<u>-</u>
	4,112,098	5,237,164	9,349,262	220,295	-
	<u>214,325,258</u>	<u>188,298,240</u>	<u>402,623,498</u>	<u>16,902,087</u>	<u>-</u>
	<u>\$ 218,437,356</u>	<u>\$ 193,535,404</u>	<u>\$ 411,972,760</u>	<u>\$ 17,122,382</u>	<u>-</u>

See accompanying notes to financial statements.

**CITY OF APPLETON**

BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2003

	General	Tax Incremental District No. 1	Tax Incremental District No. 3	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 21,879,049	\$ 228,695	\$ 162	\$ 31,480	\$ 16,964,447	\$ 39,103,833
Receivables						
Taxes	23,171,271	1,476,913	397,114	2,917,334	6,299,638	34,262,270
Deferred loans	-	-	-	-	5,491,439	5,491,439
Accounts	-	-	-	-	208,296	208,296
Special assessments	986,730	-	-	-	741,762	1,728,492
Delinquent special assessments	12,867	-	-	-	-	12,867
Developer Loans	615,774	-	-	-	22,168	637,942
Accrued interest	613,627	-	-	-	153	613,780
Other	472,526	-	-	998,333	-	1,470,859
Due from other governments	412,839	-	-	-	142,695	555,534
Due from other funds	1,033,486	-	-	-	4,113	1,037,599
Inventories	730,647	-	-	-	-	730,647
Prepaid items	231,697	-	-	-	82,614	314,311
Advances to other funds	22,959,498	-	-	-	-	22,959,498
<b>TOTAL ASSETS</b>	<b>\$ 73,120,011</b>	<b>\$ 1,705,608</b>	<b>\$ 397,276</b>	<b>\$ 3,947,147</b>	<b>\$ 29,957,325</b>	<b>\$ 109,127,367</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ 1,845,050	\$ -	\$ -	\$ -	\$ 1,048,481	\$ 2,893,531
Other accrued liabilities	2,098,399	-	-	-	89,635	2,188,034
Claims payable	2,300,000	-	-	-	-	2,300,000
Due to other governments	200	-	-	-	-	200
Due to other funds	442,687	-	-	-	92,758	535,445
Other liabilities	-	-	-	-	10,000	10,000
Deferred revenue	36,210,909	1,476,913	397,114	3,915,667	12,452,875	54,453,478
Advances from other funds	-	10,974,315	20,566,450	-	1,270,560	32,811,325
Total Liabilities	<u>42,897,245</u>	<u>12,451,228</u>	<u>20,963,564</u>	<u>3,915,667</u>	<u>14,964,309</u>	<u>95,192,013</u>
Fund Balances						
Reserved for:						
Inventories	730,647	-	-	-	-	730,647
Prepaid items	231,697	-	-	-	82,614	314,311
Noncurrent receivables/advances	10,793,361	-	-	-	-	10,793,361
Debt service	-	-	-	31,480	187,036	218,516
Encumbrances	2,665,155	-	-	-	1,437,827	4,102,982
Unreserved and designated, reported in:						
General fund	14,815,089	-	-	-	-	14,815,089
Special revenue funds	-	-	-	-	2,622,370	2,622,370
Capital projects funds	-	-	-	-	11,665,942	11,665,942
Permanent funds	-	-	-	-	15,922	15,922
Unreserved and undesignated (Deficit), reported in:						
General fund	986,817	-	-	-	-	986,817
Special revenue funds	-	(10,745,620)	(20,566,288)	-	(996,765)	(32,308,673)
Capital projects funds	-	-	-	-	(21,930)	(21,930)
Total Fund Balances	<u>30,222,766</u>	<u>(10,745,620)</u>	<u>(20,566,288)</u>	<u>31,480</u>	<u>14,993,016</u>	<u>13,935,354</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 73,120,011</b>	<b>\$ 1,705,608</b>	<b>\$ 397,276</b>	<b>\$ 3,947,147</b>	<b>\$ 29,957,325</b>	

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

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	233,726,024
Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	21,290,496
Internal service funds are reported in the statement of net assets as governmental funds	9,372,433
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II.A.	<u>(59,886,951)</u>

**NET ASSETS OF GOVERNMENTAL ACTIVITIES** **\$ 218,437,356**

See accompanying notes to financial statements.

**CITY OF APPLETON**

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2003

	General	Tax Incremental District No. 1	Tax Incremental District No. 3	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 22,365,810	\$ 1,591,062	\$ -	\$ 2,922,956	\$ 6,600,495	\$ 33,480,323
Intergovernmental	18,043,299	89,569	-	-	1,793,817	19,926,685
Licenses and permits	857,425	-	-	-	-	857,425
Fines and forfeitures	277,692	-	-	-	-	277,692
Special assessments	1,097,997	-	-	-	1,295,105	2,393,102
Investment income	(28,167)	45,629	-	5,257	765,458	788,177
Charges for services	1,694,585	-	-	-	846,501	2,541,086
Other	797,895	-	-	115,607	1,871,091	2,784,593
<b>Total Revenues</b>	<b>45,106,536</b>	<b>1,726,260</b>	<b>-</b>	<b>3,043,820</b>	<b>13,172,467</b>	<b>63,049,083</b>
<b>EXPENDITURES</b>						
Current:						
General government	5,946,565	984	-	-	178,945	6,126,494
Public safety	21,629,621	-	-	-	444,680	22,074,301
Public works	9,316,004	-	-	-	3,593,440	12,909,444
Education and recreation	8,329,326	-	-	-	45,104	8,374,430
Community development	1,712,252	-	-	-	1,275,175	2,987,427
Capital Outlay	-	-	-	-	8,467,483	8,467,483
Debt Service:						
Principal retirement	-	-	-	5,388,571	-	5,388,571
Interest and fiscal charges	-	570,206	-	2,525,104	980,934	4,076,244
<b>Total Expenditures</b>	<b>46,933,768</b>	<b>571,190</b>	<b>-</b>	<b>7,913,675</b>	<b>14,985,761</b>	<b>70,404,394</b>
Excess (deficiency) of revenues over (under) expenditures	(1,827,232)	1,155,070	-	(4,869,855)	(1,813,294)	(7,355,311)
<b>OTHER FINANCING SOURCES (USES)</b>						
Debt issued	-	-	-	10,000	4,302,743	4,312,743
Sale of city properties	47,952	-	-	-	635,342	683,294
Transfers in	1,207,233	-	-	4,841,133	21,457,368	27,505,734
Transfers out	(1,348,160)	-	(20,566,288)	-	(4,974,375)	(26,888,823)
<b>Total Other Financing Sources (Uses)</b>	<b>(92,975)</b>	<b>-</b>	<b>(20,566,288)</b>	<b>4,851,133</b>	<b>21,421,078</b>	<b>5,612,948</b>
<b>Net Change in Fund Balances</b>	<b>(1,920,207)</b>	<b>1,155,070</b>	<b>(20,566,288)</b>	<b>(18,722)</b>	<b>19,607,784</b>	<b>(1,742,363)</b>
FUND BALANCES (DEFICIT) - Beginning (as restated)	32,142,973	(11,900,690)	-	50,202	(4,614,768)	15,677,717
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<b>\$ 30,222,766</b>	<b>\$ (10,745,620)</b>	<b>\$ (20,566,288)</b>	<b>\$ 31,480</b>	<b>\$ 14,993,016</b>	<b>\$ 13,935,354</b>

See accompanying notes to financial statements.

## CITY OF APPLETON

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2003

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Net change in fund balances - total governmental funds	\$ (1,742,363)
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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 net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	8,467,483
Plus: Capital outlay reported as current expenditures in the fund statements	2,814,656
Less: Some items reported as capital outlay but not capitalized	(2,614,299)
Less: Capital outlay already capitalized in the internal service funds	(1,495,759)
Depreciation is reported in the government-wide statements	(4,725,591)
Capital contributions reported in the government-wide statements (infrastructure)	1,986,301

Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets.	(543,549)
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Receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

Special assessments	(333,034)
Deferred loans - ice rink	(61,667)
Deferred loans - rehabilitation	445,575
Developers loans	(1,000)
Interest charged on advances	1,098,561

Debt issued provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Debt issued	(4,312,743)
Principal repaid	5,388,571

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(97,480)
Disability benefits	8,413
Postclosure care cost	90,000
Accrued interest on debt	91,248

Internal service funds are used by management to charge the costs of self insurance and central equipment agency costs to individual funds. The decrease in net assets of the internal service funds is reported with governmental activities.

<u>(351,225)</u>
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<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 4,112,098</u></b>
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See accompanying notes to financial statements.

## CITY OF APPLETON

### STATEMENT OF NET ASSETS - PROPRIETARY FUNDS December 31, 2003

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and investments	\$ -	\$ 3,761,030	\$ 1,251,096
Accounts Receivable			
Customer accounts	3,241,077	1,808,514	-
Special assessments	17,812	164,889	-
Other	10,285	-	88,935
Due From Other Governments			
Federal government	-	-	39,274
State of Wisconsin	-	-	54,996
Due from other funds	185,852	150,284	-
Inventories	297,209	181,405	120,201
Prepaid items	-	-	7,618
Total Current Assets	<u>3,752,235</u>	<u>6,066,122</u>	<u>1,562,120</u>
Advance to other Funds	-	3,348,580	-
<b>Restricted Assets</b>			
Cash and investments	7,173,837	10,264,975	1,099,899
Accrued interest	87,271	111,659	-
Investment in CVMIC	-	-	-
Receivable from mutual insurance company	-	-	-
Total Restricted Assets	<u>7,261,108</u>	<u>10,376,634</u>	<u>1,099,899</u>
<b>Capital Assets</b>			
Land	1,098,933	816,167	891,831
Building and improvements	84,585,803	100,911,122	3,122,364
Equipment, furniture and vehicles	26,814,816	33,329,882	5,270,282
Completed construction not classified	1,014,165	696,037	-
Less: Accumulated depreciation	(14,645,043)	(52,293,525)	(6,878,457)
Construction in progress	17,473	1,450,136	-
Property held for future use	95,011	-	-
Net Capital Assets	<u>98,981,158</u>	<u>84,909,819</u>	<u>2,406,020</u>
<b>Other Assets</b>			
Unamortized debt expense	81,017	40,149	-
Total Other Assets	<u>81,017</u>	<u>40,149</u>	<u>-</u>
Total Assets	<u>110,075,518</u>	<u>104,741,304</u>	<u>5,068,039</u>

<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Stormwater</u>	<u>Other</u>	<u>Total</u>	<u>Activities -</u>
<u>Utility</u>	<u>Enterprise</u>	<u>Current Year</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service Funds</u>
\$ 5,485,470	\$ 281,380	\$ 10,778,976	\$ 3,457,594
737,748	-	5,787,339	-
146,685	-	329,386	-
-	13,719	112,939	8,584
-	-	39,274	-
285,114	-	340,110	-
102,438	-	438,574	-
-	-	598,815	23,329
-	-	7,618	15,694
<u>6,757,455</u>	<u>295,099</u>	<u>18,433,031</u>	<u>3,505,201</u>
-	10,371,827	13,720,407	-
4,977,170	-	23,515,881	-
21,825	-	220,755	-
-	-	-	2,020,950
-	-	-	140,426
<u>4,998,995</u>	<u>-</u>	<u>23,736,636</u>	<u>2,161,376</u>
9,269,127	2,518,918	14,594,976	-
41,181,759	23,585,523		
657	707,666	66,123,303	19,593,316
250,887	-	1,961,089	-
(12,501,000)	(10,597,707)	(96,915,732)	(10,617,575)
3,259,150	-	4,726,759	-
-	-	95,011	-
<u>41,460,580</u>	<u>16,214,400</u>	<u>(9,414,594)</u>	<u>8,975,741</u>
295,369	-	416,535	-
<u>295,369</u>	<u>-</u>	<u>416,535</u>	<u>-</u>
<u>53,512,399</u>	<u>26,881,326</u>	<u>46,892,015</u>	<u>14,642,318</u>

See accompanying notes to financial statements.

**CITY OF APPLETON**

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
December 31, 2003

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 245,878	\$ 244,675	\$ 162,733
Compensated absences	252,032	184,623	162,329
Accrued interest	12,471	-	-
Other accrued liabilities	129,325	191,123	241,571
Claims payable	-	-	-
Due to other governments	-	-	722,629
Due to other funds	940,728	-	-
Deferred revenues	-	-	25,144
Current portion of long-term debt	275,000	-	-
<b>Total Current Liabilities</b>	<u>1,855,434</u>	<u>620,421</u>	<u>1,314,406</u>
Current Liabilities Payables From Restricted Assets			
Revenue bonds payable	-	1,189,119	-
Accrued interest	-	118,737	-
<b>Total Liabilities Payable From     Restricted Assets</b>	<u>-</u>	<u>1,307,856</u>	<u>-</u>
Noncurrent Liabilities			
General obligation debt payable	770,000	-	-
Revenue bonds and notes payable	65,222,040	12,458,457	-
Advance from other funds	3,348,580	-	-
Compensated absences	151,951	91,825	156,292
<b>Total Noncurrent Liabilities</b>	<u>69,492,571</u>	<u>12,550,282</u>	<u>156,292</u>
<b>Total Liabilities</b>	<u>71,348,005</u>	<u>14,478,559</u>	<u>1,470,698</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	32,795,135	71,302,392	2,406,020
Restricted for:			
Debt service	941,632	749,948	-
DNR replacement fund	-	6,915,077	-
Capital replacement fund	-	-	1,099,899
Unrestricted	4,990,746	11,295,328	91,422
<b>TOTAL NET ASSETS</b>	<u>\$ 38,727,513</u>	<u>\$ 90,262,745</u>	<u>\$ 3,597,341</u>

Amounts reported for business-type activities in the statement of net assets are different because:

Internal service funds are reported in the statement of net assets as governmental funds

**NET ASSETS OF BUSINESS-TYPE ACTIVITIES**

<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Stormwater</u>	<u>Other</u>	<u>Total</u>	<u>Activities -</u>
<u>Utility</u>	<u>Enterprise</u>	<u>Current Year</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service Funds</u>
\$ 457,473	\$ 25,144	\$ 1,135,903	\$ 21,645
-	35,886	634,870	49,909
214,978	-	227,449	-
80,537	24,457	667,013	61,561
-	-	-	1,161,737
-	-	722,629	-
-	-	940,728	-
-	2,189,331	2,214,475	15,694
<u>435,000</u>	<u>-</u>	<u>710,000</u>	<u>182,088</u>
<u>1,187,988</u>	<u>2,274,818</u>	<u>7,253,067</u>	<u>1,492,634</u>
315,000	-	1,504,119	-
<u>-</u>	<u>-</u>	<u>118,737</u>	<u>-</u>
<u>315,000</u>	<u>-</u>	<u>1,622,856</u>	<u>-</u>
1,945,000	-	2,715,000	652,610
16,225,000	-	93,905,497	-
-	520,000	3,868,580	-
<u>3,428</u>	<u>67,611</u>	<u>471,107</u>	<u>31,716</u>
<u>18,173,428</u>	<u>587,611</u>	<u>100,960,184</u>	<u>684,326</u>
<u>19,676,416</u>	<u>2,862,429</u>	<u>109,836,107</u>	<u>2,176,960</u>
25,847,643	16,214,400	148,565,590	8,975,741
220,460	-	1,912,040	-
-	-	6,915,077	-
-	-	1,099,899	-
<u>7,767,880</u>	<u>7,804,497</u>	<u>31,949,873</u>	<u>3,489,617</u>
<u>\$ 33,835,983</u>	<u>\$ 24,018,897</u>	<u>\$ 190,442,479</u>	<u>\$ 12,465,358</u>
		<u>3,092,925</u>	
		<u>\$ 193,535,404</u>	

See accompanying notes to financial statements.

## CITY OF APPLETON

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS For the Year Ended December 31, 2003

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
<b>OPERATING REVENUES</b>			
Charges for services	\$ 14,285,807	\$ 7,807,294	\$ 795,508
Other	<u>218,007</u>	<u>574,644</u>	<u>50,022</u>
Total Operating Revenues	<u>14,503,814</u>	<u>8,381,938</u>	<u>845,530</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	5,411,849	5,959,734	5,435,492
Depreciation	<u>2,630,866</u>	<u>3,794,581</u>	<u>513,187</u>
Total Operating Expenses	<u>8,042,715</u>	<u>9,754,315</u>	<u>5,948,679</u>
<b>Operating Income (Loss)</b>	<u>6,461,099</u>	<u>(1,372,377)</u>	<u>(5,103,149)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	183,775	578,612	-
Interest expense	(3,263,030)	(572,649)	-
Amortization of debt expense	(14,621)	(8,374)	-
Gain (loss) on sale of capital assets	-	-	-
Amortization of prior losses on refunding of bonds	(39,592)	(47,927)	-
Subsidies from other governmental units	-	-	4,145,830
Loss on investment in CVMIC	-	-	-
Other	<u>6,651</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(3,126,817)</u>	<u>(50,338)</u>	<u>4,145,830</u>
Income (Loss) Before contributions and transfers	3,334,282	(1,422,715)	(957,319)
Capital contributions	1,012,325	845,750	168,198
Transfers in	12,562	35,945	457,080
Transfers out - tax equivalent	(940,728)	-	-
Transfers out	<u>(13,800)</u>	<u>(117,450)</u>	<u>-</u>
Change in Net Assets	3,404,641	(658,470)	(332,041)
TOTAL NET ASSETS - Beginning (as restated)	<u>35,322,872</u>	<u>90,921,215</u>	<u>3,929,382</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 38,727,513</u>	<u>\$ 90,262,745</u>	<u>\$ 3,597,341</u>

Net change in net assets - total enterprise funds

Internal service funds are reported in the  
statement of net assets as  
business-type activities

Change in net assets business type activities

Business-Type Activities - Enterprise Funds			Governmental
Stormwater Utility	Other Enterprise Funds	Totals Current Year	Activities - Internal Service Funds
\$ 3,076,521	\$ 1,972,399	\$ 27,937,529	\$ 2,060,297
26,156	594,167	1,462,996	306,974
<u>3,102,677</u>	<u>2,566,566</u>	<u>29,400,525</u>	<u>2,367,271</u>
1,394,562	1,484,353	19,685,990	2,947,580
823,588	972,689	8,734,911	1,627,425
<u>2,218,150</u>	<u>2,457,042</u>	<u>28,420,901</u>	<u>4,575,005</u>
<u>884,527</u>	<u>109,524</u>	<u>979,624</u>	<u>(2,207,734)</u>
344,457	35,729	1,142,573	140,010
(737,266)	(26,750)	(4,599,695)	(76,255)
(25,698)	-	(48,693)	-
-	(3,206)	(3,206)	66,755
-	-	(87,519)	-
209,373	-	4,355,203	-
-	-	-	(19,459)
-	2,289	8,940	3,844
<u>(209,134)</u>	<u>8,062</u>	<u>767,603</u>	<u>114,895</u>
675,393	117,586	1,747,227	(2,092,839)
2,319,072	-	4,345,345	1,503,116
-	-	505,587	35,268
-	-	(940,728)	-
<u>(12,500)</u>	<u>(62,468)</u>	<u>(206,218)</u>	<u>(10,819)</u>
2,981,965	55,118	5,451,213	(565,274)
<u>30,854,018</u>	<u>23,963,779</u>	<u>184,991,266</u>	<u>13,030,632</u>
<u>\$ 33,835,983</u>	<u>\$ 24,018,897</u>	<u>\$ 190,442,479</u>	<u>\$ 12,465,358</u>
		5,451,213	
		<u>(214,049)</u>	
		<u>\$ 5,237,164</u>	

See accompanying notes to financial statements.

**CITY OF APPLETON**

STATEMENT OF CASH FLOWS -  
 PROPRIETARY FUND TYPES  
 For the Year Ended December 31, 2003

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 14,310,033	\$ 8,228,267	\$ 847,157
Cash paid to suppliers for goods and services	(3,806,503)	(3,796,725)	(3,241,279)
Cash paid to employees for services	<u>(1,525,700)</u>	<u>(1,841,593)</u>	<u>(2,095,755)</u>
Net Cash Flows From Operating Activities	<u>8,977,830</u>	<u>2,589,949</u>	<u>(4,489,877)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Principal payments on note payable	-	-	-
Interest paid on note payable	-	-	-
Tax equivalent paid to municipality	(940,728)	-	-
Transfers in	12,562	35,945	-
Transfers out	(13,800)	(117,450)	-
Operation subsidies received from other governmental units	-	-	4,051,027
Advance from other funds	-	406,106	-
Advance to other funds	<u>(406,106)</u>	<u>-</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>(1,348,072)</u>	<u>324,601</u>	<u>4,051,027</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(5,024,722)	(2,530,681)	(39,676)
Proceeds from sale of capital assets	-	-	-
Revenue bonds issued	-	-	-
Costs of issuing revenue bonds	-	-	-
Principal paid on long-term debt	(3,400,000)	(794,541)	-
Interest paid on long-term debt	(3,275,497)	(577,468)	-
Capital contributed by others	35,741	11,181	244,506
Special assessments received	<u>28,415</u>	<u>198,711</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(11,636,063)</u>	<u>(3,692,798)</u>	<u>204,830</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	191,833	574,100	-
Proceeds from sale and maturities of investments	5,848,122	3,535,041	483,179
Purchases of investments	<u>(2,029,966)</u>	<u>(4,036,827)</u>	<u>-</u>
Net Cash Flows From Investing Activities	<u>4,009,989</u>	<u>72,314</u>	<u>483,179</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>3,684</b>	<b>(705,934)</b>	<b>249,159</b>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>110,906</u>	<u>4,591,105</u>	<u>1,699,905</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 114,590</b>	<b>\$ 3,885,171</b>	<b>\$ 1,949,064</b>

<u>Business-Type Activities - Enterprise Funds</u>			Governmental
<u>Stormwater Utility</u>	<u>Other Enterprise Funds</u>	<u>Totals Current Year</u>	<u>Activities - Internal Service Funds</u>
\$ 2,607,016	\$ 2,563,096	\$ 28,555,569	\$ 2,517,403
(654,242)	(731,100)	(12,229,849)	(1,912,339)
<u>(529,986)</u>	<u>(808,261)</u>	<u>(6,801,295)</u>	<u>(1,214,999)</u>
1,422,788	1,023,735	9,524,425	(609,935)
-	-	-	(167,169)
-	-	-	(79,285)
-	-	(940,728)	-
-	-	48,507	-
(12,500)	(62,468)	(206,218)	(10,819)
209,373	-	4,260,400	-
-	(30,000)	376,106	-
-	<u>(1,432,954)</u>	<u>(1,839,060)</u>	-
<u>196,873</u>	<u>(1,525,422)</u>	<u>1,699,007</u>	<u>(257,273)</u>
(2,625,958)	(30,117)	(10,251,154)	-
-	-	-	66,755
3,835,000	-	3,835,000	-
(81,470)	-	(81,470)	-
(565,000)	-	(4,759,541)	-
(740,884)	(26,750)	(4,620,599)	-
12,088	-	303,516	-
255,296	-	482,422	-
<u>89,072</u>	<u>(56,867)</u>	<u>(15,091,826)</u>	<u>66,755</u>
341,812	35,729	1,143,474	140,010
370,895	-	10,237,237	-
<u>(774,092)</u>	-	<u>(6,840,885)</u>	-
<u>(61,385)</u>	<u>35,729</u>	<u>4,539,826</u>	<u>140,010</u>
1,647,348	(522,825)	671,432	(660,443)
<u>6,920,384</u>	<u>804,205</u>	<u>14,126,505</u>	<u>4,118,037</u>
<u>\$ 8,567,732</u>	<u>\$ 281,380</u>	<u>\$ 14,797,937</u>	<u>\$ 3,457,594</u>

See accompanying notes to financial statements.

**CITY OF APPLETON**

STATEMENT OF CASH FLOWS -  
 PROPRIETARY FUND TYPES  
 For the Year Ended December 31, 2003

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 6,461,099	\$ (1,372,377)	\$ (5,103,149)
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities			
Non-operating income	6,651	-	-
Depreciation expense	2,630,866	3,794,581	513,187
Depreciation charged to sewer utility	149,378	-	-
Changes in Noncash Components of Working Capital			
Customer accounts receivable	(294,855)	(57,128)	-
Other accounts receivable	10,156	-	1,627
Due from other funds	(65,111)	(96,543)	-
Due from other government units	-	-	-
Inventories	920	32,254	(5,195)
Prepaid items	-	-	(31)
Accounts payable	(10,114)	33,183	12,828
Accrued liabilities	88,840	255,979	89,623
Accrued compensated absences	-	-	-
Claims payable	-	-	-
Deferred revenues	-	-	1,233
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>\$ 8,977,830</u></b>	<b><u>\$ 2,589,949</u></b>	<b><u>\$ (4,489,877)</u></b>
 <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS</b>			
Cash and investments - statement of net assets - proprietary fund	\$ -	\$ 3,761,030	\$ 1,251,096
Restricted cash and investments - statement of net assets - proprietary fund	7,173,837	10,264,975	1,099,899
Non-cash equivalents	<u>(7,059,247)</u>	<u>(10,140,834)</u>	<u>(401,931)</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 114,590</u></b>	<b><u>\$ 3,885,171</u></b>	<b><u>\$ 1,949,064</u></b>
 <b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Contributed property and equipment	\$ 966,269	\$ 601,098	\$ -
New special assessments	10,315	233,471	-

<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Stormwater</u>	<u>Other</u>	<u>Totals</u>	<u>Activities -</u>
<u>Utility</u>	<u>Enterprise</u>	<u>Current Year</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service Funds</u>
\$ 884,527	\$ 109,524	\$ 979,624	\$ (2,207,734)
-	2,289	8,940	3,844
823,588	972,689	8,734,911	1,627,425
-	-	149,378	-
(162,714)	-	(514,697)	-
(281,264)	(4,271)	(273,752)	(4,069)
(51,683)	-	(213,337)	-
-	-	-	4,314
-	-	27,979	(7,691)
-	-	(31)	15,694
191,089	(29,792)	197,194	(26,685)
19,245	(568)	453,119	(26,678)
-	(24,648)	(24,648)	(134,398)
-	-	-	161,737
-	(1,488)	(255)	(15,694)
<u>\$ 1,422,788</u>	<u>\$ 1,023,735</u>	<u>\$ 9,524,425</u>	<u>\$ (609,935)</u>
\$ 5,485,470	\$ 281,380	\$ 10,778,976	\$ 3,457,594
4,977,170	-	23,515,881	-
<u>(1,894,908)</u>	<u>-</u>	<u>(19,496,920)</u>	<u>-</u>
<u>\$ 8,567,732</u>	<u>\$ 281,380</u>	<u>\$ 14,797,937</u>	<u>\$ 3,457,594</u>
\$ 2,074,659	\$ -	\$ 3,642,026	\$ 1,538,384
232,325	-	476,111	-

See accompanying notes to financial statements.

**CITY OF APPLETON**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
December 31, 2003

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	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 39,476,416
Property taxes receivable	<u>13,351,450</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 52,827,866</u></b>
<b>LIABILITIES</b>	
Due to other taxing authorities	\$ 52,759,168
Accounts payable	<u>68,698</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 52,827,866</u></b>

See accompanying notes to financial statements.

**CITY OF APPLETON**

STATEMENT OF NET ASSETS - COMPONENT UNITS  
December 31, 2003

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 160,964	\$ 756,769	\$ 104,706	\$ 1,022,439
Other accounts receivable	-	451,046	68,698	519,744
Due from other governments	16,342	-	-	16,342
Inventories	188,721	19,345	-	208,066
Prepaid items	-	35,585	-	35,585
Total Current Assets	<u>366,027</u>	<u>1,262,745</u>	<u>173,404</u>	<u>1,802,176</u>
Restricted Assets				
Cash and investments	<u>22,393</u>	<u>155,426</u>	-	<u>177,819</u>
Rehabilitation loans, net	<u>-</u>	<u>1,616,767</u>	-	<u>1,616,767</u>
Capital Assets				
Land	-	844,907	-	844,907
Buildings and improvements	-	15,418,542	-	15,418,542
Equipment, furniture and vehicles	-	797,869	-	797,869
Construction in progress	-	289,693	-	289,693
Less: Accumulated depreciation	<u>-</u>	<u>(3,318,927)</u>	<u>-</u>	<u>(3,318,927)</u>
Net Capital Assets	<u>-</u>	<u>14,032,084</u>	<u>-</u>	<u>14,032,084</u>
Total Assets	<u>388,420</u>	<u>17,067,022</u>	<u>173,404</u>	<u>17,628,846</u>

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 1,646	\$ 112,289	\$ -	\$ 113,935
Other accrued liabilities	-	98,457	-	98,457
Deferred revenue	-	-	172,818	172,818
Total Current Liabilities	<u>1,646</u>	<u>210,746</u>	<u>172,818</u>	<u>385,210</u>
Noncurrent Liabilities Payable From				
Restricted Assets				
Security deposits	-	57,339	-	57,339
Tenant FSS escrow	-	63,915	-	63,915
Total Noncurrent Liabilities Payable From				
Restricted Assets	<u>-</u>	<u>121,254</u>	<u>-</u>	<u>121,254</u>
Total Liabilities	<u>1,646</u>	<u>332,000</u>	<u>172,818</u>	<u>506,464</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	-	14,032,084	-	14,032,084
Restricted	-	1,650,939	-	1,650,939
Unrestricted	<u>386,774</u>	<u>1,051,999</u>	<u>586</u>	<u>1,439,359</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 386,774</u>	<u>\$ 16,735,022</u>	<u>\$ 586</u>	<u>\$ 17,122,382</u>

See accompanying notes to financial statements.

## CITY OF APPLETON

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - COMPONENT UNITS Year Ended December 31, 2003

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
<b>OPERATING REVENUES</b>				
Charges for services	\$ -	\$ 775,448	\$ 155,818	\$ 931,266
Operating grants and contributions	-	2,947,992	-	2,947,992
Total Operating Revenues	<u>-</u>	<u>3,723,440</u>	<u>155,818</u>	<u>3,879,258</u>
<b>OPERATING EXPENSES</b>				
Operating expenses	160,543	3,271,909	156,165	3,588,617
Depreciation	-	491,140	-	491,140
Total Operating Expenses	<u>160,543</u>	<u>3,763,049</u>	<u>156,165</u>	<u>4,079,757</u>
Operating Income (Loss)	<u>(160,543)</u>	<u>(39,609)</u>	<u>(347)</u>	<u>(200,499)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	11,448	-	4,016	15,464
Gains on the sale of capital assets	-	1,020	-	1,020
Other	27,342	376,968	-	404,310
Total Nonoperating Revenues (Expenses)	<u>38,790</u>	<u>377,988</u>	<u>4,016</u>	<u>420,794</u>
<b>Change in Net Assets</b>	<b>(121,753)</b>	<b>338,379</b>	<b>3,669</b>	<b>220,295</b>
TOTAL NET ASSETS (DEFICIT) - BEGINNING (as restated)	<u>508,527</u>	<u>16,396,643</u>	<u>(3,083)</u>	<u>16,902,087</u>
<b>TOTAL NET ASSETS - ENDING</b>	<b><u>\$ 386,774</u></b>	<b><u>\$ 16,735,022</u></b>	<b><u>\$ 586</u></b>	<b><u>\$ 17,122,382</u></b>

See accompanying notes to financial statements.

# CITY OF APPLETON

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December 31, 2003

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## CITY OF APPLETON

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# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS

December 31, 2003

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the City of Appleton, Wisconsin conform to generally accepted accounting principles as applicable to governmental units.

#### **A. REPORTING ENTITY**

This report includes all of the funds of the City of Appleton. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. The component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

#### ***Discretely Presented Component Units***

##### *Redevelopment Authority of the City of Appleton*

The government-wide financial statements include the Redevelopment Authority of the City of Appleton ("Redevelopment Authority") as a component unit. The Redevelopment Authority is a legally separate organization. The board of the Redevelopment Authority is appointed by the mayor of Appleton and approved by city council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Redevelopment Authority, and also create a potential financial benefit to or burden on the City. See Note IV.K. As a component unit, the Redevelopment Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2003. Separately issued financial statements of the Redevelopment Authority of the City of Appleton may be obtained from the Redevelopment Authority's office, which is located at 100 North Appleton Street, Appleton, WI 54911.

## CITY OF APPLETON

### NOTES TO FINANCIAL STATEMENTS December 31, 2003

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#### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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##### **A. REPORTING ENTITY (cont.)**

###### ***Discretely Presented Component Units (cont.)***

###### *Housing Authority of the City of Appleton*

The government-wide financial statements include the Housing Authority of the City of Appleton ("Housing Authority") as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the mayor of Appleton. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Housing Authority, and also create a potential financial benefit to or burden on the City. See Note IV.K. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2003. Separately issued financial statements of the Housing Authority of the City of Appleton may be obtained from the Housing Authority's office, which is located at 525 North Oneida Street, Appleton, WI 54911.

###### *Business Improvement District*

The government-wide financial statements include the Business Improvement District of the City of Appleton ("District") as a component unit. The District is a legally separate organization. The board of the District is appointed by the mayor of Appleton and approved by city council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the District, and also create a potential financial benefit to or burden on the City. See Note IV.K. As a component unit, the District's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2003. Separately issued financial statements of the Business Improvement District of the City of Appleton may be obtained from Appleton Downtown Incorporated, which is located at 10 College Avenue, Suite A1, Appleton, WI 54911.

##### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

In June 1999, GASB issued Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34). In June 2001, GASB issued Statement No. 37 *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments – Omnibus*, (GASB No. 37), and Statement No. 38 *Certain Financial Statement Note Disclosures*.

The City of Appleton made the decision to implement these standards effective January 1, 2003.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS

December 31, 2003

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

Statement Nos. 34 and 37, among many other changes, add two new “government-wide” financial statements as basic financial statements required for all governmental units. The statement of net assets and the statement of activities are the two new required statements. Both statements are prepared on the full accrual basis. Previously, in accordance with accounting standards for governmental units, the City used the modified accrual basis of accounting for certain funds. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental activity fund financial statements.

In addition, all funds in the fund financial statements are reported as business-type activities, governmental activities or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note 1.

Finally, all non-fiduciary funds are further classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the new standard concentrates on major funds versus non-major funds.

Statement No. 38 requires additional note disclosures.

#### ***Government-Wide Financial Statements***

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. 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 or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2003

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)***

##### ***Fund Financial Statements***

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or proprietary fund that the City believes is particularly important to financial statement users may be reported as a major fund.

The City reports the following major governmental funds:

##### ***Major Governmental Funds***

General Fund – accounts for the City's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Tax Incremental District (TID) No. 1 Special Revenue Fund – accounts for receipts of district "Incremental" property taxes and other revenues and the corresponding program expenditures.

Tax Incremental District (TID) No. 3 Special Revenue Fund – accounts for receipts of district "Incremental" property taxes and other revenues and the corresponding program expenditures.

Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt and related costs.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2003

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

##### ***Fund Financial Statements (cont.)***

The City reports the following major enterprise funds:

##### *Major Enterprise Funds*

- Water Utility – accounts for operations of the water system
- Wastewater Utility – accounts for operations of the wastewater system
- Valley Transit – accounts for operations of the public transit authority
- Stormwater Utility – accounts for operations of the stormwater management

The City reports the following non-major governmental and enterprise funds:

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

- |                                      |                         |
|--------------------------------------|-------------------------|
| Tax Increment District No. 2         | Room Tax                |
| Community Development Block Grant    | Emergency Shelter       |
| Rental Rehabilitation Grants         | Continuum of Care       |
| Sanitation and Recycling Program     | Tuchscherer Disability  |
| Olde Oneida Bridge Project           | Peabody Estate          |
| Health Grants                        | Balliet Locomotive      |
| Hazardous Materials Level A Forestry | Lutz Park               |
|                                      | Park Purpose Open Space |
|                                      | Union Spring Park       |
|                                      | Universal Playground    |

Capital Projects Funds – used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

- |                                  |                                |
|----------------------------------|--------------------------------|
| Subdivision Development Projects | Tax Incremental District No. 6 |
| Industrial Park Land             | Public Safety Facilities       |
| Park Recreation Projects         | Public Works Equipment         |
| Tax Incremental District No. 3   | Technology                     |
| Tax Incremental District No. 4   | CEA Replacement                |
| Tax Incremental District No. 5   | Riverfront Initiatives         |

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2003

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)**

##### ***Fund Financial Statements (cont.)***

The City has the following non-major governmental and enterprise funds: (cont.)

Permanent Funds – used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

Frank P. Young Memorial

Enterprise Funds – may be used to report any activity for which a fee is charged to external uses for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Parking Utility

Reid Municipal Golf Course

In addition, the City reports the following fund types:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

Central Equipment Agency  
Insurance

Central Building Maintenance

Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Agency Fund

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

##### ***Government-Wide Financial Statements***

The government-wide statement of net assets and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2003

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)**

##### ***Government-Wide Financial Statements (cont.)***

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water utility, wastewater utility, valley transit, stormwater utility, parking utility, Reid Golf Course, and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

##### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used 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 are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred revenues. Delinquent special assessments being held for collection by the county are reported as receivables and reserved fund balance in the general fund.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2003

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)**

##### ***Fund Financial Statements* (cont.)**

The City reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. The agency fund only presents a statement of net assets since it does not have a measurement focus.

The proprietary funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. The 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 enterprise funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### **D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

##### **1. Deposits and Investments**

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

## CITY OF APPLETON

### NOTES TO FINANCIAL STATEMENTS

December 31, 2003

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#### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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##### ***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)***

###### ***1. Deposits and Investments (cont.)***

Investment City funds is restricted by state statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

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, 2003, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.A. for further information.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS

December 31, 2003

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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#### ***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)***

##### **2. Receivables**

###### *Property Taxes*

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund balance sheet.

Property tax calendar – 2003 tax roll:

Lien date and levy date	November 2003
Tax bills mailed	December 9, 2003
Payment in full, or	February 2, 2004
First installment due	February 2, 2004
Second installment due	March 31, 2004
Third installment due	June 1, 2004
Fourth installment due	August 2, 2004
Final settlement with county	August 16, 2004
Personal property taxes in full	February 2, 2004
Tax sale – 2003 delinquent real estate taxes	October 2006

###### *Uncollectible Accounts*

There were no allowances necessary at year end. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water, wastewater, and stormwater utilities because they have the right by law to place delinquent bills on the tax roll.

###### *Interfund Loans*

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS

December 31, 2003

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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#### ***D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)***

##### ***2. Receivables (cont.)***

###### *Loans*

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed.

It is the City's policy to record deferred revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as designated fund balance in the fund financial statements.

##### ***3. Inventories and Prepaid Items***

Governmental fund inventories, if material, are recorded at cost based on the weighted average or FIFO method using the consumption method of accounting. Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction, operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

##### ***4. Restricted Assets***

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net assets.

##### ***5. Capital Assets***

###### ***Government –Wide Statements***

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$10,000 for general capital assets and infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2003

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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#### **D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)**

##### **5. Capital Assets (cont.)**

###### **Government –Wide Statements (cont.)**

Prior to January 2003, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but not required until January 1, 2007, when GASB No. 34 requires the City to retroactively report all major general infrastructure assets acquired since January 1, 1980. For the year ended December 31, 2003, the City of Appleton has retroactively reported all major infrastructure networks of its governmental fund types.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. \$20,915 of net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements, including parking ramps	15-30 Years
Equipment, furniture, and vehicles	3-25 Years
Utility systems	10-77 Years
Infrastructure	40-100 Years

###### **Fund Financial Statements**

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS

December 31, 2003

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

---

#### **D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)**

##### **6. Other Assets**

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

##### **7. Compensated Absences**

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2003 are determined on the basis of current salary rates and include salary related payments.

##### **8. Long-Term Obligations/Conduit Debt**

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

The City has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$24,173,000 made up of 10 issues.

##### **9. Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2003

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

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#### **D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)**

##### **10. Equity Classifications**

###### **Government–Wide Statements**

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on their use either 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.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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.

###### **Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled “designated”. The balance of unreserved fund balance is labeled “undesignated”, which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

##### **11. Basis for Existing Rates – Proprietary Funds**

###### **Water Utility**

Current water rates were approved by the Public Service Commission of Wisconsin (PSCW) on August 30, 2002.

###### **Wastewater Utility**

Current wastewater rates were approved by the Common Council on April 18, 2001.

###### **Stormwater Utility**

Current stormwater rates were approved by Common Council on October 1, 2003.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2003

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### **NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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#### **A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$59,886,951 difference in liabilities is as follows:

Bonds and notes payable	\$ 51,586,492
Compensated absences	4,492,526
Accrued interest	743,473*
Disability benefits	184,460
Postclosure care cost	<u>2,880,000</u>
Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Assets – Governmental Activities	<u>\$ 59,886,951</u>

\* This amount is included in other accrued liabilities on the Statement of Net Assets.

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### **NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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#### **A. BUDGETARY INFORMATION**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to the end of July, the department heads submit to the mayor proposed budgets, including expenditures and applicable revenue projections.
- b. The mayor and staff then develop the budget and service plan and submit it to the common council at the first council meeting in October. The executive budget includes proposed expenditures and the means of financing them. Copies of the document are made available for public review.
- c. Public hearings are conducted to obtain taxpayer comments.
- d. The budget is adopted formally by resolution of the common council at the first finance committee meeting in November.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2003

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### **NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)**

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#### **A. BUDGETARY INFORMATION (cont.)**

- e. Activities of the general fund, special revenue funds, the debt service fund, capital projects funds, permanent fund, enterprise funds, and internal service funds are budgeted. The budget as adopted shows total expenditures/expenses by individual fund. Expenditures/expenses cannot legally exceed appropriations at this level without two-thirds common council approval. Council policies include additional budgetary controls beyond this legal level.
- f. Under council policy, new appropriations up to \$10,000 require written approval by the mayor, countersigned by the Director of Finance, and reported to the Finance Committee as an informational item if funded by grants, user fees, or other non-tax revenues. New appropriations in excess of \$10,000 and those funded by taxes, or debt require the approval of the finance committee and two-thirds of the common council.
- g. Formal budgetary integration is employed as a management control device during the year for all funds.

A comparison of budget and actual is included in the accompanying financial statements for all governmental fund types. The budget presentations are at the function level, whereas the legal level of control is at the total expenditures level.

- h. All budgets adopted conform to generally accepted accounting principles (GAAP). Budget amounts are as originally adopted or as amended. Individual amendments were legally authorized as described above. Supplemental appropriations for all governmental fund types during the year were \$11,039,387.
- i. Budgets for all governmental funds lapse at year end. Reappropriations of any funds is made by council action.

#### **B. EXCESS EXPENDITURES OVER APPROPRIATIONS**

The following individual funds had an excess of expenditures over appropriations at the legal level of budgetary control for the year ended December 31, 2003:

	<u>Excess</u>
Special Revenue Funds	
Sanitation and recycling program	\$ 27,487
Forestry	104
Room tax	19,139
Capital Projects Funds	
Technology	194

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2003

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**NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)**

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**C. DEFICIT BALANCES**

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2003, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Special Revenue Funds Tax Incremental District No. 2 costs to be	\$ 996,765	Remaining development recovered over time.

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**NOTE IV – DETAILED NOTES ON ALL FUNDS**

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**A. DEPOSITS AND INVESTMENTS**

Total cash and investments of the City consist of the following:

Petty cash and cash on hand	\$ 64,178
Deposits	12,195,929
Investments	<u>104,072,593</u>
Total Cash and Investments	<u>\$ 116,332,700</u>
Per statement of net assets – cash and investments	\$ 53,340,403
Per statement of net assets – restricted cash and investments	23,515,881
Per statement of net assets – fiduciary funds	<u>39,476,416</u>
Total	<u>\$ 116,332,700</u>

**Deposits**

At December 31, 2003, the carrying amount of the City's deposits was \$12,195,929 and the bank balance was \$6,110,171. The difference between the carrying amount and the bank balance represents outstanding checks and deposits in transit.

Of the bank balance, \$1,000,000 was covered by federal depository insurance, and \$11,195,929 was uninsured and uncollateralized.

Deposits in each local and area bank are insured by the FDIC in the amount of \$100,000 for interest bearing accounts and \$100,000 for noninterest bearing accounts.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2003

### **NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

#### **A. DEPOSITS AND INVESTMENTS (cont.)**

##### **Deposits (cont.)**

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing the amounts covered by insurance above.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in temporary balances exceeding insured amounts by substantially higher amounts.

##### **Investments**

The City's investments are categorized to give an indication of the level of custodial credit risk assumed by the entity at year end. Category 1 includes items that are insured or registered or which are evidenced by securities held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments, with securities held by the counterparty or its trust department or agent but not in the City's name.

	Category			Carrying
	1	2	3	Amount
US Government Securities	\$ -	\$ 66,912,407	\$ -	\$ 66,912,407
Sub-Totals	\$ -	\$ 66,912,407	\$ -	
Local government investment pool				300,806
Money market mutual funds				36,859,380
Total Investments				\$ 104,072,593

The City had no significant type of investment during the year not included in the above schedule.

Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any FDIC and State of Wisconsin Guarantee Fund insurance.

During 2003, the City experienced unrealized losses on investments in the amount of \$532,268 in the general fund. The amount is included in the net gain/(loss) on investments. Unrealized losses will be offset by future unrealized gains if the securities are held to maturity. It is the intent of the City to hold these investments to maturity.

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2003

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**B. RECEIVABLES**

Accounts receivable not due within one year are as follows:

Water utility	\$	93,540
Wastewater utility		61,401
Stormwater utility		<u>1,345</u>
Total Amount Not Due Within One Year	\$	<u>156,286</u>

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes receivable	\$ -	\$ 32,883,651	\$ 32,883,651
Interest on advances	13,042,930	-	13,042,930
Developers loan	1,020,501	-	1,020,501
Rehabilitation loan	5,491,437	-	5,491,437
Special assessments not yet due	1,735,628	-	1,735,638
Grant drawdowns prior to meeting all eligibility requirements	<u>-</u>	<u>279,331</u>	<u>279,331</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 21,290,496</u>	<u>\$ 33,162,982</u>	<u>\$ 54,453,478</u>

On the statement of net assets, \$15,694 of unearned revenue is reported from the internal service funds for total unearned revenue of \$33,178,676.

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs that have been loaned to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed.

It is the City's policy to record deferred revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as designated fund balance in the fund financial statements.

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2003

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

***Long Term Debt Accounts***

- Redemption – Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve – Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Depreciation – Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.
- Construction – Used to report proceeds of revenue bond issuances that are restricted for use in construction.

***Equipment Replacement Account***

The wastewater utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Following is a list of restricted assets at December 31, 2003:

	Restricted	Liabilities Payable from Restricted	Restricted
	Assets	Assets	Net
	<u>Assets</u>	<u>Assets</u>	<u>Assets</u>
Bond redemption account	\$ 1,814,141	\$ 1,504,119	\$ 310,022
Bond reserve account	9,175,070	-	n/a
Bond depreciation account	1,500,000	-	1,500,000
Construction account	3,011,694	-	n/a
DNR equipment replacement account	6,915,077	-	6,915,077
Capital equipment replacement account	1,099,899	-	1,099,899
Accrued interest	<u>220,755</u>	<u>118,737</u>	<u>102,018</u>
 Total Restricted Assets	 <u>\$ 23,736,636</u>	 <u>\$ 1,622,856</u>	 <u>\$ 9,927,016</u>

## CITY OF APPLETON

### NOTES TO FINANCIAL STATEMENTS December 31, 2003

#### **NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

#### **D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2003 was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital Assets Not Being Depreciated:					
Land	\$ 19,824,257	\$ 188,882	\$ 256,744	\$ (170,060)	\$ 19,586,335
Right of ways	54,636,855	2,763,129	-	-	57,399,984
Land improvements <sup>(1)</sup>	36,081,761	244,385	-	-	36,326,146
Construction in progress	-	3,849,314	-	-	3,849,314
 Total Capital Assets Not Being Depreciated	 110,542,873	 7,045,710	 256,744	 (170,060)	 117,161,779
 Capital Assets Being Depreciated:					
Improvements	5,636,345	359,540	-	201,964	6,197,849
Buildings	29,563,256	206,468	-	(31,904)	29,737,820
Equipment, furniture and fixtures	22,684,147	1,583,910	791,987	-	23,476,070
Streets	95,315,779	2,988,118	487,267	-	97,816,630
Sidewalk	21,016,416	243,139	38,188	-	21,221,367
Traffic signals	3,096,389	156,078	33,009	-	3,219,458
Bridges	21,178,824	-	-	-	21,178,824
Total Capital Assets Being Depreciated	 198,491,156	 5,537,253	 1,350,451	 170,060	 202,848,018
 Less: Accumulated Depreciation for:					
Improvements	1,983,243	165,211	-	-	2,148,454
Buildings	13,065,183	734,053	-	-	13,799,236
Equipment, furniture and fixtures	12,412,195	1,847,824	782,676	-	13,477,343
Streets	33,079,692	2,788,504	253,272	-	35,614,924
Sidewalk	5,534,140	527,972	19,445	-	6,042,667
Traffic signals	740,447	77,665	8,253	-	809,859
Bridges	5,203,761	211,788	-	-	5,415,549
Total Accumulated Depreciation	 72,018,661	 6,353,017	 1,063,646	 -	 77,308,032
 Capital Assets, Net of Depreciation	 \$ 237,015,368				 \$ 242,701,765

<sup>(1)</sup> This represents the nondepreciable portion of the City's roads.

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2003

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

Depreciation expense was charged to functions as follows:

**Governmental Activities**

General government	\$ 196,169
Public safety	253,639
Public works, which includes the depreciation of roads, streets, signals, and bridges	3,802,365
Education and recreation	<u>473,419</u>
Sub-Total	4,725,592
Capital assets held by internal service funds charged to the various functions based on their usage of the assets	1,627,425
Total Governmental Activities Depreciation Expense	<u>\$ 6,353,017</u>

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 14,071,903	\$ 523,073	\$ -	\$ 14,594,976
Construction in progress	<u>6,268,667</u>	<u>4,247,475</u>	<u>5,789,383</u>	<u>4,726,759</u>
Total Capital Assets Not Being Depreciated	<u>20,340,570</u>	<u>4,770,548</u>	<u>5,789,383</u>	<u>19,321,735</u>
Other Capital Assets				
Land improvements				
Buildings and improvements	243,659,612	10,089,883	362,924	253,386,571
Machinery and equipment	63,444,216	2,729,099	50,012	66,123,303
Completed construction not classified	<u>-</u>	<u>1,961,089</u>	<u>-</u>	<u>1,961,089</u>
Total Capital Assets Being Depreciated	<u>307,103,828</u>	<u>14,780,071</u>	<u>412,936</u>	<u>321,470,963</u>
Less: Accumulated depreciation for:				
Land improvements				
Buildings and improvements	37,834,966	3,822,580	398,458	41,259,088
Machinery and equipment	<u>50,629,610</u>	<u>5,050,509</u>	<u>23,475</u>	<u>55,656,644</u>
Total Accumulated Depreciation	<u>88,464,576</u>	<u>\$ 8,873,089</u>	<u>\$ 421,933</u>	<u>96,915,732</u>
Capital Assets, Net of Depreciation	<u>\$ 238,979,822</u>			<u>\$ 243,876,966</u>

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**D. CAPITAL ASSETS (cont.)**

Depreciation expense was charged to functions as follows:

**Business-Type Activities**

Water	\$ 2,630,866
Wastewater	3,794,581
Valley Transit	513,187
Stormwater	823,588
Parking	909,175
Reid Municipal Golf Course	<u>63,514</u>
 Total Business-Type Activities	
Depreciation Expense	<u>\$ 8,734,911</u>

The depreciation difference of \$138,178 relates to salvage value and cost of removal.

**E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, AND TRANSFERS**

**Interfund Receivables/Payables**

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue – Emergency Shelter	\$ 47,260
General	Special Revenue – Continuum of Care	45,498
General	Enterprise – Water Utility	940,728
Special Revenue – Sanitation and Recycling Programs	General	4,113
Enterprise – Water Utility	General	150,284
Enterprise – Wastewater Utility	General	185,852
Enterprise – Stormwater Utility	General	<u>102,438</u>
Sub-Total		1,476,173
Add: Internal service allocation		3,092,925
Less: Elimination to government-wide		<u>(96,871)</u>
 Total – Fund Financial Statements		 <u>\$ 4,472,227</u>
 Business-type Activity	Governmental Activity	 \$ 3,531,499
Governmental Activity	Business-type Activity	<u>940,728</u>
Total		<u>\$ 4,472,227</u>

All amounts are due within one year.

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)**

**Interfunds Receivables/Payables (cont.)**

The principal purpose of these interfunds is for delinquent bills put on the tax roll and payment in lieu of taxes. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

**Advances**

In 1999, the City approved charging interest on the advances to the Tax Incremental Districts at 5%, compounded annually. Accumulated interest is shown as deferred revenue in the general fund and the parking utility and charged to expenditures annually in the payable fund. Interest is being charged to the Reid Municipal Golf Course. No interest is being charged on the advance to the water utility. A repayment schedule has been established for the Reid Municipal Golf Course. The other advances will be repaid as monies are available.

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>	<u>Amount Not Due Within One Year</u>
General	Special Revenue – Tax Incremental District No. 1	\$ 219,597	\$ 10,754,718	\$ 10,974,315	\$ 10,890,991
General	Special Revenue – Tax Incremental District No. 2	680,922	491,400	1,172,322	1,172,322
General	Special Revenue – Tax Incremental District No. 3	8,678,765	1,515,858	10,194,623	10,194,623
General	Capital Projects – Tax Incremental District No.5	22,501	1,004	23,505	23,505
General	Capital Projects – Tax Incremental District No. 6	62,982	11,751	74,733	-
General	Enterprise – Reid Municipal Golf Course	520,000	-	520,000	485,000
Enterprise – Wastewater Utility	Enterprise – Water Utility	3,348,580	-	3,348,580	3,348,580
Enterprise – Parking Utility	Special Revenue – Tax Incremental District No. 3	<u>8,182,496</u>	<u>2,189,331</u>	<u>10,371,827</u>	<u>10,371,827</u>
Sub-Totals		21,715,843	14,964,062	36,679,905	36,486,848
Less: Fund elimination		<u>(13,013,347)</u>	<u>(12,774,731)</u>	<u>(25,788,078)</u>	<u>(25,630,021)</u>
Totals – Fund Financial Statements		<u>\$ 8,702,496</u>	<u>\$ 2,189,331</u>	<u>\$ 10,891,827</u>	<u>\$ 10,856,827</u>

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2003

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)**

**Advances (cont.)**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
Business-type Activity	Governmental Activity	\$ 10,371,827
Governmental Activity	Business-type Activity	<u>520,000</u>
Total		<u>\$ 10,891,827</u>

The principal purpose of these advances is due to expenditures/expenses exceeding revenues.

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

The following represents the repayment schedule between the general fund and the Reid Municipal Golf Course.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 30,000	\$ 26,750	\$ 56,750
2004	35,000	25,125	60,125
2005	40,000	23,250	63,250
2006	45,000	21,125	66,125
2007	50,000	18,750	68,750
2008	60,000	16,000	76,000
2009	65,000	12,875	77,875
2010	70,000	9,500	79,500
2011	75,000	5,875	80,875
2012	<u>80,000</u>	<u>2,000</u>	<u>82,000</u>
Totals	<u>\$ 550,000</u>	<u>\$ 161,250</u>	<u>\$ 711,250</u>

**Transfers**

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
<b>General</b>	Special Revenue – Room Tax	\$ 18,671	2003 administrative fees
	Capital Projects – Park and Recreation Projects	65,000	Return of tax levy for project not completed
	Capital Projects – Technology	11,884	Asset management project – closeout

## CITY OF APPLETON

### NOTES TO FINANCIAL STATEMENTS

December 31, 2003

#### **NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

##### ***E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)***

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
<b>General (cont.)</b>	Enterprise – Water Utility	\$ 13,800	2003 administrative fees
	Enterprise – Water Utility	940,728	Payment in lieu of taxes
	Enterprise – Wastewater Utility	117,450	2003 administrative fees
	Enterprise – Parking Utility	9,300	2003 administrative fees
	Enterprise – Stormwater Utility	12,500	2003 administrative fees
	Enterprise – Reid Municipal Golf Course	17,900	2003 administrative fees
	<b>Debt Service</b>	Special Revenue – Tax Incremental District No. 2	48,531
Capital Project – Industrial Park Land		149,970	Debt payments
Capital Project – Tax Incremental District No. 3		2,784,621	Debt payments
Capital Project – Tax Incremental District No. 4		1,079,692	Debt payments
Capital Project – Tax Incremental District No. 5		93,849	Debt payments
Capital Project – Tax Incremental District No. 6		684,470	Debt payments
<b>Capital Projects</b>		Industrial Park Land	45,000
	Park and Recreation Projects	247,259	2003 debt proceeds
	Technology	98,821	Fiber optic project
	Riverfront	500,000	2003 debt proceeds
	Tax Incremental District No. 3	20,566,288	Closeout fund

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)**

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
<b>Enterprise</b>			
Valley Transit	General	\$ 457,080	Local share of deficit
Water Utility	Capital Projects – Technology	12,562	Asset management project – closeout
Wastewater Utility	Capital Projects – Technology	25,125	Asset management project - closeout
Wastewater Utility	Central Building Maintenance	10,820	Closeout fund
	Internal Service	–	
<b>Internal Service</b>			
CEA	Enterprise – Reid Municipal Golf Course	35,268	CEA vehicles
Sub-Total – Fund Financial Statements		28,046,589	
Less: Fund Eliminations		(26,394,056)	
Total – Government-Wide Statement of Activities		\$ 1,652,533	
Business-type Activity	Governmental Activity	\$ 505,587	
Governmental Activity	Business-Type Activity	1,146,946	
Total		\$ 1,652,533	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2003

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2003 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable:					
General obligation debt					
General	\$ 52,662,320	\$ 4,312,743	\$ 5,388,571	\$ 51,586,492	\$ 5,746,890
Internal service	1,001,867	-	167,169	834,698	182,088
Total Bonds and Notes Payable	<u>53,664,187</u>	<u>4,312,743</u>	<u>5,555,740</u>	<u>52,421,190</u>	<u>5,928,978</u>
Other Liabilities					
Vested compensated absences					
General	4,395,046	2,393,898	2,296,418	4,492,526	2,241,053
Internal service	216,023	116,652	251,050	81,625	49,909
Landfill liability	2,970,000	-	90,000	2,880,000	90,000
Disability benefits	<u>192,873</u>	<u>-</u>	<u>8,413</u>	<u>184,460</u>	<u>19,435</u>
Total Other Liabilities	<u>7,773,942</u>	<u>2,510,550</u>	<u>2,645,881</u>	<u>7,638,611</u>	<u>2,400,397</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 61,438,129</u>	<u>\$ 6,823,293</u>	<u>\$ 8,201,621</u>	<u>\$ 60,059,801</u>	<u>\$ 8,329,375</u>
	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year <sup>1</sup>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable:					
General obligation debt	\$ 4,105,000	\$ -	\$ 680,000	\$ 3,425,000	\$ 710,000
Revenue bonds	96,081,897	3,835,000	4,079,541	95,837,356	1,504,119
Add/(Subtract) Deferred Amounts For:					
Refundings - Gains/(Losses)	<u>(515,259)</u>	<u>-</u>	<u>(87,519)</u>	<u>(427,740)</u>	<u>n/a</u>
Sub-total	99,671,638	3,835,000	4,672,022	98,834,616	2,214,119
Other Liabilities:					
Vested compensated absences	<u>958,667</u>	<u>532,260</u>	<u>384,950</u>	<u>1,105,977</u>	<u>634,870</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 100,630,305</u>	<u>\$ 4,367,260</u>	<u>\$ 5,056,972</u>	<u>\$ 99,940,593</u>	<u>\$ 2,848,989</u>

<sup>1</sup> The water revenue bond debt service payments are primarily due on January 1st and July 1st. The utility makes the January 1st payment on December 31st of the prior year. Therefore, no current principal amount is shown on the balance sheet at December 31, 2003.

## CITY OF APPLETON

### NOTES TO FINANCIAL STATEMENTS December 31, 2003

#### **NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

#### **F. LONG-TERM OBLIGATIONS (cont.)**

##### **General Obligation Debt**

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2003, was \$182,020,950. Total general obligation debt outstanding at year end was \$55,846,190.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-03</u>
Governmental Activities					
General Obligation Bonds					
General Obligation Funds					
General Obligation					
Refunding Bond,					
Series 1991	10/1/93	4/1/07	7.60 – 8.70%	\$ 2,020,950	\$ 834,698
General Obligation Bonds,					
Series 1993A	8/1/93	4/1/13	5.25 – 5.60%	7,200,000	2,285,000
General Obligation Notes,					
Series 1996A	8/1/96	4/1/06	4.90 – 5.05%	2,515,000	1,815,000
General Obligation Notes,					
Series 1997A	9/1/97	4/1/07	3.75 – 4.625%	6,320,000	3,400,000
1997 State Trust					
Fund Loan	12/17/97	3/15/07	5.75%	750,000	385,110
General Obligation					
Refunding Bonds,					
Series 1998A	7/1/88	4/1/13	4.00 – 4.75%	9,570,000	4,995,000
General Obligation Notes,					
Series 1998B	7/1/98	4/1/08	3.80 – 4.50%	7,945,000	4,680,000
General Obligation Notes,					
Series 1999A	7/15/99	4/1/09	4.00 – 4.90%	1,275,000	830,000
General Obligation Notes,					
Series 1999B	7/15/99	4/1/09	6.50 – 6.60%	2,555,000	2,255,000
General Obligation Notes,					
Series 2000A	8/3/00	4/10/10	4.35 – 5.00%	10,465,000	7,825,000
General Obligation Notes,					
Series 2001A	8/1/01	10/1/11	4.00 – 4.44%	4,070,000	3,600,000

## CITY OF APPLETON

### NOTES TO FINANCIAL STATEMENTS December 31, 2003

#### **NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

#### **F. LONG-TERM OBLIGATIONS (cont.)**

##### **General Obligation Debt (cont.)**

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-03
Governmental Activities					
General Obligation Bonds (cont.)					
General Obligation Funds					
General Obligation Notes, Series 2001B	8/1/01	10/1/11	6.00%	\$ 3,270,000	\$ 3,270,000
2001 State Trust Fund Loan	8/24/01	3/15/11	5.00%	2,812,341	2,762,341
General Obligation Notes, Series 2002A	7/1/02	4/1/12	3.00 – 4.10%	8,535,000	7,505,000
General Obligation Notes, Series 2002B	7/1/02	4/1/12	5.00%	1,995,000	1,995,000
2002 State Trust Fund Loan	2/6/03	3/15/18	5.00%	1,561,341	1,561,341
General Obligation Notes, Series 2003A	9/3/03	4/1/13	1.25 – 3.70%	1,610,000	1,610,000
2003 State Trust Fund Loan	7/23/03	3/15/18	5.00%	812,700	812,700
Total Governmental Activities – General Obligation Debt					\$ 52,421,190
	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-03
Business-Type Activities					
General Obligation Debt					
General Obligation Notes, Series 1996A	8/1/96	4/1/06	4.90 – 5.05%	\$ 2,595,000	\$ 925,000
General Obligation Notes, Series 1997A	9/1/97	4/1/07	3.75 – 4.625%	3,020,000	1,380,000
General Obligation Notes, Series 1998B	7/1/98	4/1/08	3.80 – 4.50%	1,515,000	1,120,000
Total Business-Type Activities General Obligation Debt					\$ 3,425,000

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**F. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt (cont.)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-Type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2004	\$ 5,928,978	\$ 2,354,779	\$ 710,000	\$ 143,356
2005	5,700,439	2,110,691	745,000	108,900
2006	7,235,724	1,809,376	775,000	72,738
2007	7,936,048	1,441,360	475,000	43,319
2008	6,739,544	1,094,580	720,000	16,200
2009 – 2013	17,861,109	2,156,390	-	-
2014 – 2018	<u>1,019,348</u>	<u>137,729</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 52,421,190</u>	<u>\$ 11,104,905</u>	<u>\$ 3,425,000</u>	<u>\$ 384,513</u>

Estimated payments of accumulated employee benefits and other commitments are not included in the repayment schedule. Amounts available to service the general obligation debt and other long-term obligations include the following:

General Fund – general obligation debt	\$ 2,089,521
General Fund – compensated absences	3,155,079
General Fund – debt defeasance	922,463
Debt Service Fund – general obligation debt	31,480
Special Revenue Fund – Tuchscherer disability	89,985
Capital Projects Fund – general obligation debt	<u>187,036</u>
Total	<u>\$ 6,475,564</u>

**Revenue Debt**

Revenue bonds are payable only from revenues derived from the operation of the water, wastewater, and stormwater utility.

## CITY OF APPLETON

### NOTES TO FINANCIAL STATEMENTS December 31, 2003

#### **NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

#### **F. LONG-TERM OBLIGATIONS (cont.)**

##### **Revenue Debt (cont.)**

Revenue debt payable at December 31, 2003 consists of the following:

##### *Business-Type Activities Revenue Debt*

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12-31-03</u>
<u>Water Utility</u>					
Water System Revenue Bonds, Series 1998	12/1/98	1/1/14	3.80 – 4.85%	\$ 5,250,000	\$ 3,610,000
Water System Revenue Bonds, Series 2000	10/15/00	1/1/20	5.00 – 5.70%	3,445,000	2,975,000
Water System Revenue Refunding Bonds, Series 2001	10/1/01	1/1/22	3.00 – 5.375%	60,400,000	53,550,000
Water System Revenue Bonds, Series 2002	12/20/02	1/1/18	2.00 – 4.70%	5,560,000	<u>5,285,000</u>
			Total Water Utility		<u>65,420,000</u>
<u>Wastewater Utility</u>					
Sewerage System Mortgage Revenue Bonds, Series 1993B	3/24/93	5/1/12	3.369%	12,989,595	7,777,356
Sewerage System Mortgage Revenue Refunding Bonds, Series 1995	12/1/95	10/1/10	3.90 – 5.15%	6,600,000	6,100,000
			Total Wastewater Utility		<u>13,877,356</u>
<u>Stormwater Utility</u>					
Stormwater System Revenue Bonds, Series 1999	8/1/99	4/1/19	3.75 – 5.26%	3,080,000	2,600,000
Stormwater System Revenue Bonds, Series 2000	9/1/00	4/1/20	4.35 – 5.65%	3,255,000	2,955,000
Stormwater System Revenue Bonds, Series 2001	9/1/01	4/1/21	4.00 – 5.00%	4,810,000	4,810,000
Stormwater System Revenue Bonds, Series 2002	8/23/02	4/1/22	3.00 – 5.00%	2,340,000	2,340,000
Stormwater System Revenue Bonds, Series 2003	10/9/03	4/1/23	2.00 – 4.55%	3,835,000	<u>3,835,000</u>
			Total Stormwater Utility		<u>16,540,000</u>
Total Business-Type Activities Revenue Debt					<u>\$ 95,837,356</u>

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2003

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**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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**F. LONG-TERM OBLIGATIONS (cont.)**

**Revenue Debt (cont.)**

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2004	\$ 1,504,119	\$ 2,846,061
2005	5,189,525	4,278,102
2006	5,380,788	4,082,767
2007	5,622,935	3,872,081
2008	6,525,996	3,639,843
2009 – 2013	27,888,993	14,181,806
2014 – 2018	24,135,000	8,225,865
2019 – 2022	<u>19,590,000</u>	<u>1,970,187</u>
Totals	<u>\$ 95,837,356</u>	<u>\$ 43,096,712</u>

**Capital Leases**

Refer to Note IV. G.

**Other Debt Information**

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

A statutory mortgage lien upon the City's utility system and any additions, improvements and extensions thereto is created by Section 66.066 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The City's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The City believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

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**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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**G. LEASE DISCLOSURES**

***Lessee – Capital Leases***

In 1998, the City entered into a lease/development agreement with Appleton Ice Incorporated. As part of the agreement, the City leased approximately 2.5 acres of land to Appleton Ice Incorporated to be used for the Appleton Family Ice Arena. The gross amount of these assets under capital leases is \$1,210,000, which are included in fixed assets in the governmental activities. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2003, are as follows:

	<u>Governmental Activities</u>
2004	\$ 94,362
2005	92,213
2006	90,025
2007	92,688
2008	<u>828,224</u>
Sub-Total	1,197,512
Less: Amount representing interest	<u>(199,179)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 998,333</u></u>

The City has no material leases as lessee or lessor.

**H. CLOSURE AND POSTCLOSURE CARE COST**

State and federal laws and regulations require the City to place a final cover on its Mackville Landfill, which no longer receives solid waste, and to perform certain maintenance and monitoring functions at the site for 40 years after closure. Construction of the cover has been completed at December 31, 2002. The City does have postclosure care responsibility at the Mackville Landfill. As of December 31, 2003, a \$2,880,000 liability was estimated based on what it would cost to perform all postclosure care in 2003 and thereafter. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The City incurred approximately \$115,000 of closure costs in 2003.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2003

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### I. GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES

Governmental activities net assets reported on the government wide statement of net assets at December 31, 2003 includes the following:

##### GOVERNMENTAL ACTIVITIES

Invested in capital assets, net of related debt	
Construction in progress	\$ 3,849,314
Land	113,312,465
Other capital assets, net of accumulated depreciation	125,539,986
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(20,395,000)</u>
Total Invested in Capital Assets	<u>222,306,765</u>
Restricted	
Debt service fund	31,480
Industrial park land – debt service	<u>187,036</u>
Total Restricted	<u>218,516</u>
Unrestricted (deficit)	<u>(4,087,925)</u>
Total Governmental Activities Net Assets	<u>\$ 218,437,356</u>

Governmental fund balances reported on the fund financial statements at December 31, 2003 include the following:

##### Reserved

##### Major Funds

##### General Fund

Inventories	\$ 730,647
Prepaid items	231,697
Advance to other fund	10,184,767
Developer loans	608,594
Encumbrances	<u>2,665,155</u>

    Total \$ 14,420,860

##### Debt Service Fund

    Reserved for debt service \$ 31,480

##### Non-Major Funds

##### Special Revenue Fund

Hazardous Material Level A – Prepaid items	\$ 82,614
Hazardous Material Level A – Encumbrances	<u>117,557</u>

    Total \$ 200,171

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

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**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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**I. GOVERNMENTAL ACTIVITIES NET ASSETS (cont.)**

**Governmental Activities (cont.)**

**Reserved (cont.)**

Non-Major Funds (cont.)

Capital Projects Funds

Subdivision Development Projects – Encumbrances	\$ 2,106
Industrial Park Land – Encumbrances	175,971
Industrial Park Land – Debt Service	187,036
Park and Recreation Programs – Encumbrances	301,398
Tax Incremental District No. 4 – Encumbrances	237,490
Tax Incremental District No. 5 – Encumbrances	190,000
Tax Incremental District No. 6 – Encumbrances	141,264
Public Safety Facilities – Encumbrances	10,521
Public Works Equipment – Encumbrances	168,720
CEA Replacement – Encumbrances	66,800
Riverfront Initiatives – Encumbrances	<u>26,000</u>

Total \$ 1,507,306

**Unreserved (deficit)**

Major Funds

General fund	\$ 986,817
Tax Incremental District No. 1 special revenue fund	(10,745,620)
Tax Incremental District No. 3 capital projects fund	<u>(20,566,288)</u>
Total	<u>\$(30,325,091)</u>

Non-Major Funds

Special Revenue Funds

Tax Incremental District No. 2 (deficit) \$ (996,765)

Capital Projects Fund

Tax Incremental District No. 5 (deficit) \$ (21,930)

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS

December 31, 2003

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### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

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#### I. GOVERNMENTAL ACTIVITIES NET ASSETS (cont.)

##### Governmental Activities (cont.)

###### Unreserved (designated)

###### Major Funds

###### General fund designated for:

Debt defeasance	\$ 922,463
Working capital	8,026,112
Compensated absences	3,155,079
Unfunded pension liability	621,914
Debt service	<u>2,089,521</u>
Total	<u>\$ 14,815,089</u>

###### Non-Major Funds

###### Special revenue funds designated for:

Community Development Block Grant	\$ 2,917
Rental Rehabilitation Grants	184,435
Sanitation and Recycling Program	1,039,039
Hazardous Materials Level A	140,651
Forestry	3,881
Room Tax	4,264
Tuchscherer Disability	89,985
Peabody Estate	85,227
Balliet Locomotive	8,514
Lutz Park	699,208
Park Purpose Open Space	340,459
Union Spring Park	3,454
Universal Playground Trust	<u>20,336</u>
Total	<u>\$ 2,622,370</u>

###### Capital projects funds designated for:

Subdivision Development Projects	\$ 1,076,780
Industrial Park Land	852,707
Park and Recreation Projects	6,408
Tax Incremental District No. 4	3,720,235
Tax Incremental District No. 6	1,611,333
Public Safety Facilities	32,702
Public Works Equipment	325,899
CEA Replacement	3,997,135
Riverfront Initiatives	<u>42,743</u>
Total	<u>\$ 11,665,942</u>

###### Permanent fund designated for:

Frank P. Young memorial	<u>\$ 15,922</u>
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**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2003

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**J. RESTATEMENT OF FUND BALANCES/NET ASSETS**

Fund balance of the general fund has been restated due to implementation of GASB No. 34 relating to recognition of the water utility's tax equivalent and to record salt inventory.

**GENERAL FUND**

Fund balance – December 31, 2002 (as reported)	\$ 31,142,447
Add: Water utility tax equivalent	940,728
Salt inventory	<u>59,798</u>
Fund Balance – January 1, 2003 (as restated)	<u>\$ 32,142,973</u>

**ENTERPRISE FUNDS**

Net assets in the enterprise funds have been restated due to a change in accounting standards through the implementation of GASB No. 34. Contributed capital is no longer being reported as a separate item on the Statement of Net Assets but flows through the Statement of Revenues, Expenses and Changes in Net Assets.

	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>	<u>Stormwater Utility</u>	<u>Parking Utility</u>	<u>Reid Municipal Golf Course</u>
Retained Earnings (deficit) – December 31, 2002 (as reported)	\$ 19,683,724	\$ 58,246,703	\$ ) (592,919)	\$ 7,626,001	\$ (1,881,331)	\$ 335,347
Add: Contributed capital – December 31, 2002 (as reported)	<u>15,639,148</u>	<u>32,674,512</u>	<u>4,522,301</u>	<u>23,228,017</u>	<u>25,160,616</u>	<u>349,147</u>
Net Assets – January 1, 2003 (as restated)	<u>\$ 35,322,872</u>	<u>\$ 90,921,215</u>	<u>\$ 3,929,382</u>	<u>\$ 30,854,018</u>	<u>\$ 23,279,285</u>	<u>\$ 684,494</u>

**INTERNAL SERVICE FUNDS**

Net assets in the central equipment agency and central building maintenance have has been restated due to a change in accounting standards through the implementation of GASB No. 34. Contributed capital is no longer being reported as a separate item on the Statement of Net Assets but flows through the Statement of Revenues, Expenses and Changes in Net Assets.

Retained Earnings – December 31, 2002 (as reported)	\$ 5,161,984
Add: Contributed capital – December 31, 2002 (as reported)	<u>7,868,678</u>
Net Assets – January 1, 2003 (as restated)	<u>\$ 13,030,632</u>

## CITY OF APPLETON

### NOTES TO FINANCIAL STATEMENTS

December 31, 2003

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#### **NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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##### ***K. COMPONENT UNITS***

This report contains the Redevelopment Authority of the City of Appleton ("Redevelopment Authority"), the Housing Authority of the City of Appleton ("Housing Authority"), and the Business Improvement District of the City of Appleton ("Business Improvement District") which are included as component units. Financial information is presented as a discrete column in the statement of net assets and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

##### ***Redevelopment Authority***

a. Basis of Accounting/Measurement Focus

The Redevelopment Authority prepares its financial statements in accordance with generally accepted accounting principles. The accounting records are kept on the accrual basis of accounting and flow of economic resources measurement focus. The Redevelopment Authority has elected not to adopt the provisions of GASB No. 20, paragraph 7, which states that all FASB statements and interpretations issued after November 30, 1989, can be applied.

b. Cash and Investments

The Redevelopment Authority, as a fund of the City, maintains common cash accounts at the same financial institutions utilized by the City. Federal Depository Insurance and the State of Wisconsin Guarantee Fund insurance apply to the City of Appleton as an individual municipality and, accordingly, the amount of insured funds is not determinable for the Redevelopment Authority. The carrying amount was \$160,964. The Redevelopment Authority also has restricted cash of \$22,393.

c. Inventory

This represents land held for resale.

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

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**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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**K. COMPONENT UNITS (cont.)**

**Housing Authority**

a. Basis of Accounting/Measurement Focus

The Housing Authority prepares its financial statements in accordance with generally accepted accounting principles. The accounting records are kept on the accrual basis of accounting and flow of economic resources measurement focus. The Housing Authority has elected not to adopt the provisions of GASB No. 20, paragraph 7, which states that all FASB statements and interpretations issued after November 30, 1989, can be applied.

b. Cash and Investments

At year end, the carrying amount of the Housing Authority's deposits was \$912,195 and the bank balance was \$967,354. Of the bank balance, \$912,195 was covered by federal depository and state guarantee fund insurance, and \$-0- was uninsured and uncollateralized.

c. Restricted Assets

Restricted assets at December 31, 2003 consist of the following:

Cash and cash equivalents	<u>\$ 155,426</u>
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d. Property, Plant and Equipment

The property, plant and equipment at December 31, 2003 consist of the following:

	<u>12-31-03</u>	<u>Years</u>
Land and improvements	\$ 844,907	40
Buildings and structures	15,418,542	40
Equipment and furnishings	797,869	5-10
Construction in progress	<u>289,693</u>	N/A
Total	<u>\$ 17,351,011</u>	

## CITY OF APPLETON

### NOTES TO FINANCIAL STATEMENTS

December 31, 2003

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#### **NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

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##### ***K. COMPONENT UNITS*** (cont.)

##### ***Housing Authority*** (cont.)

e. Employee Retirement System

All eligible Housing Authority employees participate in the Wisconsin Retirement System ("System"), a cost-sharing defined benefit multiple-employer public employee retirement system (PERS). The payroll for employees covered by the System for the year ended December 31, 2003 was \$419,493; the Housing Authority's total payroll was \$428,853. The total required contribution for the year ended December 31, 2003 was \$39,432 which consisted of \$18,457 or 4.4 percent of payroll from the employer and \$20,975 or 5 percent of payroll from employees. Total contributions for the years ending December 31, 2002 and 2001 were \$36,237 and \$28,061, respectively, equal to the required contributions for each year.

f. Risk Management

The Housing Authority purchases commercial insurance with various deductibles and coverages to cover property, business auto, and general liabilities. For all insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years. There were no significant reductions in coverage compared to the prior year.

##### ***Business Improvement District***

a. Basis of Accounting/Measurement Focus

The Business Improvement District prepares its financial statements in accordance with generally accepted accounting principles. The accounting records are kept on the accrual basis of accounting and the flow of economic resources measurement focus. The Business Improvement District has elected not to adopt the provisions of GASB No. 20, paragraph 7, which states that all FASB statements and interpretations issued after November 30, 1989, can be applied.

b. Cash and Investments

The Business Improvement District, as a fund of the City, maintains common cash accounts the same financial institutions utilized by the City. Federal Depository Insurance and the State of Wisconsin Guarantee Fund insurance apply to the City of Appleton as an individual municipality and, accordingly, the amount of insured funds is not determinable for the Business Improvement District. The carrying amount was \$104,706.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS

December 31, 2003

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### NOTE V – OTHER INFORMATION

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#### ***A. EMPLOYEES' RETIREMENT SYSTEM***

All eligible City employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.4% of their salary (2.6% for Executives and Elected Officials, 4.0% for Protective Occupations with Social Security, and 2.4% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for City employees covered by the system for the year ended December 31, 2003 was \$32,379,698; the employer's total payroll was \$33,925,136. The total required contribution for the year ended December 31, 2003 was \$3,703,445 or 11.44 percent of covered payroll. Of this amount, 100 percent was contributed by the employer for the current year. Total contributions for the years ending December 31, 2002 and 2001 were \$3,576,344 and \$3,435,364, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) 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. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment 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 are immediately vested.

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

The pension related debt for the City as of December 31, 2003, was \$-0-.

## CITY OF APPLETON

### NOTES TO FINANCIAL STATEMENTS

December 31, 2003

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#### **NOTE V – OTHER INFORMATION (cont.)**

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##### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

In addition to the above mentioned retirement system, the State of Wisconsin administers an agent multiple-employer plan which covers 13 retired employees of the City Police and Fire Departments. These individuals were covered by a private pension plan prior to the City joining the system. No new employees are added to the plan. The City's policy is to fund retirement contributions to meet current benefit payments of these retired employees (i.e. "pay as you go"). Contributions are not actuarially determined. The total cost for 2003 was approximately \$88,126. The total estimated unfunded pension benefit obligation of this plan is approximately \$621,914 as of December 31, 2003, all of which relates to retirees and beneficiaries currently receiving benefits. The City has designated fund balance of \$621,914 for the unfunded pension liability in the general fund. The rate of investment return is presently assumed to be 6%. The estimated remaining period of amortization is 14 years.

##### **B. RISK MANAGEMENT (COMMERCIAL/SELF INSURANCE)**

The City is exposed to various risks of loss including torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation; health care and injuries to employees; and natural disasters. The cost of providing these risk management services is allocated by charging a "premium" to each fund based on historical estimates of the amounts needed to pay prior and current year claims and administration costs. The charge considers recent trends in actual claims experience of the City as a whole and makes provision for losses relating to catastrophes. "Premiums" are allocated by fund based on estimated current-year payroll, property values and other appropriate factors.

##### **Insurance Fund**

All funds of the City participate in the insurance fund. For 2003, the Insurance Fund provided coverage for up to \$300,000 for each worker's compensation claim (\$350,000 for police and fire), \$175,000 for each general, automobile, police professional or public officials liability claim up to \$700,000 in a year, and \$100-10,000 for each property damage claim (\$20,000 boilers at wastewater, \$50,000 for flood and earthquake). The City purchases commercial insurance for claims in excess of coverage provided by the fund and other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year. A total reserve for claims losses at December 31, 2003 of \$1,161,735 has been recorded. The reserve liability includes expenses and losses expected to arise from claims outstanding as of December 31, 2003 and amounts expected to arise from claims which have been incurred but have not been reported to the City as of December 31, 2003. The reserve is based on a 2002 actuarial study and actual claims activity in 2003. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. The study took into account settled claims, the frequency of claims, industry averages and other economic and social factors. Because actual claims liabilities depend on such complex factors as inflation and damage awards, the process used to compute claims liability does not necessarily result in an exact amount. At December 31, 2003, the City has designated net assets of \$3,388,717 in the Insurance Fund for self-insured activities not covered by the reserves established. This amount is included in unreserved net assets.

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2003

**NOTE V – OTHER INFORMATION (cont.)**

**B. RISK MANAGEMENT (cont.)**

**Self Insurance (cont.)**

Changes in the claims payable follow:

	Balance January 1	Incurred Claims	Claims Paid	Balance December 31
2002	\$ 911,000	\$ 482,820	\$ 393,820	\$ 1,000,000
2003	1,000,000	438,873	277,136	1,161,737

**Health Care**

The City provides health and dental care benefits to employees through a self-funded health plan with specific insurance coverage. The plans are administered by Humana and Delta Dental. Insurance premiums, based on historical cost, are paid into the general fund from all other City funds and are available to pay claims, administrative costs, and stop loss claims.

Under this program, the City pays up to a maximum of \$100,000 annually for each covered employee's and each covered dependent's health care costs. The City has purchased excess loss insurance for claims in excess of this amount. Expected claims are calculated at the end of each plan year by the third party administrator based on the number of single and family contracts covered and the expected claims. Administrative costs for 2003 totaled approximately \$332,127.

The estimated liability for self-funded losses is based on reported claims for the year and those received subsequent to year end. The estimated liability for self insured losses for this program consisted of the following at December 31, 2003:

Reported and Known Claims	\$ 596,721
Incurred but not Reported Claims	<u>1,703,279</u>
<b>Total</b>	<b><u>\$ 2,300,000</u></b>

Changes in the claims payable follow:

	Balance January 1	Incurred Claims	Claims Paid	Balance December 31
2002	\$ 1,616,545	\$ 6,569,961	\$ 6,186,506	\$ 2,000,000
2003	2,000,000	7,279,586	6,979,586	2,300,000

## CITY OF APPLETON

### NOTES TO FINANCIAL STATEMENTS December 31, 2003

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#### **NOTE V – OTHER INFORMATION (cont.)**

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##### **B. RISK MANAGEMENT (cont.)**

###### ***Public Entity Risk Pool***

###### ***Transit Mutual Insurance Corporation of Wisconsin (TMICOW)***

###### *Description*

The Transit Mutual Insurance Corporation of Wisconsin is a risk pool of Wisconsin municipalities which have joined together for the managing and funding of the first party property losses and third party liability claims of its member municipalities' mass transit funds.

In 2003, the TMICOW is protected by a \$1,250,000 self-insurance policy. In addition to the TMICOW protection, the City of Appleton, combined together with other members of Wisconsin Municipal Transit Insurance Commission, are covered by a \$5,000,000 excess insurance policy issued by General Reinsurance Corporation effective January 1, 2003 through January 1, 2004.

Management consists of a board of directors comprised of one representative for each member. The City does not exercise any control over the activities of the agency beyond its representation on the board of directors.

Initial contributions are determined in advance of each membership year. The board of directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the membership year. Members have a contractual obligation to fund any deficit attributable to a membership year during which they were a member. The City's share of this joint venture is 4.41%. A list of the other members and their share of participation is available in the TMICOW report which is available from TMICOW, P.O. Box 1722, Appleton, WI 54912-1722.

###### ***Wisconsin Municipal Insurance Commission (WMIC) Cities and Villages Mutual Insurance Company (CVMIC)***

The WMIC is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes. It was created in August, 1987 for the purpose of facilitating the organization, establishment and capitalization of the CVMIC, and has numerous cities and villages as members.

The CVMIC is a municipal mutual insurance company established on September 19, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMIC.

## CITY OF APPLETON

### NOTES TO FINANCIAL STATEMENTS December 31, 2003

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#### **NOTE V – OTHER INFORMATION (cont.)**

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##### **B. RISK MANAGEMENT (cont.)**

###### **Public Entity Risk Pool (cont.)**

###### **Wisconsin Municipal Insurance Commission (WMIC) Cities and Villages Mutual Insurance Company (CVMIC) (cont.)**

The WMIC provided for the capitalization of the CVMIC through the issuance of \$28,645,000 of WMIC revenue bonds, dated November 11, 1987 and refinanced on December 15, 1997 in the amount of \$22,800,000. The bonds are due in varying installments starting in 1998 and ending in 2007. Interest rates vary from 5.74% to 6.47%. The underlying security for the revenue bonds are general obligation bonds of each of the cities and villages participating in the enterprise. Each city and village assumed a proportionate share of the revenue bond obligation and delivered its general obligation bond in that proportionate amount to the WMIC. The principal and interest payments made by each municipality to the WMIC on its general obligation bond provides the revenue stream to make the principal and interest payments on the WMIC revenue bonds.

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. They also have \$3,000,000 of reinsurance and \$5,000,000 of excess coverage. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities. The City's share of such losses is approximately 5%.

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The City does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Financial statements of WMIC and CVMIC are available from: Cities and Village Mutual Insurance Company, 1250 South Sunnyslope Road, Suite 105, Brookfield, WI 53005.

The City shows the general obligation bond that it owes to WMIC in the insurance internal service fund (governmental activities column of government-wide statement of net assets) in the amount of \$834,698. The City has a receivable from WMIC of \$140,426 which represents assets available to retire the City's share of the debt. The initial investment in WMIC is refundable upon withdrawal from the commission and has been reported at the original amount of \$2,020,950 in the insurance service internal service fund.

##### **C. COMMITMENTS AND CONTINGENCIES**

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted 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.

## CITY OF APPLETON

### NOTES TO FINANCIAL STATEMENTS

December 31, 2003

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#### **NOTE V – OTHER INFORMATION (cont.)**

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##### **C. COMMITMENTS AND CONTINGENCIES(cont.)**

Fox River Cleanup is a source of potential liability to the City. It appears likely that some remedial action will be required. It is not possible to estimate the financial impact to the City at this time.

Three former City employees are entitled to monthly disability benefits from the City for the rest of their lives. Disability payments total \$1,620 per month. The City's policy is to fund disability expenditures as benefit payments become due. The liability for future payments is presently reflected as a liability on the Statement of Net Assets.

A claim has been made against the City by developers who purchased property from the City. They are seeking reimbursement of expenses incurred by the developer during the development of the property. The developer is seeking items such as increased engineering costs and site preparation work. There is no agreement that the City would participate in these costs. The claim at this time is for just over \$900,000. The city is currently negotiating with the developer for a possible settlement.

##### **D. SUBSEQUENT EVENT**

In 2004, the City made a draw downs on the 2002 and 2003 state trust fund loans in the amount of \$254,970. The monies will be used for Tax Increment District Nos. 3 and 6 in 2004.

**REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF APPLETON

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 22,327,899	\$ 22,327,899	\$ 22,365,810	\$ 37,911
Intergovernmental	18,033,934	18,251,675	18,043,299	(208,376)
Licenses and permits	751,300	751,300	857,425	106,125
Fines and forfeitures	525,000	525,000	277,692	(247,308)
Special assessments	1,479,361	1,479,361	1,097,997	(381,364)
Investment income	1,890,000	1,890,000	(28,167)	(1,918,167)
Public charges for services	1,515,114	1,529,013	1,694,585	165,572
Other	649,090	682,386	797,895	115,509
Total Revenues	<u>47,171,698</u>	<u>47,436,634</u>	<u>45,106,536</u>	<u>(2,330,098)</u>
<b>EXPENDITURES</b>				
Current:				
General government	6,852,544	7,129,685	5,946,565	1,183,120
Public safety	20,984,513	22,181,457	21,629,621	551,836
Public works	10,158,248	11,022,290	9,316,004	1,706,286
Education and recreation	8,265,473	8,456,214	8,329,326	126,888
Community development	1,701,626	1,774,920	1,712,252	62,668
Total Expenditures	<u>47,962,404</u>	<u>50,564,566</u>	<u>46,933,768</u>	<u>3,630,798</u>
Deficiency of revenues over expenditures	<u>(790,706)</u>	<u>(3,127,932)</u>	<u>(1,827,232)</u>	<u>1,300,700</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of city property	64,893	64,893	47,952	(16,941)
Transfers in	1,297,142	1,244,026	1,207,233	(36,793)
Transfers out	(506,329)	(1,460,410)	(1,348,160)	112,250
Total Other Financing Sources (Uses)	<u>855,706</u>	<u>(151,491)</u>	<u>(92,975)</u>	<u>58,516</u>
Net Change in Fund Balances	65,000	(3,279,423)	(1,920,207)	1,359,216
FUND BALANCE - Beginning	<u>32,142,973</u>	<u>32,142,973</u>	<u>32,142,973</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 32,207,973</u>	<u>\$ 28,863,550</u>	<u>\$ 30,222,766</u>	<u>\$ 1,359,216</u>

**CITY OF APPLETON**

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance -
	Original	Final		Positive (Negative)
<b>TAXES</b>				
Property tax	\$ 21,900,099	\$ 21,900,099	\$ 21,952,494	\$ 52,395
Payment in lieu of taxes	427,800	427,800	413,316	(14,484)
Total Taxes	<u>22,327,899</u>	<u>22,327,899</u>	<u>22,365,810</u>	<u>37,911</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
State shared revenues	12,620,442	12,620,442	12,620,442	-
State aid - exempt computers	427,773	427,773	294,321	(133,452)
Highway aid - connecting streets	226,607	226,607	222,067	(4,540)
State tax disparity act	1,417,232	1,417,232	1,409,174	(8,058)
State aid - local streets	2,510,261	2,510,261	2,520,747	10,486
Miscellaneous federal aids	7,200	136,700	78,288	(58,412)
Miscellaneous state aids	214,608	264,779	246,762	(18,017)
Miscellaneous local aids	7,500	27,500	29,140	1,640
Library grants and aids	602,311	602,311	602,310	(1)
Health grants	-	18,070	20,048	1,978
Total Intergovernmental Revenues	<u>18,033,934</u>	<u>18,251,675</u>	<u>18,043,299</u>	<u>(208,376)</u>
<b>LICENSES AND PERMITS</b>				
Licenses				
Amusement devices	7,300	7,300	7,955	655
Cigarette	10,000	10,000	10,820	820
Electricians	1,800	1,800	2,860	1,060
Health	81,000	81,000	90,640	9,640
Liquor and malt beverages	60,000	60,000	86,667	26,667
Operators	40,000	40,000	55,570	15,570
Heating	750	750	907	157
Sundry	15,050	15,050	21,529	6,479
Dog	25,000	25,000	22,289	(2,711)
Cat	15,000	15,000	12,976	(2,024)
Weights and measures	30,000	30,000	29,069	(931)
Permits				
Building	180,000	180,000	198,480	18,480
Electrical	102,000	102,000	117,518	15,518
Heating	58,000	58,000	62,181	4,181
Plumbing and sewer	75,000	75,000	73,757	(1,243)
Trailer parking	18,000	18,000	14,418	(3,582)
State building	6,500	6,500	6,390	(110)
Signs	2,900	2,900	3,380	480
Sidewalk	7,000	7,000	9,560	2,560
Street occupancy	1,000	1,000	1,440	440
Street excavating and patching	3,500	3,500	4,930	1,430
Sundry	11,500	11,500	24,089	12,589
Total Licenses and Permits	<u>751,300</u>	<u>751,300</u>	<u>857,425</u>	<u>106,125</u>
<b>FINES AND FORFEITURES</b>				
Court fines and costs	<u>525,000</u>	<u>525,000</u>	<u>277,692</u>	<u>(247,308)</u>
Total Fines and Forfeitures	<u>525,000</u>	<u>525,000</u>	<u>277,692</u>	<u>(247,308)</u>

## CITY OF APPLETON

### SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance -
	Original	Final		Positive (Negative)
<b>SPECIAL ASSESSMENTS</b>				
Asphalt paving	\$ 443,832	\$ 443,832	\$ 394,926	\$ (48,906)
Concrete paving	783,541	783,541	497,649	(285,892)
Grade and gravel	31,172	31,172	16,587	(14,585)
Sewer mains and laterals	4,015	4,015	2,903	(1,112)
Sidewalks	104,050	104,050	85,199	(18,851)
Snow removal	60,000	60,000	51,484	(8,516)
Weed cutting	8,000	8,000	7,181	(819)
Tree planting	2,000	2,000	386	(1,614)
Street light revenue	24,751	24,751	1,625	(23,126)
Miscellaneous	18,000	18,000	40,057	22,057
Total Special Assessments	<u>1,479,361</u>	<u>1,479,361</u>	<u>1,097,997</u>	<u>(381,364)</u>
<b>INVESTMENT INCOME AND MISCELLANEOUS</b>				
Interest income	1,695,000	1,695,000	303,751	(1,391,249)
Interest on taxes	75,000	75,000	90,861	15,861
Interest - deferred special assessments	120,000	120,000	109,489	(10,511)
Net gain (loss) on investment	-	-	(532,268)	(532,268)
Total Investment Income	<u>1,890,000</u>	<u>1,890,000</u>	<u>(28,167)</u>	<u>(1,918,167)</u>
<b>CHARGES FOR SERVICES</b>				
Information services	-	-	95	95
City clerk	13,500	13,500	13,034	(466)
Assessor	1,500	1,500	1,658	158
Finance	9,500	9,500	3,870	(5,630)
Human resources	-	-	581	581
City attorney	3,000	3,000	1,329	(1,671)
Library	85,000	85,000	115,869	30,869
Other	-	13,899	15,162	1,263
Parks and Recreation				
Park administration	4,500	4,500	659	(3,841)
Recreation and administration	365,000	365,000	339,679	(25,321)
Aquatics	360,000	360,000	343,230	(16,770)
Public Works				
Street division	111,780	111,780	275,306	163,526
Traffic	35,000	35,000	56,022	21,022
Inspection department	55,000	55,000	55,924	924
Health department	3,040	3,040	3,144	104
Police department	421,544	421,544	434,209	12,665
Fire department	46,750	46,750	34,814	(11,936)
Total Charges for Services	<u>1,515,114</u>	<u>1,529,013</u>	<u>1,694,585</u>	<u>165,572</u>
<b>OTHER</b>				
Fees and commissions	426,040	426,040	410,695	(15,345)
Zoning and subdivision fees	44,000	44,000	36,120	(7,880)
Property inquiry fees	60,000	60,000	72,230	12,230
Reimbursement of prior years expenditures	-	-	19,460	19,460
Miscellaneous revenue	25,500	26,868	37,354	10,486
Rental of city property	1,800	1,800	28,200	26,400

## CITY OF APPLETON

### SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
<b>OTHER (cont.)</b>				
Donations and memorials	\$ 7,000	\$ 13,354	\$ 15,622	\$ 2,268
Damage to city property	38,000	38,000	65,366	27,366
Other reimbursements	43,750	69,324	109,917	40,593
Insurance proceeds	-	-	1	1
Board of appeals	3,000	3,000	2,930	(70)
Total Other	<u>649,090</u>	<u>682,386</u>	<u>797,895</u>	<u>115,509</u>
Total Revenues	<u>47,171,698</u>	<u>47,436,634</u>	<u>45,106,536</u>	<u>(2,330,098)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers From				
Room tax fund	16,000	16,000	18,671	2,671
Park and recreation projects	65,000	65,000	65,000	-
Technology	65,000	11,884	11,884	-
Water utility fund	13,800	13,800	13,800	-
Water utility fund - property tax equivalent	980,192	980,192	940,728	(39,464)
Wastewater utility fund	117,450	117,450	117,450	-
Parking utility fund	9,300	9,300	9,300	-
Stormwater utility fund	12,500	12,500	12,500	-
Reid municipal golf course fund	17,900	17,900	17,900	-
Total Transfers	<u>1,297,142</u>	<u>1,244,026</u>	<u>1,207,233</u>	<u>(36,793)</u>
Sale of City properties	<u>64,893</u>	<u>64,893</u>	<u>47,952</u>	<u>(16,941)</u>
Total Other Financing Sources	<u>1,362,035</u>	<u>1,308,919</u>	<u>1,255,185</u>	<u>(53,734)</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u><b>\$48,533,733</b></u>	<u><b>\$48,745,553</b></u>	<u><b>\$46,361,721</b></u>	<u><b>\$ (2,383,832)</b></u>

**CITY OF APPLETON**

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2003

CURRENT EXPENDITURES	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
Common council	\$ 124,625	\$ 125,625	\$ 125,040	\$ 585
Mayor	293,033	317,579	317,137	442
City clerk	560,537	565,537	542,770	22,767
City assessor	405,762	434,362	428,937	5,425
Finance	839,738	877,727	843,357	34,370
Information services	1,627,929	1,673,651	1,653,701	19,950
Human resources	543,385	558,385	547,606	10,779
City attorney	380,804	407,018	401,207	5,811
Unclassified				
Severance pay	140,000	130,113	47,932	82,181
Insurance	291,062	291,062	291,000	62
Reserve for contingencies	948,684	1,041,754	75,000	966,754
City hall	501,685	501,685	479,524	22,161
Other	195,300	205,187	193,354	11,833
Total General Government	<u>6,852,544</u>	<u>7,129,685</u>	<u>5,946,565</u>	<u>1,183,120</u>
<b>PUBLIC SAFETY</b>				
Health Services	945,145	993,994	986,475	7,519
Police	12,239,030	12,751,169	12,715,741	35,428
Fire	7,800,338	8,436,294	7,927,405	508,889
Total Public Safety	<u>20,984,513</u>	<u>22,181,457</u>	<u>21,629,621</u>	<u>551,836</u>
<b>PUBLIC WORKS</b>	<u>10,158,248</u>	<u>11,022,290</u>	<u>9,316,004</u>	<u>1,706,286</u>
<b>EDUCATION AND RECREATION</b>				
Library	3,697,348	3,879,389	3,841,716	37,673
Parks and recreation	4,568,125	4,576,825	4,487,610	89,215
Total Education and Recreation	<u>8,265,473</u>	<u>8,456,214</u>	<u>8,329,326</u>	<u>126,888</u>
<b>COMMUNITY DEVELOPMENT</b>	<u>1,701,626</u>	<u>1,774,920</u>	<u>1,712,252</u>	<u>62,668</u>
<b>OTHER FINANCING USES</b>				
Transfers Out To				
Debt service fund	-	792,259	-	792,259
Industrial park land	-	-	45,000	(45,000)
Park recreation projects	-	-	247,259	(247,259)
Technology	-	98,821	98,821	-
Riverfront initiatives	-	-	500,000	(500,000)
Valley transit fund	506,329	569,330	457,080	112,250
Total Other Financing Uses	<u>506,329</u>	<u>1,460,410</u>	<u>1,348,160</u>	<u>112,250</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 48,468,733</u>	<u>\$ 52,024,976</u>	<u>\$ 48,281,928</u>	<u>\$ 3,743,048</u>

## CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL -  
TAX INCREMENT DISTRICT NO. 1  
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,654,586	\$ 1,654,586	\$ 1,591,062	\$ (63,524)
Intergovernmental	121,184	121,184	89,569	(31,615)
Investment income	40,000	40,000	45,629	5,629
Total Revenues	<u>1,815,770</u>	<u>1,815,770</u>	<u>1,726,260</u>	<u>(89,510)</u>
<b>EXPENDITURES</b>				
General government	1,400	1,400	984	416
Debt Service				
Interest	<u>566,799</u>	<u>566,799</u>	<u>570,206</u>	<u>(3,407)</u>
Total Expenditures	<u>568,199</u>	<u>568,199</u>	<u>571,190</u>	<u>(2,991)</u>
Excess of revenues over expenditures	1,247,571	1,247,571	1,155,070	(86,519)
FUND BALANCES (DEFICIT) - Beginning	<u>(11,900,690)</u>	<u>(11,900,690)</u>	<u>(11,900,690)</u>	<u>-</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (10,653,119)</u>	<u>\$ (10,653,119)</u>	<u>\$ (10,745,620)</u>	<u>\$ (86,519)</u>

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TAX INCREMENT DISTRICT NO. 3  
 For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Debt Service	-	-	-	-
Excess of Revenues Over Expenditures	-	-	-	-
<b>OTHER FINANCING (USES)</b>				
Transfers out	-	-	(20,566,288)	(20,566,288)
Net Change in Fund Balance	-	-	(20,566,288)	(20,566,288)
FUND BALANCE - Beginning	-	-	-	-
FUND BALANCE (DEFICIT) - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,566,288)</u>	<u>\$ (20,566,288)</u>

# CITY OF APPLETON

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2003

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### ***BUDGETARY INFORMATION***

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I.C.

The budget presentations are at the function level, whereas the legal level of control is at the total expenditures level.

Excess expenditures over appropriations for the Tax Increment District No. 1 is as follows:

	<u>Amended Budget</u>	<u>Expenditures</u>	<u>Excess</u>
<u>Special Revenue Fund</u>			
Tax Incremental District No. 1	\$ 568,199	\$ 571,190	\$ 2,991

Supplemental appropriations for the general fund during the year were \$2,602,162.

# **NONMAJOR GOVERNMENTAL FUNDS AND BUDGETARY COMPARISONS**

## **SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments or other major capital projects) that are legally restricted to expenditures for specified purposes.

### **TAX INCREMENT DISTRICT NO. 2**

To account for receipt of district "incremental" property taxes and other revenues and the corresponding program expenditures.

### **COMMUNITY DEVELOPMENT BLOCK GRANT**

To account for the proceeds of the Federal Community Development Block Grant and the corresponding program expenditures for housing rehabilitation and community development projects.

### **RENTAL REHABILITATION GRANTS**

To account for the proceeds of the Rental Energy Rehabilitation Grant, Rental Rehabilitation Grant and HOME Grant and the corresponding program expenditures for rental housing and energy rehabilitation loans.

### **SANITATION AND RECYCLING PROGRAM**

To account for the proceeds received from the collection of recyclable solid waste and the corresponding program expenditures.

### **OLDE ONEIDA BRIDGE PROJECT**

To account for funding provided by the State of Wisconsin and the corresponding expenditures for upgrading the old Oneida Street Bridge.

### **HEALTH GRANTS**

To account for receipt of a variety of State of Wisconsin health grants and corresponding program expenditures. Health services provided include maternal, child health, immunization education, lead paint and radon identification.

**NONMAJOR GOVERNMENTAL FUNDS  
AND BUDGETARY COMPARISONS**

**SPECIAL REVENUE FUNDS (CONTINUED)**

**HAZARDOUS MATERIALS LEVEL A**

To account for the proceeds of a state contract and the corresponding program expenditures to provide certain "Level A" services relating to the containment of hazardous substances in the event of an accidental spill, release or discharge within a region of northeast Wisconsin, as determined through negotiations with the State of Wisconsin.

**FORESTRY**

To account for the proceeds of property taxes and reimbursement for damage caused to the urban forest and the corresponding expenditures.

**ROOM TAX**

To account for the receipt of room tax proceeds and the corresponding remittance to the Fox Cities Convention and Visitors Bureau.

**EMERGENCY SHELTER GRANT**

To account for the grant proceeds and corresponding expenditures related to a program to benefit persons in need of emergency and transitional housing.

**CONTINUUM OF CARE GRANT**

To account for the grant proceeds and corresponding expenditures related to providing extensive case management and supportive services to chronically homeless residents.

**TUCHSCHERER DISABILITY**

To account for monies received by the City in an employee disability settlement and the corresponding expenditures for such purposes.

**PEABODY ESTATE**

To account for monies received from a private donation to finance the repair, construction and preservation of Peabody Park and the corresponding expenditures for such purpose.

**NONMAJOR GOVERNMENTAL FUNDS  
AND BUDGETARY COMPARISONS**

**SPECIAL REVENUE FUNDS (CONTINUED)**

**BALLIET LOCOMOTIVE**

To account for monies provided by private donations to finance the maintenance of a steam engine located at Telulah Park and the corresponding expenditures for such purpose.

**LUTZ PARK RECREATIONAL**

To account for monies received from a private donation to finance the construction and preservation of recreational facilities of Lutz Park and the corresponding expenditures for such purpose.

**PARK PURPOSE OPEN SPACE**

To account for monies received from subdivision developers to finance future acquisition of park facilities and the corresponding expenditures for park purposes.

**UNION SPRING PARK**

To account for monies received from private donations to finance the maintenance of the well at Union Spring Park.

**UNIVERSAL PLAYGROUND**

To account for monies received from donations to finance the future replacement of playground equipment at the Universal Playground at Memorial Park.

**CAPITAL PROJECTS FUNDS**

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds. Resources are derived from general obligation bond and note issues, certain federal grants and other specific receipts.

**SUBDIVISION DEVELOPMENT PROJECTS**

To account for the receipt of special assessments levied and the disbursement of funds necessary to construct public improvements in new subdivisions.

**NONMAJOR GOVERNMENTAL FUNDS  
AND BUDGETARY COMPARISONS**

**CAPITAL PROJECTS FUNDS (CONTINUED)**

**INDUSTRIAL PARK LAND**

To account for the sales and acquisition of land for the City's industrial parks.

**PARK AND RECREATION PROJECTS**

To account for the financing and expenditures associated with the acquisition and construction of certain Park and Recreation capital projects.

**TAX INCREMENT DISTRICT NO. 3**

To account for the financing and project costs for public improvement and private development within the area of T.I.D. No. 3 as provided for in the Tax District's project plan.

**TAX INCREMENT DISTRICT NO. 4**

To account for the financing and project costs for public improvement and private development within the area of T.I.D. No. 4 as provided for in the Tax District's project plan.

**TAX INCREMENT DISTRICT NO. 5**

To account for the financing and project costs for public improvement and private development within the area of T.I.D. No. 5 as provided for in the Tax District's project plan.

**TAX INCREMENT DISTRICT NO. 6**

To account for the financing and project costs for public improvement and private development within the area of T.I.D. No. 6 as provided for in the Tax District's project plan.

**PUBLIC SAFETY FACILITIES**

To account for the financing and project costs of public safety improvements.

**PUBLIC WORKS EQUIPMENT**

To account for the financing and acquisition of certain Public Works equipment.

**NONMAJOR GOVERNMENTAL FUNDS  
AND BUDGETARY COMPARISONS**

**CAPITAL PROJECTS FUNDS (CONTINUED)**

**TECHNOLOGY**

To account for the financing and expenditures associated with a major upgrade of the City's electronic infrastructure, including the computer network and various software applications.

**CEA REPLACEMENT**

To account for the financing and expenditures associated with the replacement of vehicles and equipment in the City's Central Equipment Agency.

**RIVERFRONT INITIATIVES**

To account for the financing and expenditures associated with redevelopment projects along the City's riverfront.

**PERMANENT FUND**

**FRANK P. YOUNG MEMORIAL**

To account for assets restricted for purposes of generating interest income and providing for scholarships in Library Science.

**CITY OF APPLETON**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2003

	Special Revenue Funds				
	Tax	Community	Rental	Sanitation &	Health
	Incremental District No. 2	Development Block Grant	Rehabili- tation Grants	Recycling Program	Grants
<b>ASSETS</b>					
Cash and investments	\$ 175,557	\$ 70,882	\$ 192,240	\$ 1,066,510	\$ 225,006
Taxes receivable	73,703	-	-	2,551,044	-
Deferred loans	-	4,739,203	752,236	-	-
Accounts receivable	-	16,028	-	131,155	-
Special assessments	-	-	-	-	-
Developer loans	-	-	-	-	-
Interest	-	-	-	-	-
Due from other governments	-	-	-	-	13,547
Due from other funds	-	-	-	4,113	-
Prepaid items	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 249,260</b>	<b>\$ 4,826,113</b>	<b>\$ 944,476</b>	<b>\$ 3,752,822</b>	<b>\$ 238,553</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable	\$ -	\$ 32,589	\$ 56	\$ 97,524	\$ 2,233
Other accrued liabilities	-	6,214	121	65,215	9,809
Due to other funds	-	-	-	-	-
Other liabilities	-	-	-	-	-
Deferred revenues	73,703	4,784,393	759,864	2,551,044	226,511
Advances from other funds	1,172,322	-	-	-	-
<b>Total Liabilities</b>	<b>1,246,025</b>	<b>4,823,196</b>	<b>760,041</b>	<b>2,713,783</b>	<b>238,553</b>
<b>Fund Balances</b>					
Reserved for					
Prepaid items	-	-	-	-	-
Debt service	-	-	-	-	-
Encumbrances	-	-	-	-	-
Unreserved					
Designated	-	2,917	184,435	1,039,039	-
Undesignated (deficit)	(996,765)	-	-	-	-
<b>Total Fund Balances</b>	<b>(996,765)</b>	<b>2,917</b>	<b>184,435</b>	<b>1,039,039</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 249,260</b>	<b>\$ 4,826,113</b>	<b>\$ 944,476</b>	<b>\$ 3,752,822</b>	<b>\$ 238,553</b>

Special Revenue Funds						
Hazardous Materials Level A	Forestry	Room Tax	Emergency Shelter	Continuum of Care	Tuch- scherer Disability	Peabody Estate
\$ 242,573	\$ 1,111	\$ -	\$ -	\$ -	\$ 89,985	\$ 85,227
-	22,900	-	-	-	-	-
-	-	-	-	-	-	-
-	2,770	44,659	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
16,903	-	-	49,457	62,788	-	-
-	-	-	-	-	-	-
82,614	-	-	-	-	-	-
<u>\$ 342,090</u>	<u>\$ 26,781</u>	<u>\$ 44,659</u>	<u>\$ 49,457</u>	<u>\$ 62,788</u>	<u>\$ 89,985</u>	<u>\$ 85,227</u>
\$ 1,268	\$ -	\$ 40,395	\$ 1,943	\$ 17,239	\$ -	\$ -
-	-	-	254	51	-	-
-	-	-	47,260	45,498	-	-
-	-	-	-	-	-	-
-	22,900	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,268</u>	<u>22,900</u>	<u>40,395</u>	<u>49,457</u>	<u>62,788</u>	<u>-</u>	<u>-</u>
82,614	-	-	-	-	-	-
-	-	-	-	-	-	-
117,557	-	-	-	-	-	-
140,651	3,881	4,264	-	-	89,985	85,227
-	-	-	-	-	-	-
<u>340,822</u>	<u>3,881</u>	<u>4,264</u>	<u>-</u>	<u>-</u>	<u>89,985</u>	<u>85,227</u>
<u>\$ 342,090</u>	<u>\$ 26,781</u>	<u>\$ 44,659</u>	<u>\$ 49,457</u>	<u>\$ 62,788</u>	<u>\$ 89,985</u>	<u>\$ 85,227</u>

**CITY OF APPLETON**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)  
December 31, 2003

	Special Revenue Funds				
	Balliet		Park		Universal
	<u>Locomotive</u>	<u>Lutz Park</u>	<u>Purpose Open Space</u>	<u>Union Spring Park</u>	<u>Playground Trust</u>
<b>ASSETS</b>					
Cash and investments	\$ 8,514	\$ 699,208	\$ 340,459	\$ 3,454	\$ 20,336
Taxes receivable	-	-	-	-	-
Deferred loans	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Special assessments	-	-	-	-	-
Developer loans	-	-	22,168	-	-
Interest	-	-	-	-	-
Due from other governmental funds	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid items	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 8,514</u></b>	<b><u>\$ 699,208</u></b>	<b><u>\$ 362,627</u></b>	<b><u>\$ 3,454</u></b>	<b><u>\$ 20,336</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Other accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Other liabilities	-	-	-	-	-
Deferred revenues	-	-	22,168	-	-
Advances from other funds	-	-	-	-	-
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>22,168</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances</b>					
Reserved for					
Prepaid items	-	-	-	-	-
Debt service	-	-	-	-	-
Encumbrances	-	-	-	-	-
Unreserved					
Designated	8,514	699,208	340,459	3,454	20,336
Undesignated (deficit)	-	-	-	-	-
<b>Total Fund Balances</b>	<b><u>8,514</u></b>	<b><u>699,208</u></b>	<b><u>340,459</u></b>	<b><u>3,454</u></b>	<b><u>20,336</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 8,514</u></b>	<b><u>\$ 699,208</u></b>	<b><u>\$ 362,627</u></b>	<b><u>\$ 3,454</u></b>	<b><u>\$ 20,336</u></b>

Continued on  
Next Page

Capital Projects Funds							
Subdivision Development Projects	Industrial Park Land	Park & Recreation Projects	Tax Incremental District No. 4	Tax Incremental District No. 5	Tax Incremental District No. 6	Public Safety Facilities	Public Works Equipment
\$ 742,795	\$ 1,223,314	\$ 365,830	\$ 4,355,864	\$ 191,575	\$ 1,891,457	\$ 166,415	\$ 509,619
827,832	-	-	1,822,797	50,740	950,622	-	-
-	-	-	-	-	-	-	-
-	400	-	-	-	-	13,284	-
741,762	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 2,312,389</u>	<u>\$ 1,223,714</u>	<u>\$ 365,830</u>	<u>\$ 6,178,661</u>	<u>\$ 242,315</u>	<u>\$ 2,842,079</u>	<u>\$ 179,699</u>	<u>\$ 509,619</u>
\$ 39,514	\$ -	\$ 58,024	\$ 395,220	\$ -	\$ 62,931	\$ 136,476	\$ 15,000
5,856	-	-	919	-	1,196	-	-
-	-	-	-	-	-	-	-
-	8,000	-	2,000	-	-	-	-
1,188,133	-	-	1,822,797	50,740	950,622	-	-
-	-	-	-	23,505	74,733	-	-
<u>1,233,503</u>	<u>8,000</u>	<u>58,024</u>	<u>2,220,936</u>	<u>74,245</u>	<u>1,089,482</u>	<u>136,476</u>	<u>15,000</u>
-	-	-	-	-	-	-	-
-	187,036	-	-	-	-	-	-
2,106	175,971	301,398	237,490	190,000	141,264	10,521	168,720
1,076,780	852,707	6,408	3,720,235	-	1,611,333	32,702	325,899
-	-	-	-	(21,930)	-	-	-
<u>1,078,886</u>	<u>1,215,714</u>	<u>307,806</u>	<u>3,957,725</u>	<u>168,070</u>	<u>1,752,597</u>	<u>43,223</u>	<u>494,619</u>
<u>\$ 2,312,389</u>	<u>\$ 1,223,714</u>	<u>\$ 365,830</u>	<u>\$ 6,178,661</u>	<u>\$ 242,315</u>	<u>\$ 2,842,079</u>	<u>\$ 179,699</u>	<u>\$ 509,619</u>

**CITY OF APPLETON**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)  
December 31, 2003

	<u>Capital Projects Funds</u>			<u>Permanent Fund</u>	Total Nonmajor Governmental Funds
	<u>Technology</u>	<u>CEA Replacement</u>	<u>Riverfront Initiatives</u>	<u>Frank P. Young Memorial</u>	
<b>ASSETS</b>					
Cash and investments	\$ 104,237	\$ 4,063,935	\$ 112,575	\$ 15,769	\$ 16,964,447
Taxes receivable	-	-	-	-	6,299,638
Deferred loans	-	-	-	-	5,491,439
Accounts receivable	-	-	-	-	208,296
Special assessments	-	-	-	-	741,762
Developer loans	-	-	-	-	22,168
Interest	-	-	-	153	153
Due from other governmental funds	-	-	-	-	142,695
Due from other funds	-	-	-	-	4,113
Prepaid items	-	-	-	-	82,614
<b>TOTAL ASSETS</b>	<b>\$ 104,237</b>	<b>\$ 4,063,935</b>	<b>\$ 112,575</b>	<b>\$ 15,922</b>	<b>\$ 29,957,325</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Accounts payable	\$ 104,237	\$ -	\$ 43,832	\$ -	\$ 1,048,481
Other accrued liabilities	-	-	-	-	89,635
Due to other funds	-	-	-	-	92,758
Other liabilities	-	-	-	-	10,000
Deferred revenues	-	-	-	-	12,452,875
Advances from other funds	-	-	-	-	1,270,560
<b>Total Liabilities</b>	<b>104,237</b>	<b>-</b>	<b>43,832</b>	<b>-</b>	<b>14,964,309</b>
<b>Fund Balances</b>					
Reserved for					
Prepaid items	-	-	-	-	82,614
Debt service	-	-	-	-	187,036
Encumbrances	-	66,800	26,000	-	1,437,827
Unreserved					
Designated	-	3,997,135	42,743	15,922	14,304,234
Undesignated (deficit)	-	-	-	-	(1,018,695)
<b>Total Fund Balances</b>	<b>-</b>	<b>4,063,935</b>	<b>68,743</b>	<b>15,922</b>	<b>14,993,016</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 104,237</b>	<b>\$ 4,063,935</b>	<b>\$ 112,575</b>	<b>\$ 15,922</b>	<b>\$ 29,957,325</b>

## CITY OF APPLETON

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)- NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2003

	Special Revenue Funds			
	Tax Incremental District No. 2	Community Development Block Grant	Rental Rehabili- tation Grants	Sanitation & Recycling Program
<b>REVENUES</b>				
Taxes	\$ 73,303	\$ -	\$ -	\$ 2,681,342
Intergovernmental	292	573,978	55,360	-
Special assessments	-	-	-	-
Investment income	2,370	-	-	94,269
Charges for services	-	-	-	814,075
Other	114,669	350,148	15,128	-
Total Revenues	190,634	924,126	70,488	3,589,686
<b>EXPENDITURES</b>				
Current				
General government	984	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	3,567,773
Education and recreation	-	-	-	-
Community development	-	924,126	65,986	-
Capital Outlay	-	-	-	-
Debt Service				
Interest	55,825	-	-	-
Total Expenditures	56,809	924,126	65,986	3,567,773
Excess (deficiency) of revenues over expenditures	133,825	-	4,502	21,913
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	310,000	-	-	-
Sale of city properties	-	-	-	-
Transfer in	-	-	-	-
Transfer out	(48,531)	-	-	-
Total Other Financing Sources (Uses)	261,469	-	-	-
Net Change in Fund Balances	395,294	-	4,502	21,913
FUND BALANCES (DEFICIT) - Beginning of Year	(1,392,059)	2,917	179,933	1,017,126
FUND BALANCES (DEFICIT) - END OF YEAR	\$ (996,765)	\$ 2,917	\$ 184,435	\$ 1,039,039

Special Revenue Funds					
Olde Oneida Bridge Program	Health Grants	Hazardous Materials Level A	Forestry	Room Tax	Emergency Shelter
\$ -	\$ -	\$ -	\$ 40,000	\$ 189,152	\$ -
-	374,053	102,254	-	-	112,262
-	-	-	-	-	-
-	-	11,471	1,138	-	-
-	-	-	3,726	-	-
-	-	-	215	-	-
-	<u>374,053</u>	<u>113,725</u>	<u>45,079</u>	<u>189,152</u>	<u>112,262</u>
-	-	-	-	171,139	-
-	374,053	70,627	-	-	-
25,667	-	-	-	-	-
-	-	-	45,104	-	-
-	-	-	-	-	112,262
-	-	-	-	-	-
-	-	-	-	-	-
<u>25,667</u>	<u>374,053</u>	<u>70,627</u>	<u>45,104</u>	<u>171,139</u>	<u>112,262</u>
(25,667)	-	43,098	(25)	18,013	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(18,671)	-
-	-	-	-	(18,671)	-
(25,667)	-	43,098	(25)	(658)	-
<u>25,667</u>	<u>-</u>	<u>297,724</u>	<u>3,906</u>	<u>4,922</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340,822</u>	<u>\$ 3,881</u>	<u>\$ 4,264</u>	<u>\$ -</u>

## CITY OF APPLETON

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (cont.) For the Year Ended December 31, 2003

	Special Revenue Funds				
	Continuum of Care	Tuch- scherer Disability	Peabody Estate	Balliet Locomotive	Lutz Park
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	172,801	-	-	-	-
Special assessments	-	-	-	-	-
Investment income	-	-	3,326	342	27,281
Charges for services	-	-	-	-	-
Other	-	3,630	-	-	-
Total Revenues	172,801	3,630	3,326	342	27,281
<b>EXPENDITURES</b>					
Current					
Public safety	-	6,391	-	250	-
Recycling	-	-	-	-	-
Parks, recreation, and education	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	172,801	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service					
Interest	-	-	-	-	-
Total Expenditures	172,801	6,391	-	250	-
Excess (deficiency) of revenues over expenditures	-	(2,761)	3,326	92	27,281
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt issued	-	-	-	-	-
Sale of city properties	-	-	-	-	-
Transfer in	-	-	-	-	-
Transfer out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	-	(2,761)	3,326	92	27,281
FUND BALANCES (DEFICIT) - Beginning of Year	-	92,746	81,901	8,422	671,927
FUND BALANCES (DEFICIT) - END OF YEAR	\$ -	\$ 89,985	\$ 85,227	\$ 8,514	\$ 699,208

Special Revenue Funds			Capital Projects Funds				
Park Purpose Open Space	Union Spring Park	Universal Playground	Subdivision Development Projects	Industrial Park Land	Park Recreation Projects	Tax Incremental District No. 3	Tax Incremental District No. 4
\$ -	\$ -	\$ -	\$ 460,370	\$ -	\$ -	\$ 482,138	\$ 1,837,206
-	-	-	-	-	-	6,581	81,105
-	-	-	1,295,105	-	-	-	-
12,576	141	336	111,802	37,644	17,140	-	193,583
28,700	-	-	-	-	-	-	-
-	-	20,000	-	17,800	-	-	8,318
<u>41,276</u>	<u>141</u>	<u>20,336</u>	<u>1,867,277</u>	<u>55,444</u>	<u>17,140</u>	<u>488,719</u>	<u>2,120,212</u>
-	181	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,239,652	174,029	334,416	801,429	1,579,672
-	-	-	-	-	-	920,761	-
-	181	-	1,239,652	174,029	334,416	1,722,190	1,579,672
<u>41,276</u>	<u>(40)</u>	<u>20,336</u>	<u>627,625</u>	<u>(118,585)</u>	<u>(317,276)</u>	<u>(1,233,471)</u>	<u>540,540</u>
-	-	-	-	18,702	50,115	628,531	-
-	-	-	-	523,627	-	-	111,715
-	-	-	-	45,000	247,259	20,566,288	-
-	-	-	-	(149,970)	(65,000)	(2,784,621)	(1,079,692)
-	-	-	-	437,359	232,374	18,410,198	(967,977)
41,276	(40)	20,336	627,625	318,774	(84,902)	17,176,727	(427,437)
<u>299,183</u>	<u>3,494</u>	<u>-</u>	<u>451,261</u>	<u>896,940</u>	<u>392,708</u>	<u>(17,176,727)</u>	<u>4,385,162</u>
<u>\$ 340,459</u>	<u>\$ 3,454</u>	<u>\$ 20,336</u>	<u>\$ 1,078,886</u>	<u>\$ 1,215,714</u>	<u>\$ 307,806</u>	<u>\$ -</u>	<u>\$ 3,957,725</u>

## CITY OF APPLETON

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (cont.) For the Year Ended December 31, 2003

	Capital Projects Funds				
	Tax Incremental District No. 5	Tax Incremental District No. 6	Public Safety Facilities	Public Works Equipment	Technology
<b>REVENUES</b>					
Taxes	\$ 71,039	\$ 765,945	\$ -	\$ -	\$ -
Intergovernmental	1,225	13,906	-	300,000	-
Special assessments	-	-	-	-	-
Investment income	6,445	59,068	7,729	16,863	5,608
Charges for services	-	-	-	-	-
Other	-	4,300	13,284	-	-
Total Revenues	<u>78,709</u>	<u>843,219</u>	<u>21,013</u>	<u>316,863</u>	<u>5,608</u>
<b>EXPENDITURES</b>					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Education and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital Outlay	984	1,522,709	397,333	38,139	609,040
Debt Service					
Interest	789	3,559	-	-	-
Total Expenditures	<u>1,773</u>	<u>1,526,268</u>	<u>397,333</u>	<u>38,139</u>	<u>609,040</u>
Excess (deficiency) of revenues over expenditures	<u>76,936</u>	<u>(683,049)</u>	<u>(376,320)</u>	<u>278,724</u>	<u>(603,432)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt issued	-	2,946,316	-	-	349,079
Sale of city properties	-	-	-	-	-
Transfer in	-	-	-	-	98,821
Transfer out	(93,849)	(684,470)	-	-	(49,571)
Total Other Financing Sources (Uses)	<u>(93,849)</u>	<u>2,261,846</u>	<u>-</u>	<u>-</u>	<u>398,329</u>
Net Change in Fund Balances	(16,913)	1,578,797	(376,320)	278,724	(205,103)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>184,983</u>	<u>173,800</u>	<u>419,543</u>	<u>215,895</u>	<u>205,103</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 168,070</u>	<u>\$ 1,752,597</u>	<u>\$ 43,223</u>	<u>\$ 494,619</u>	<u>\$ -</u>

<u>Capital Projects Funds</u>		<u>Permanent Fund</u>	
<u>CEA Replacement</u>	<u>Riverfront Initiatives</u>	<u>Frank P. Young Memorial</u>	<u>Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 6,600,495
-	-	-	1,793,817
-	-	-	1,295,105
149,707	6,347	272	765,458
-	-	-	846,501
<u>1,323,599</u>	<u>-</u>	<u>-</u>	<u>1,871,091</u>
<u>1,473,306</u>	<u>6,347</u>	<u>272</u>	<u>13,172,467</u>
-	-	-	178,945
-	-	-	444,680
-	-	-	3,593,440
-	-	-	45,104
-	-	-	1,275,175
1,229,732	540,348	-	8,467,483
-	-	-	980,934
<u>1,229,732</u>	<u>540,348</u>	<u>-</u>	<u>14,985,761</u>
<u>243,574</u>	<u>(534,001)</u>	<u>272</u>	<u>(1,813,294)</u>
-	-	-	4,302,743
-	-	-	635,342
-	500,000	-	21,457,368
-	-	-	(4,974,375)
-	<u>500,000</u>	-	<u>21,421,078</u>
243,574	(34,001)	272	19,607,784
<u>3,820,361</u>	<u>102,744</u>	<u>15,650</u>	<u>(4,614,768)</u>
<u>\$ 4,063,935</u>	<u>\$ 68,743</u>	<u>\$ 15,922</u>	<u>\$ 14,993,016</u>

## CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE (MAJOR FUND)  
 For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 2,922,956	\$ 2,922,956	\$ -
Investment income	15,000	5,257	(9,743)
Other	91,370	115,607	24,237
Total Revenues	<u>3,029,326</u>	<u>3,043,820</u>	<u>14,494</u>
<b>EXPENDITURES</b>			
Principal	6,230,830	5,388,571	842,259
Interest and fees	2,574,837	2,525,104	49,733
Total Expenditures	<u>8,805,667</u>	<u>7,913,675</u>	<u>891,992</u>
Deficiency of Revenues Over Expenditures	<u>(5,776,341)</u>	<u>(4,869,855)</u>	<u>906,486</u>
<b>OTHER FINANCING SOURCES</b>			
Debt issued	90,000	10,000	(80,000)
Transfer in	5,666,341	4,841,133	(825,208)
Total Other Financing Sources	<u>5,756,341</u>	<u>4,851,133</u>	<u>(905,208)</u>
Net Change in Fund Balance	(20,000)	(18,722)	1,278
FUND BALANCE - Beginning	<u>50,202</u>	<u>50,202</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 30,202</u>	<u>\$ 31,480</u>	<u>\$ 1,278</u>

## CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TAX INCREMENT DISTRICT NO. 2  
 For the Year Ended December 31, 2003

	Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 76,322	\$ 73,303	\$ (3,019)
Intergovernmental	235	292	57
Investment income	100	2,370	2,270
Other	-	114,669	114,669
Total Revenues	<u>76,657</u>	<u>190,634</u>	<u>113,977</u>
<b>EXPENDITURES</b>			
General government	1,300	984	316
Debt service			
Interest	<u>55,825</u>	<u>55,825</u>	-
Total Expenditures	<u>57,125</u>	<u>56,809</u>	<u>316</u>
Excess of Revenues Over Expenditures	<u>19,532</u>	<u>133,825</u>	<u>114,293</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	-	310,000	310,000
Transfer out	<u>(64,031)</u>	<u>(48,531)</u>	<u>15,500</u>
Total Other Financing Sources (Uses)	<u>(64,031)</u>	<u>261,469</u>	<u>325,500</u>
Net Change in Fund Balance	(44,499)	395,294	439,793
FUND BALANCE (DEFICIT), Beginning	<u>(1,392,059)</u>	<u>(1,392,059)</u>	-
FUND BALANCE (DEFICIT), ENDING	<u>\$ (1,436,558)</u>	<u>\$ (996,765)</u>	<u>\$ 439,793</u>

## CITY OF APPLETON

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT BLOCK GRANT

For the Year Ended December 31, 2003

	Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 780,144	\$ 573,978	\$ (206,166)
Other	200,000	350,148	150,148
Total Revenues	980,144	924,126	(56,018)
<b>EXPENDITURES</b>			
Community development	980,144	924,126	56,018
Excess of Revenues Over Expenditures	-	-	-
FUND BALANCE, Beginning	2,917	2,917	-
FUND BALANCE, ENDING	\$ 2,917	\$ 2,917	\$ -

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - RENTAL REHABILITATION  
GRANTS

For the Year Ended December 31, 2003

	Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 55,360	\$ 55,360	\$ -
Other	<u>10,626</u>	<u>15,128</u>	<u>4,502</u>
Total Revenues	<u>65,986</u>	<u>70,488</u>	<u>4,502</u>
<b>EXPENDITURES</b>			
Community development	<u>65,986</u>	<u>65,986</u>	<u>-</u>
Excess of Revenues Over Expenditures	-	4,502	4,502
FUND BALANCE, Beginning	<u>179,933</u>	<u>179,933</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 179,933</u>	<u>\$ 184,435</u>	<u>\$ 4,502</u>

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - SANITATION AND  
RECYCLING PROGRAM

For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 2,681,342	\$ 2,681,342	\$ -
Investment income	21,000	94,269	73,269
Charges for services	<u>769,167</u>	<u>814,075</u>	<u>44,908</u>
Total Revenues	<u>3,471,509</u>	<u>3,589,686</u>	<u>118,177</u>
<b>EXPENDITURES</b>			
Public works	<u>3,540,286</u>	<u>3,567,773</u>	<u>(27,487)</u>
Excess (Deficiency) of Revenues Over Expenditures	(68,777)	21,913	90,690
FUND BALANCE, Beginning	<u>1,017,126</u>	<u>1,017,126</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 948,349</u>	<u>\$ 1,039,039</u>	<u>\$ 90,690</u>

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - OLDE ONEIDA BRIDGE PROJECT  
 For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>			
Public works	<u>25,667</u>	<u>25,667</u>	<u>-</u>
Deficiency of Revenues Over Expenditures	(25,667)	(25,667)	-
FUND BALANCE, Beginning	<u>25,667</u>	<u>25,667</u>	<u>-</u>
FUND BALANCE, ENDING	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - HEALTH GRANTS  
 For the Year Ended December 31, 2003

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	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 558,438	\$ 374,053	\$ (184,385)
<b>EXPENDITURES</b>			
Public safety	<u>558,438</u>	<u>374,053</u>	<u>184,385</u>
Excess of Revenues Over Expenditures	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - HAZARDOUS MATERIALS LEVEL A  
 For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 85,351	\$ 102,254	\$ 16,903
Investment income	10,810	11,471	661
Other	<u>936</u>	<u>-</u>	<u>(936)</u>
Total Revenues	<u>97,097</u>	<u>113,725</u>	<u>16,628</u>
<b>EXPENDITURES</b>			
Public safety	<u>178,539</u>	<u>70,627</u>	<u>107,912</u>
Excess (Deficiency) of Revenues Over Expenditures	(81,442)	43,098	124,540
FUND BALANCE, Beginning	<u>297,724</u>	<u>297,724</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 216,282</u>	<u>\$ 340,822</u>	<u>\$ 124,540</u>

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - FORESTRY  
 For the Year Ended December 31, 2003

	Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 40,000	\$ 40,000	\$ -
Investment income	100	1,138	1,038
Charges for services	4,500	3,726	(774)
Other	500	215	(285)
Total Revenues	<u>45,100</u>	<u>45,079</u>	<u>(21)</u>
<b>EXPENDITURES</b>			
Education and recreation	<u>45,000</u>	<u>45,104</u>	<u>(104)</u>
Excess (Deficiency) of Revenues Over Expenditures	100	(25)	(125)
FUND BALANCE, Beginning	<u>3,906</u>	<u>3,906</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 4,006</u>	<u>\$ 3,881</u>	<u>\$ (125)</u>

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - ROOM TAX  
 For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 168,000	\$ 189,152	\$ 21,152
<b>EXPENDITURES</b>			
General government	152,000	171,139	(19,139)
Excess of Revenues Over Expenditures	16,000	18,013	2,013
<b>OTHER FINANCING USES</b>			
Transfer out	(16,000)	(18,671)	(2,671)
Net Change in Fund Balance	-	(658)	(658)
FUND BALANCE, Beginning	4,922	4,922	-
FUND BALANCE, ENDING	\$ 4,922	\$ 4,264	\$ (658)

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - EMERGENCY SHELTER GRANT  
 For the Year Ended December 31, 2003

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	Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 112,262	\$ 112,262	\$ -
<b>EXPENDITURES</b>			
Community development	112,262	112,262	-
Excess of Revenues Over Expenditures	-	-	-
FUND BALANCE, Beginning	-	-	-
FUND BALANCE, ENDING	\$ -	\$ -	\$ -

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - CONTINUUM OF CARE  
 For the Year Ended December 31, 2003

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	Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 172,801	\$ 172,801	\$ -
<b>EXPENDITURES</b>			
Community development	172,801	172,801	-
Excess of Revenues Over Expenditures	-	-	-
FUND BALANCE, Beginning	-	-	-
FUND BALANCE, ENDING	\$ -	\$ -	\$ -

## CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - TUCHSCHERER DISABILITY  
For the Year Ended December 31, 2003

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	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Investment income	<u>\$ 4,650</u>	<u>\$ 3,630</u>	<u>\$ (1,020)</u>
<b>EXPENDITURES</b>			
General government	<u>6,391</u>	<u>6,391</u>	<u>-</u>
Deficiency of Revenues Over Expenditures	(1,741)	(2,761)	(1,020)
FUND BALANCE, Beginning	<u>92,746</u>	<u>92,746</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 91,005</u>	<u>\$ 89,985</u>	<u>\$ (1,020)</u>

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - PEABODY ESTATE  
 For the Year Ended December 31, 2003

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	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ 4,110	\$ 3,326	\$ (784)
<b>EXPENDITURES</b>			
General government	-	-	-
Excess of Revenues Over Expenditures	4,110	3,326	(784)
FUND BALANCE, Beginning	<u>81,901</u>	<u>81,901</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 86,011</u>	<u>\$ 85,227</u>	<u>\$ (784)</u>

## CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - BALLIET LOCOMOTIVE  
For the Year Ended December 31, 2003

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	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Investment income	<u>\$ 410</u>	<u>\$ 342</u>	<u>\$ (68)</u>
<b>EXPENDITURES</b>			
General government	<u>250</u>	<u>250</u>	<u>-</u>
Excess of Revenues Over Expenditures	160	92	(68)
FUND BALANCE, Beginning	<u>8,422</u>	<u>8,422</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 8,582</u>	<u>\$ 8,514</u>	<u>\$ (68)</u>

## CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - LUTZ PARK  
For the Year Ended December 31, 2003

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	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ 33,640	\$ 27,281	\$ (6,359)
<b>EXPENDITURES</b>			
General government	-	-	-
Excess of Revenues Over Expenditures	33,640	27,281	(6,359)
FUND BALANCE, Beginning	<u>671,927</u>	<u>671,927</u>	-
FUND BALANCE, ENDING	<u>\$ 705,567</u>	<u>\$ 699,208</u>	<u>\$ (6,359)</u>

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - PARK PURPOSE OPEN SPACE  
 For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ 12,800	\$ 12,576	\$ (224)
Charges for services	<u>20,000</u>	<u>28,700</u>	<u>8,700</u>
Total Revenues	<u>32,800</u>	<u>41,276</u>	<u>8,476</u>
<b>EXPENDITURES</b>			
General government	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	32,800	41,276	8,476
FUND BALANCE, Beginning	<u>299,183</u>	<u>299,183</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 331,983</u>	<u>\$ 340,459</u>	<u>\$ 8,476</u>

## CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - UNION SPRING PARK  
For the Year Ended December 31, 2003

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	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Investment income	<u>\$ 170</u>	<u>\$ 141</u>	<u>\$ (29)</u>
<b>EXPENDITURES</b>			
General government	<u>400</u>	<u>181</u>	<u>219</u>
Deficiency of Revenues Over Expenditures	<u>(230)</u>	<u>(40)</u>	<u>190</u>
FUND BALANCE, Beginning	<u>3,494</u>	<u>3,494</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 3,264</u>	<u>\$ 3,454</u>	<u>\$ 190</u>

# CITY OF APPLETON

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - UNIVERSAL PLAYGROUND For the Year Ended December 31, 2003

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	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ -	\$ 336	\$ 336
Other	-	20,000	20,000
Total Revenues	<u>-</u>	<u>20,336</u>	<u>20,336</u>
<b>EXPENDITURES</b>			
General government	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	-	20,336	20,336
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ 20,336</u>	<u>\$ 20,336</u>

## CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - SUBDIVISION DEVELOPMENT PROJECTS  
 For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 460,370	\$ 460,370	\$ -
Special assessments	1,310,161	1,295,105	(15,056)
Investment income	-	111,802	111,802
Total Revenues	<u>1,770,531</u>	<u>1,867,277</u>	<u>96,746</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>1,808,094</u>	<u>1,239,652</u>	<u>568,442</u>
Excess (Deficiency) of Revenues Over Expenditures	(37,563)	627,625	665,188
FUND BALANCE, Beginning	<u>451,261</u>	<u>451,261</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 413,698</u>	<u>\$ 1,078,886</u>	<u>\$ 665,188</u>

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - INDUSTRIAL PARK LAND  
For the Year Ended December 31, 2003

	Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ 20,000	\$ 37,644	\$ 17,644
Other	3,500	17,800	14,300
Total Revenues	<u>23,500</u>	<u>55,444</u>	<u>31,944</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>350,000</u>	<u>174,029</u>	<u>175,971</u>
Deficiency of Revenues Over Expenditures	(326,500)	(118,585)	207,915
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	105,000	18,702	(86,298)
Sale of city properties	200,000	523,627	323,627
Transfer in	-	45,000	45,000
Transfers out	<u>(200,663)</u>	<u>(149,970)</u>	<u>50,693</u>
Total Other Financing Sources (Uses)	<u>104,337</u>	<u>437,359</u>	<u>333,022</u>
Net Change in Fund Balances	(222,163)	318,774	540,937
FUND BALANCE, Beginning	<u>896,940</u>	<u>896,940</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 674,777</u>	<u>\$ 1,215,714</u>	<u>\$ 540,937</u>

## CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - PARK AND RECREATION PROJECTS  
 For the Year Ended December 31, 2003

	Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ -	\$ 17,140	\$ 17,140
<b>EXPENDITURES</b>			
Capital outlay	620,000	334,416	285,584
Deficiency of Revenues Over Expenditures	(620,000)	(317,276)	(268,444)
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	620,000	50,115	(569,885)
Transfer in		247,259	247,259
Transfers out	(65,000)	(65,000)	-
Total Other Financing Sources (Uses)	555,000	232,374	(322,626)
Net Change in Fund Balances	(65,000)	(84,902)	(19,902)
FUND BALANCE, Beginning	392,708	392,708	-
FUND BALANCE, ENDING	<u>\$ 327,708</u>	<u>\$ 307,806</u>	<u>\$ (19,902)</u>

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TAX INCREMENT DISTRICT NO. 3  
 For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 501,726	\$ 482,138	\$ (19,588)
Intergovernmental	15,199	6,581	(8,618)
Investment income	500	-	(500)
Total Revenues	<u>517,425</u>	<u>488,719</u>	<u>(28,706)</u>
<b>EXPENDITURES</b>			
Capital outlay	1,802,000	801,429	1,000,571
Debt Service			
Interest	<u>916,718</u>	<u>920,761</u>	<u>(4,043)</u>
Total Expenditures	<u>2,718,718</u>	<u>1,722,190</u>	<u>996,528</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,201,293)</u>	<u>(1,233,471)</u>	<u>967,822</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	1,800,000	628,531	(1,171,469)
Transfer in	-	20,566,288	20,566,288
Transfers out	<u>(2,781,501)</u>	<u>(2,784,621)</u>	<u>(3,120)</u>
Total Other Financing Sources (Uses)	<u>(981,501)</u>	<u>18,410,198</u>	<u>19,391,699</u>
Net Change in Fund Balances	(3,182,794)	17,176,727	20,359,521
FUND BALANCE (DEFICIT), Beginning	<u>(17,176,727)</u>	<u>(17,176,727)</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ (20,359,521)</u>	<u>\$ -</u>	<u>\$ 20,359,521</u>

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - TAX INCREMENT DISTRICT NO. 4  
 For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 1,910,590	\$ 1,837,206	\$ (73,384)
Intergovernmental	48,866	81,105	32,239
Investment income	130,000	193,583	63,583
Other	-	8,318	8,318
Total Revenues	<u>2,089,456</u>	<u>2,120,212</u>	<u>30,756</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>2,598,160</u>	<u>1,579,672</u>	<u>1,018,488</u>
Excess (Deficiency) of Revenues Over Expenditures	(508,704)	540,540	1,049,244
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of city properties	250,000	111,715	(138,285)
Transfers out	<u>(1,079,691)</u>	<u>(1,079,692)</u>	<u>(1)</u>
Total Other Financing Sources (Uses)	<u>(1,079,691)</u>	<u>(1,079,692)</u>	<u>(1)</u>
Net Change in Fund Balances	(1,588,395)	(539,152)	1,049,243
FUND BALANCE, Beginning	<u>4,385,162</u>	<u>4,385,162</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 2,796,767</u>	<u>\$ 3,846,010</u>	<u>\$ 1,049,243</u>

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TAX INCREMENT DISTRICT NO. 5  
 For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 24,892	\$ 71,039	\$ 46,147
Intergovernmental	368	1,225	857
Investment income	1,000	6,445	5,445
Other	<u>51,000</u>	<u>-</u>	<u>(51,000)</u>
Total Revenues	<u>77,260</u>	<u>78,709</u>	<u>1,449</u>
 <b>EXPENDITURES</b>			
Capital outlay	376,200	984	375,216
Debt Service			
Interest	<u>886</u>	<u>789</u>	<u>97</u>
Total Expenditures	<u>377,086</u>	<u>1,773</u>	<u>375,313</u>
 Excess (Deficiency) of Revenues Over Expenditures	<u>(299,826)</u>	<u>76,936</u>	<u>376,762</u>
 <b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	185,000	-	(185,000)
Transfers out	<u>(93,849)</u>	<u>(93,849)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>91,151</u>	<u>(93,849)</u>	<u>(185,000)</u>
 Net Change in Fund Balances	(208,675)	(16,913)	191,762
 FUND BALANCE, Beginning	<u>184,983</u>	<u>184,983</u>	<u>-</u>
 FUND BALANCE (DEFICIT), ENDING	<u>\$ (23,692)</u>	<u>\$ 168,070</u>	<u>\$ 191,762</u>

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TAX INCREMENT DISTRICT NO. 6  
 For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Taxes	\$ 715,190	\$ 765,945	\$ 50,755
Intergovernmental	6,611	13,906	7,295
Investment income	5,000	59,068	54,068
Other	<u>2,500</u>	<u>4,300</u>	<u>1,800</u>
Total Revenues	<u>729,301</u>	<u>843,219</u>	<u>113,918</u>
 <b>EXPENDITURES</b>			
Capital outlay	4,384,008	1,522,709	2,861,299
Debt Service			
Interest	<u>3,559</u>	<u>3,559</u>	<u>-</u>
Total Expenditures	<u>4,387,567</u>	<u>1,526,268</u>	<u>2,861,299</u>
 Deficiency of Revenues Over Expenditures	<u>(3,658,266)</u>	<u>(683,049)</u>	<u>2,975,217</u>
 <b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	3,333,096	2,946,316	(386,780)
Transfers out	<u>(654,347)</u>	<u>(684,470)</u>	<u>(30,123)</u>
Total Other Financing Sources (Uses)	<u>2,678,749</u>	<u>2,261,846</u>	<u>(416,903)</u>
 Net Change in Fund Balances	(979,517)	1,578,797	2,558,314
 FUND BALANCE, Beginning	<u>173,800</u>	<u>173,800</u>	<u>-</u>
 FUND BALANCE (DEFICIT), ENDING	<u>\$ (805,717)</u>	<u>\$ 1,752,597</u>	<u>\$ 2,558,314</u>

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - PUBLIC SAFETY FACILITIES  
 For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ -	\$ 7,729	\$ 7,729
Other	<u>13,284</u>	<u>13,284</u>	<u>-</u>
Total Revenues	<u>13,284</u>	<u>21,013</u>	<u>7,729</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>440,779</u>	<u>397,333</u>	<u>43,446</u>
Deficiency of Revenues Over Expenditures	(427,495)	(376,320)	51,175
FUND BALANCE, Beginning	<u>419,543</u>	<u>419,543</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u><u>\$ (7,952)</u></u>	<u><u>\$ 43,223</u></u>	<u><u>\$ 51,175</u></u>

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - PUBLIC WORKS EQUIPMENT  
 For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 300,000	\$ 300,000
Investment income	<u>1,000</u>	<u>16,863</u>	<u>15,863</u>
Total Revenues	<u>1,000</u>	<u>316,863</u>	<u>315,863</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>225,873</u>	<u>38,139</u>	<u>187,734</u>
Excess (Deficiency) of Revenues Over Expenditures	(224,873)	278,724	503,597
<b>OTHER FINANCING SOURCES</b>			
Debt issued	<u>136,522</u>	-	<u>(136,522)</u>
Net Change in Fund Balances	(88,351)	278,724	367,075
FUND BALANCE, Beginning	<u>215,895</u>	<u>215,895</u>	-
FUND BALANCE, ENDING	<u>\$ 127,544</u>	<u>\$ 494,619</u>	<u>\$ 367,075</u>

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TECHNOLOGY  
 For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ 6,415	\$ 5,608	\$ (807)
<b>EXPENDITURES</b>			
Capital outlay	658,418	609,040	49,378
Deficiency of Revenues Over Expenditures	(652,003)	(603,432)	48,571
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt issued	345,259	349,079	3,820
Transfer in	98,821	98,821	-
Transfer out	-	(49,571)	(49,571)
Total Other Financing Sources (Uses)	444,080	398,329	(45,751)
Net Change in Fund Balances	(207,923)	(205,103)	2,820
FUND BALANCE, Beginning	205,103	205,103	-
FUND BALANCE (DEFICIT), ENDING	<u>\$ (2,820)</u>	<u>\$ -</u>	<u>\$ 2,820</u>

## CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - CEA REPLACEMENT  
 For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ 122,500	\$ 149,707	\$ 27,207
Other	<u>1,391,931</u>	<u>1,323,599</u>	<u>(68,332)</u>
Total Revenues	<u>1,514,431</u>	<u>1,473,306</u>	<u>(41,125)</u>
<b>EXPENDITURES</b>			
Capital outlay	<u>1,567,435</u>	<u>1,229,732</u>	<u>337,703</u>
Excess (Deficiency) of Revenues Over Expenditures	(53,004)	243,574	296,578
FUND BALANCE, Beginning	<u>3,820,361</u>	<u>3,820,361</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 3,767,357</u>	<u>\$ 4,063,935</u>	<u>\$ 296,578</u>

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - RIVERFRONT INITIATIVES  
 For the Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ 1,700	\$ 6,347	\$ 4,647
<b>EXPENDITURES</b>			
Capital outlay	566,475	540,348	26,127
Deficiency of Revenues Over Expenditures	(564,775)	(534,001)	30,774
<b>OTHER FINANCING SOURCES</b>			
Debt issued	463,700	-	(463,700)
Transfer in	-	500,000	500,000
Total Other Financing Sources (Uses)	463,700	500,000	36,300
Net Change in Fund Balances	(101,075)	(34,001)	67,074
FUND BALANCE, Beginning	102,744	102,744	-
FUND BALANCE, ENDING	<u>\$ 1,669</u>	<u>\$ 68,743</u>	<u>\$ 67,074</u>

**CITY OF APPLETON**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL - FRANK P. YOUNG MEMORIAL  
 For the Year Ended December 31, 2003

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	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>			
Investment income	\$ 760	\$ 272	\$ (488)
<b>EXPENDITURES</b>			
General government	<u>500</u>	<u>-</u>	<u>500</u>
Excess of Revenues Over Expenditures	260	272	12
FUND BALANCE, Beginning	<u>15,650</u>	<u>15,650</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 15,910</u>	<u>\$ 15,922</u>	<u>\$ 12</u>

## **NONMAJOR PROPRIETARY FUNDS**

### **ENTERPRISE FUNDS**

Enterprise funds are used to account for activities that are financed and operated in a manner similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities provided to outside parties are accounted for in enterprise funds.

#### **PARKING UTILITY**

To account for the operation of City parking meters, parking ramps and lots. All revenue and expenses necessary to provide such services are accounted for in this fund.

#### **REID MUNICIPAL GOLF COURSE**

To account for the operation, maintenance and improvement of the municipal golf course. All revenue and expenses necessary to provide such golf and concession services are accounted for in this fund.

## CITY OF APPLETON

### COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS December 31, 2003

	Enterprise Funds		Totals
	Parking Utility	Reid Municipal Golf Course	
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 234,949	\$ 46,431	\$ 281,380
Other accounts receivable	13,700	19	13,719
Total Current Assets	248,649	46,450	295,099
Advance to other funds	10,371,827	-	10,371,827
Capital Assets			
Land	1,558,140	960,778	2,518,918
Building and improvements	22,502,759	1,082,764	23,585,523
Equipment, furniture and vehicles	576,228	131,438	707,666
Less: Accumulated depreciation	(9,621,742)	(975,965)	(10,597,707)
Net Capital Assets	15,015,385	1,199,015	16,214,400
Total Assets	25,635,861	1,245,465	26,881,326
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	15,661	9,483	25,144
Compensated absences	27,448	8,438	35,886
Other accrued liabilities	21,041	3,416	24,457
Deferred revenues	2,189,331	-	2,189,331
Total Current Liabilities	2,253,481	21,337	2,274,818
Noncurrent Liabilities			
Advances from other funds	-	520,000	520,000
Compensated absences	38,261	29,350	67,611
Total Noncurrent Liabilities	38,261	549,350	587,611
Total Liabilities	2,291,742	570,687	2,862,429
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	15,015,385	1,199,015	16,214,400
Unrestricted (deficit)	8,328,734	(524,237)	7,804,497
TOTAL NET ASSETS	\$ 23,344,119	\$ 674,778	\$ 24,018,897

## CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET ASSETS - NONMAJOR PROPRIETARY FUNDS  
For the Year Ended December 31, 2003

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,456,416	\$ 515,983	\$ 1,972,399
Other	418,018	176,149	594,167
Total Operating Revenues	<u>1,874,434</u>	<u>692,132</u>	<u>2,566,566</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	920,879	563,474	1,484,353
Depreciation	909,175	63,514	972,689
Total Operating Expenses	<u>1,830,054</u>	<u>626,988</u>	<u>2,457,042</u>
Operating Income	<u>44,380</u>	<u>65,144</u>	<u>109,524</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	32,821	2,908	35,729
Interest expense	-	(26,750)	(26,750)
Loss on sale of capital assets	(3,206)	-	(3,206)
Other	139	2,150	2,289
Total Nonoperating Revenues (Expenses)	<u>29,754</u>	<u>(21,692)</u>	<u>8,062</u>
Income Before Transfers	74,134	43,452	117,586
Operating transfers out	<u>(9,300)</u>	<u>(53,168)</u>	<u>(62,468)</u>
Change in Net Assets	64,834	(9,716)	55,118
TOTAL NET ASSETS - Beginning	<u>23,279,285</u>	<u>684,494</u>	<u>23,963,779</u>
TOTAL NET ASSETS - ENDING	<u>\$ 23,344,119</u>	<u>\$ 674,778</u>	<u>\$ 24,018,897</u>

**CITY OF APPLETON**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
For the Year Ended December 31, 2003

	Enterprise Funds		Totals
	Parking Utility	Reid Municipal Golf Course	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 1,870,244	\$ 692,852	\$ 2,563,096
Paid to suppliers for goods and services	(367,748)	(363,352)	(731,100)
Paid to employees for services	(590,096)	(218,165)	(808,261)
Net Cash Flows From Operating Activities	<u>912,400</u>	<u>111,335</u>	<u>1,023,735</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out	(9,300)	(53,168)	(62,468)
Advances from other funds	-	(30,000)	(30,000)
Advances to other funds	<u>(1,432,954)</u>	<u>-</u>	<u>(1,432,954)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(1,442,254)</u>	<u>(83,168)</u>	<u>(1,525,422)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of fixed assets	(30,117)	-	(30,117)
Interest payments on long-term debt	<u>-</u>	<u>(26,750)</u>	<u>(26,750)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(30,117)</u>	<u>(26,750)</u>	<u>(56,867)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	<u>32,821</u>	<u>2,908</u>	<u>35,729</u>
Net Cash Flows From Investing Activities	<u>32,821</u>	<u>2,908</u>	<u>35,729</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(527,150)	4,325	(522,825)
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<u>762,099</u>	<u>42,106</u>	<u>804,205</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 234,949</u>	<u>\$ 46,431</u>	<u>\$ 281,380</u>

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 44,380	\$ 65,144	\$ 109,524
Adjustments to reconcile operating income to net cash flows from operating activities			
Non-operating income	139	2,150	2,289
Depreciation	909,175	63,514	972,689
Change in assets and liabilities			
Other accounts receivable	(4,329)	58	(4,271)
Accounts payable	(34,092)	4,300	(29,792)
Accrued liabilities	147	(715)	(568)
Compensated absences	(3,020)	(21,628)	(24,648)
Deferred revenues	-	(1,488)	(1,488)
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 912,400</u>	 <u>\$ 111,335</u>	 <u>\$ 1,023,735</u>

**NONCASH INVESTING, CAPITAL  
AND FINANCING ACTIVITIES**

None

## **INTERNAL SERVICE FUNDS**

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or other governments, on a cost reimbursement basis.

### **CENTRAL EQUIPMENT AGENCY**

To account for the user fees and costs associated with the acquisition, operation and maintenance of various City-owned vehicles and equipment.

### **CENTRAL BUILDING MAINTENANCE**

To account for the user fees and costs associated with the repair, maintenance and cleaning of various City buildings.

### **INSURANCE**

To account for the user fees and costs associated with providing insurance and risk protection services to the organization and agencies of the City. All user charges and expenses necessary to provide such services are accounted for in this fund.

## CITY OF APPLETON

### COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS December 31, 2003

	<u>Central Equipment Agency</u>	<u>Insurance</u>	<u>Totals</u>
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 193,531	\$ 3,264,063	\$ 3,457,594
Other receivable	7,761	823	8,584
Inventories	23,329	-	23,329
Prepaid items	-	15,694	15,694
Total Current Assets	<u>224,621</u>	<u>3,280,580</u>	<u>3,505,201</u>
Restricted Assets			
Investment in CVMIC	-	2,020,950	2,020,950
Receivable from mutual insurance company	-	140,426	140,426
Total Restricted Assets	<u>-</u>	<u>2,161,376</u>	<u>2,161,376</u>
Capital Assets			
Equipment	1,708,301	-	1,708,301
Vehicles	17,885,015	-	17,885,015
Less: Accumulated depreciation	<u>(10,617,575)</u>	<u>-</u>	<u>(10,617,575)</u>
Net Capital Assets	<u>8,975,741</u>	<u>-</u>	<u>8,975,741</u>
Total Assets	<u>9,200,362</u>	<u>5,441,956</u>	<u>14,642,318</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	18,638	3,007	21,645
Compensated absences	37,343	12,566	49,909
Other accrued liabilities	36,024	25,537	61,561
Claims payable	-	1,161,737	1,161,737
Deferred revenues	-	15,694	15,694
Current portion of long-term debt	-	182,088	182,088
Total Current Liabilities	<u>92,005</u>	<u>1,400,629</u>	<u>1,492,634</u>
Noncurrent Liabilities			
General obligation debt payable	-	652,610	652,610
Compensated absences	<u>31,716</u>	<u>-</u>	<u>31,716</u>
Total Noncurrent Liabilities	<u>31,716</u>	<u>652,610</u>	<u>684,326</u>
Total Liabilities	<u>123,721</u>	<u>2,053,239</u>	<u>2,176,960</u>
<b>NET ASSETS</b>			
Invested in capital assets	8,975,741	-	8,975,741
Unrestricted	<u>100,900</u>	<u>3,388,717</u>	<u>3,489,617</u>
TOTAL NET ASSETS	<u>\$ 9,076,641</u>	<u>\$ 3,388,717</u>	<u>\$ 12,465,358</u>

## CITY OF APPLETON

### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - INTERNAL SERVICE FUNDS For the Year Ended December 31, 2003

	<u>Central Equipment Agency</u>	<u>Central Building Maintenance</u>	<u>Insurance</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,460,203	\$ -	\$ 600,094	\$ 2,060,297
Other	13,446	-	293,528	306,974
Total Operating Revenue	<u>1,473,649</u>	<u>-</u>	<u>893,622</u>	<u>2,367,271</u>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	1,850,703	-	1,096,877	2,947,580
Depreciation	1,627,425	-	-	1,627,425
Total Operating Expenses	<u>3,478,128</u>	<u>-</u>	<u>1,096,877</u>	<u>4,575,005</u>
Operating Loss	<u>(2,004,479)</u>	<u>-</u>	<u>(203,255)</u>	<u>(2,207,734)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	11,860	-	128,150	140,010
Interest expense	-	-	(76,255)	(76,255)
Gain on the sale of capital assets	66,755	-	-	66,755
Loss on investment in CVMIC	-	-	(19,459)	(19,459)
Other	3,844	-	-	3,844
Total Nonoperating Revenues (Expenses)	<u>82,459</u>	<u>-</u>	<u>32,436</u>	<u>114,895</u>
Income (Loss) Before contributions and transfers	<u>(1,922,020)</u>	<u>-</u>	<u>(170,819)</u>	<u>(2,092,839)</u>
Capital contributions	1,503,116	-	-	1,503,116
Transfers in	35,268	-	-	35,268
Transfers out	<u>-</u>	<u>(10,819)</u>	<u>-</u>	<u>(10,819)</u>
Change in Net Assets	<u>(383,636)</u>	<u>(10,819)</u>	<u>(170,819)</u>	<u>(565,274)</u>
TOTAL NET ASSETS - Beginning	<u>9,460,277</u>	<u>10,819</u>	<u>3,559,536</u>	<u>13,030,632</u>
TOTAL NET ASSETS - ENDING	<u>\$ 9,076,641</u>	<u>\$ -</u>	<u>\$ 3,388,717</u>	<u>\$ 12,465,358</u>

**CITY OF APPLETON**

COMBINING STATEMENT OF CASH FLOWS  
ALL INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2003

	Central Equipment Agency	Central Building Maintenance	Insurance	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 1,474,247	\$ 4,314	\$ 1,038,842	\$ 2,517,403
Paid to suppliers for goods and services	(976,774)	(50,242)	(885,323)	(1,912,339)
Paid to employees for services	(881,591)	(140,866)	(192,542)	(1,214,999)
Net Cash Flows From Operating Activities	<u>(384,118)</u>	<u>(186,794)</u>	<u>(39,023)</u>	<u>(609,935)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Principal payments on note payable	-	-	(167,169)	(167,169)
Transfers out	-	(10,819)	-	(10,819)
Interest paid on note payable	-	-	(79,285)	(79,285)
Net Cash Flows From Noncapital Financing Activities	<u>-</u>	<u>(10,819)</u>	<u>(246,454)</u>	<u>(257,273)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sale of capital assets	66,755	-	-	66,755
Net Cash Flows From Capital and Related Financing Activities	<u>66,755</u>	<u>-</u>	<u>-</u>	<u>66,755</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income	11,860	-	128,150	140,010
Net Cash Flows From Investing Activities	<u>11,860</u>	<u>-</u>	<u>128,150</u>	<u>140,010</u>
Net Decrease in Cash and Cash Equivalents	(305,503)	(197,613)	(157,327)	(660,443)
CASH AND CASH EQUIVALENTS - Beginning of Year	499,034	197,613	3,421,390	4,118,037
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 193,531</u>	<u>\$ -</u>	<u>\$ 3,264,063</u>	<u>\$ 3,457,594</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Loss from operations	\$ (2,004,479)	\$ -	\$ (203,255)	\$ (2,207,734)
Adjustments to reconcile income (loss) to net cash flows from operating activities:				
Non-operating income	3,844	-	-	3,844
Depreciation	1,627,425	-	-	1,627,425
Change in assets and liabilities:				
Other accounts receivable	(3,246)	-	(823)	(4,069)
Due from other governmental units	-	4,314	-	4,314
Inventories	(7,691)	-	-	(7,691)
Prepaid items	-	-	15,694	15,694
Accounts payable	(9,722)	(17,442)	479	(26,685)
Other accrued liabilities and deposits	6,015	(32,800)	107	(26,678)
Accrued compensated absences	3,736	(140,866)	2,732	(134,398)
Claims payable	-	-	161,737	161,737
Deferred revenues	-	-	(15,694)	(15,694)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (384,118)</u>	<u>\$ (186,794)</u>	<u>\$ (39,023)</u>	<u>\$ (609,935)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Contributed property and equipment	\$ 1,538,384	\$ -	\$ -	\$ 1,538,384

## **FIDUCIARY FUND**

### **AGENCY FUNDS**

Accounts for resources held by the City in a purely custodial capacity (assets equal liabilities).

### **TAX COLLECTION FUND**

To account for the City's collection of property taxes and the corresponding liability to other governmental units.

## CITY OF APPLETON

### STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND For the Year Ended December 31, 2003

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	Balance 1-1-03	Additions	Deductions	Balance 12-31-03
<b>TAX COLLECTIONS</b>				
<b>Assets</b>				
Cash and investments	\$ 38,618,390	\$ 39,476,416	\$ 38,618,390	\$ 39,476,416
Property taxes receivable	12,721,844	13,351,450	12,721,844	13,351,450
TOTAL ASSETS	\$ 51,340,234	\$ 52,827,866	\$ 51,340,234	\$ 52,827,866
<b>Liabilities</b>				
Due to other taxing authorities	\$ 51,288,306	\$ 52,759,168	\$ 51,288,306	\$ 52,759,168
Accounts payable	51,928	68,698	51,928	68,698
TOTAL LIABILITIES	\$ 51,340,234	\$ 52,827,866	\$ 51,340,234	\$ 52,827,866

STATISTICAL  
SECTION

**TABLE 1  
CITY OF APPLETON  
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (A)**

Last Ten Fiscal Years

<b>Calendar Year</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Education &amp; Recreation</b>	<b>Community Development</b>	<b>Debt Service (B)</b>	<b>Total</b>
1994	\$ 4,208,894	\$ 14,260,133	\$ 10,017,194	\$ 5,479,863	\$ 1,155,516	\$ 7,391,949	\$ 42,513,549
1995	4,936,074	14,880,185	9,129,325	6,022,153	1,292,180	8,377,968	44,637,885
1996	4,952,579	15,315,239	10,371,193	5,940,141	1,242,758	7,979,585	45,801,495
1997	10,386,308	16,103,995	9,433,063	6,138,971	1,234,584	8,468,455	51,765,376
1998	7,691,529	16,676,120	9,475,868	6,371,833	1,415,391	9,748,649	51,379,390
1999	5,468,290	17,510,000	9,666,953	6,617,874	1,445,260	10,275,415	50,983,792
2000	5,512,101	18,533,332	9,437,619	7,189,058	1,536,953	8,092,524	50,301,587
2001	5,598,662	20,180,181	9,899,220	7,820,153	1,599,140	8,542,516	53,639,872
2002	6,071,805	20,894,921	9,202,727	7,924,536	1,627,302	9,359,561	55,080,852
2003	5,946,565	21,629,621	9,316,004	8,329,326	1,712,252	7,913,675	54,847,443

(A) This table includes the General Fund and Debt Service Fund. It excludes all other Special Revenue, Capital Projects, Proprietary and Fiduciary Funds.

(B) Includes only city and tax increment district portions of debt service.

**TABLE 2  
CITY OF APPLETON  
GENERAL GOVERNMENTAL REVENUES BY SOURCE (A)**

Last Ten Fiscal Years

Calendar Year	Taxes (B)	Intergov. Revenue (C)	Licenses & Permits	Fines & Forfeitures	Special Assessments	Charges For Services	Investment Income	Other Revenue	Total Revenue
1994	\$21,381,823	\$14,415,747	\$ 776,712	\$ 488,133	\$ 1,817,843	\$ 1,066,313	\$ 1,825,090	\$ 951,450	\$42,723,111
1995	22,737,385	15,312,463	561,655	472,838	1,666,531	1,380,257	2,289,359	1,081,969	45,502,457
1996	21,975,566	15,744,109	640,493	448,930	1,912,440	1,193,732	2,182,772	1,599,231	45,697,273
1997	22,649,843	15,891,281	682,340	473,981	1,577,204	1,218,514	2,183,701	744,006	45,420,870
1998	22,550,293	16,332,801	732,758	449,152	1,821,983	1,404,901	2,298,918	819,012	46,409,818
1999	22,879,309	16,439,614	702,779	417,360	1,518,742	1,307,944	1,398,515	929,026	45,593,289
2000	21,726,818	17,753,544	750,035	444,667	841,833	1,374,275	2,433,642	762,760	46,087,574
2001	23,896,753	17,989,613	791,011	550,333	1,711,955	1,629,233	1,970,511	1,218,381	49,757,790
2002	25,868,437	18,373,064	884,000	355,125	1,599,912	1,550,236	1,627,326	906,673	51,164,773
2003	25,288,766	18,043,299	857,425	277,692	1,097,997	1,694,585	(22,910)	913,502	48,150,356

(A) This table includes the General Fund and Debt Service Fund. It excludes all other Special Revenue, Capital Projects, Proprietary and Fiduciary Funds.

(B) Includes property taxes, payments in lieu of taxes, occupation and room taxes.

(C) Includes state shared revenues, state highway aids and miscellaneous Federal, State and County Aids.

**TABLE 3  
CITY OF APPLETON  
PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Fiscal Years

Collection Year	Total Tax Levy	Collections Prior to Transfer of Roll on August 1	Percent of Levy Collected	Total Tax Collections as of December 31	Total Collections as Percent of Current Levy	Outstanding Delinquent Taxes (A)	Outstanding Delinquent Taxes as Percent of Current Levy
1994	\$ 23,278,201	\$ 22,994,207	98.78	\$ 23,278,201	100.00	\$ -	- %
1995	24,756,200	24,159,576	97.59	24,756,200	100.00	-	-
1996	24,442,463	24,114,934	98.66	24,442,463	100.00	-	-
1997	25,030,908	24,730,537	98.80	25,030,908	100.00	-	-
1998	24,986,883	24,714,526	98.91	24,986,883	100.00	-	-
1999	25,158,220	24,806,005	98.60	25,158,220	100.00	-	-
2000	24,765,055	24,440,110	98.69	24,765,055	100.00	-	-
2001	26,257,639	25,892,728	98.61	26,257,639	100.00	-	-
2002	27,418,190	27,027,898	98.58	27,418,190	100.00	-	-
2003	28,004,767	27,027,898	96.51	28,004,767	100.00	-	-

(A) The amount of uncollected taxes represents only the current year delinquent personal property taxes. The city must obtain a judgment against the taxpayer with respect to such delinquent personal property taxes. Beginning with the 1990 collection year, all delinquent personal property taxes are charged back to overlapping jurisdictions.

**TABLE 4  
CITY OF APPLETON  
ASSESSED AND EQUALIZED VALUE OF TAXABLE PROPERTY**

**Last Ten Fiscal Years**

Levy Year	Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Equalized Value
		Assessed Value (A)	Equalized Value (B)	Assessed Value (A)	Equalized Value (B)	Assessed Value (A)	Equalized Value (B)	
1993	1994	\$ 1,774,887,500	\$ 2,054,877,500	\$ 110,303,420	\$ 118,706,100	\$ 1,885,190,920	\$ 2,173,583,600	0.8673
1994	1995	1,874,988,500	2,177,376,000	112,006,500	130,554,400	1,986,995,000	2,307,930,400	0.8609
1995	1996	2,307,039,500	2,328,843,200	140,304,599	131,477,200	2,447,344,099	2,460,320,400	0.9947
1996	1997	2,402,345,500	2,434,232,700	140,395,290	139,529,500	2,542,740,790	2,573,762,200	0.9879
1997	1998	2,456,917,300	2,560,163,000	148,215,360	150,436,200	2,605,132,660	2,710,599,200	0.9611
1998	1999	2,653,996,900	2,661,721,100	152,032,100	149,210,600	2,806,029,000	2,810,931,700	0.9983
1999	2000	2,717,953,000	2,799,514,000	122,100,880	123,251,600	2,840,053,880	2,922,765,600	0.9717
2000	2001	2,837,770,700	2,951,411,600	123,588,300	133,735,400	2,961,359,000	3,085,147,000	0.9599
2001	2002	2,936,712,900	3,132,997,400	126,098,150	124,176,400	3,062,811,050	3,257,173,800	0.9403
2002	2003	3,342,462,200	3,351,443,100	123,458,191	132,747,300	3,465,920,391	3,484,190,400	0.9948
2003	2003	3,456,706,400	3,530,106,400	118,638,100	110,312,600	3,575,344,500	3,640,419,000	0.9821

- (A) Assessed values are established by the City Assessor on all property except manufacturing property as of January 1 of each year. The Wisconsin Department of Revenue determines manufacturing property assessed values as of January 1 of each year.
- (B) Equalized values are determined by the Wisconsin Department of Revenue.

**TABLE 5  
CITY OF APPLETON  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**

Last Ten Fiscal Years

**OUTAGAMIE COUNTY/APPLETON AREA SCHOOL DISTRICT/APPLETON UTILITIES**

Per \$1,000 of Assessed Value

Levy Year	Collection Year	City of Appleton	Appleton School District	FVTC	Outagamie County	Appleton Utilities <sup>(1)</sup>	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
1994	1995	\$ 12.77	\$ 18.26	\$ 1.92	\$ 6.03	\$ -	\$ 0.23	\$ 39.21	\$ 2.02	\$ 37.19
1995	1996	10.28	14.49	1.65	4.98	-	0.20	31.60	1.60	30.00
1996	1997	10.15	10.03	1.71	4.87	-	0.20	26.96	2.21	24.75
1997	1998	9.92	9.57	1.76	4.91	-	0.21	26.37	1.99	24.38
1998	1999	9.29	10.36	1.82	4.69	-	0.20	26.36	1.70	24.66
1999	2000	9.06	10.07	1.87	4.76	-	0.21	25.97	1.60	24.37
2000	2001	9.25	10.12	1.94	5.03	-	0.21	26.55	1.54	25.01
2001	2002	9.44	9.52	2.01	5.36	-	0.21	26.54	1.52	25.02
2002	2003	8.57	8.63	1.89	4.85	-	0.20	24.14	1.29	22.85
2003	2004	8.32	8.83	1.83	4.72	-	0.20	23.90	1.21	22.69

**OUTAGAMIE COUNTY/APPLETON AREA SCHOOL DISTRICT/SANITARY DISTRICT #1**

Per \$1,000 of Assessed Value

Levy Year	Collection Year	City of Appleton	Appleton School District	FVTC	Outagamie County	Sanitary District #1 <sup>(1)</sup>	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
1994	1995	\$ 12.77	\$ 18.26	\$ 1.92	\$ 6.03	\$ -	\$ 0.23	\$ 39.21	\$ 2.02	\$ 37.19
1995	1996	10.28	14.49	1.65	4.98	0.24	0.20	31.84	1.60	30.24
1996	1997	10.15	10.03	1.71	4.87	0.26	0.20	27.22	2.21	25.01
1997	1998	9.92	9.57	1.76	4.91	0.24	0.21	26.61	1.99	24.62
1998	1999	9.29	10.36	1.82	4.69	0.21	0.20	26.57	1.70	24.87
1999	2000	9.06	10.07	1.87	4.76	-	0.21	25.97	1.60	24.37
2000	2001	9.25	10.12	1.94	5.03	-	0.21	26.55	1.54	25.01
2001	2002	9.44	9.52	2.01	5.36	-	0.21	26.54	1.52	25.02
2002	2003	8.57	8.63	1.89	4.85	-	0.20	24.14	1.29	22.85
2003	2004	8.32	8.83	1.83	4.72	-	0.20	23.90	1.21	22.69

(Continued)

**TABLE 5  
CITY OF APPLETON  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (Continued)**

Last Ten Fiscal Years

**OUTAGAMIE COUNTY/MENASHA JOINT SCHOOL DISTRICT/SANITARY DISTRICT #4**

Per \$1,000 of Assessed Value

Levy Year	Collection Year	City of Appleton	Menasha School District	FVTC	Outagamie County	Sanitary District #4 <sup>(1)</sup>	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
1994	1995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1995	1996	-	-	-	-	-	-	-	-	-
1996	1997	-	-	-	-	-	-	-	-	-
1997	1998	9.93	10.04	1.76	4.91	1.30	0.21	28.15	1.99	26.16
1998	1999	9.29	5.98	1.82	4.69	1.62	0.20	23.60	1.70	21.90
1999	2000	9.06	9.48	1.87	4.76	-	0.21	25.38	1.60	23.78
2000	2001	9.25	9.79	1.94	5.03	-	0.21	26.22	1.54	24.68
2001	2002	9.44	10.27	2.01	5.36	-	0.21	27.29	1.52	25.77
2002	2003	8.57	9.50	1.89	4.85	-	0.20	25.01	1.29	23.72
2003	2004	8.32	9.70	1.83	4.72	-	0.20	24.77	1.21	23.56

Note: 1997 Levy Year is the first year Outagamie County had property apportioned as within Menasha School District and Sanitary District #4.

**OUTAGAMIE COUNTY/FREEDOM SCHOOL DISTRICT/APPLETON UTILITIES**

Per \$1,000 of Assessed Value

Levy Year	Collection Year	City of Appleton	Freedom School District	FVTC	Outagamie County	Appleton Utilities <sup>(1)</sup>	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
1994	1995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1995	1996	-	-	-	-	-	-	-	-	-
1996	1997	-	-	-	-	-	-	-	-	-
1997	1998	-	-	-	-	-	-	-	-	-
1998	1999	-	-	-	-	-	-	-	-	-
1999	2000	-	-	-	-	-	-	-	-	-
2000	2001	-	-	-	-	-	-	-	-	-
2001	2002	-	-	-	-	-	-	-	-	-
2002	2003	-	-	-	-	-	-	-	-	-
2003	2004	8.32	9.47	1.83	4.72	-	0.20	24.54	1.21	23.33

(Continued)

Note: 2003 Levy Year is the first year Outagamie County had property apportioned as within the Freedom School and Appleton Utilities Districts.

**TABLE 5  
CITY OF APPLETON  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (Continued)**

Last Ten Fiscal Years

**CALUMET COUNTY/APPLETON AREA SCHOOL DISTRICT/APPLETON UTILITIES**

Per \$1,000 of Assessed Value

Levy Year	Collection Year	City of Appleton	Appleton School District	FVTC	Calumet County	Appleton Utilities <sup>(1)</sup>	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
1994	1995	\$ 12.62	\$ 18.05	\$ 1.90	\$ 6.71	\$ -	\$ 0.23	\$ 39.51	\$ 1.84	\$ 37.67
1995	1996	9.79	13.79	1.57	4.96	-	0.19	30.30	1.47	28.83
1996	1997	9.96	9.84	1.67	4.79	-	0.20	26.46	2.07	24.39
1997	1998	9.72	9.37	1.73	4.72	-	0.20	25.74	1.95	23.79
1998	1999	9.21	10.30	1.80	4.38	-	0.20	25.89	1.73	24.16
1999	2000	8.90	9.89	1.83	4.31	-	0.20	25.13	1.65	23.48
2000	2001	9.03	9.87	1.89	4.47	-	0.20	25.46	1.60	23.86
2001	2002	9.28	9.36	1.98	5.02	-	0.21	25.85	1.49	24.36
2002	2003	8.39	8.44	1.85	4.65	-	0.20	23.53	1.24	22.29
2003	2004	8.36	8.88	1.84	4.65	-	0.20	23.93	1.16	22.76

**CALUMET COUNTY/APPLETON AREA SCHOOL DISTRICT/WAVERLY SANITARY DISTRICT**

Per \$1,000 of Assessed Value

Levy Year	Collection Year	City of Appleton	Appleton School District	FVTC	Calumet County	Waverly Sanitary District <sup>(1)</sup>	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
1994	1995	\$ 12.62	\$ 18.05	\$ 1.90	\$ 6.71	\$ -	\$ 0.23	\$ 39.51	\$ 1.84	\$ 37.67
1995	1996	9.79	13.79	1.57	4.96	1.93	0.19	30.30	1.47	30.76
1996	1997	9.96	9.84	1.67	4.79	4.23	0.20	30.69	2.07	28.62
1997	1998	9.72	9.37	1.73	4.72	4.30	0.20	30.04	1.95	28.09
1998	1999	9.21	10.30	1.80	4.38	4.09	0.20	29.98	1.73	28.25
1999	2000	8.90	9.89	1.83	4.31	-	0.20	25.13	1.65	23.48
2000	2001	9.03	9.87	1.89	4.47	-	0.20	25.46	1.60	23.86
2001	2002	9.28	9.36	1.98	5.02	-	0.21	25.85	1.49	24.36
2002	2003	8.39	8.44	1.85	4.65	-	0.20	23.53	1.24	22.29
2003	2004	8.36	8.88	1.84	4.65	-	0.20	23.93	1.16	22.76

(Continued)

**TABLE 5  
CITY OF APPLETON  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (Continued)**

Last Ten Fiscal Years

**CALUMET COUNTY/KIMBERLY AREA SCHOOL DISTRICT/APPLETON UTILITIES**

Per \$1,000 of Assessed Value

Levy Year	Collection Year	City of Appleton	Kimberly School District	FVTC	Calumet County	Appleton Utilities <sup>(1)</sup>	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
1994	1995	\$ 12.62	\$ 18.28	\$ 1.90	\$ 6.71	\$ -	\$ 0.23	\$ 39.74	\$ 1.84	\$ 37.90
1995	1996	9.79	12.78	1.57	4.96	-	0.19	29.29	1.47	27.82
1996	1997	9.96	11.17	1.67	4.79	-	0.20	27.79	2.07	25.72
1997	1998	9.72	10.62	1.73	4.72	-	0.20	26.99	1.95	25.04
1998	1999	9.21	7.83	1.80	4.38	-	0.20	23.42	1.73	21.69
1999	2000	8.90	11.88	1.83	4.31	-	0.20	27.12	1.65	25.47
2000	2001	9.03	11.12	1.89	4.47	-	0.20	26.71	1.60	25.11
2001	2002	9.28	10.75	1.98	5.02	-	0.21	27.24	1.49	25.75
2002	2003	8.39	9.97	1.85	4.65	-	0.20	25.06	1.24	23.82
2003	2004	8.36	9.87	1.84	4.65	-	0.20	24.92	1.16	23.76

**WINNEBAGO COUNTY/APPLETON AREA SCHOOL DISTRICT/APPLETON UTILITIES**

Per \$1,000 of Assessed Value

Levy Year	Collection Year	City of Appleton	Appleton School District	FVTC	Winnebago County	Appleton Utilities <sup>(1)</sup>	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
1994	1995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1995	1996	-	-	-	-	-	-	-	-	-
1996	1997	-	-	-	-	-	-	-	-	-
1997	1998	-	-	-	-	-	-	-	-	-
1998	1999	9.47	10.21	1.85	5.05	-	0.20	26.78	1.87	24.91
1999	2000	9.19	10.22	1.89	5.18	-	0.21	26.69	1.83	24.86
2000	2001	9.29	10.16	1.95	5.28	-	0.21	26.89	1.59	25.30
2001	2002	9.29	9.37	1.98	5.64	-	0.21	26.49	1.62	24.87
2002	2003	8.76	8.83	1.93	5.62	-	0.21	25.35	1.50	23.85
2003	2004	8.63	9.16	1.90	5.60	-	0.21	25.50	1.30	24.20

(Continued)

Note: 1998 Levy Year is the first year Winnebago County had property apportioned within the Appleton School and Appleton Utility Districts.

**TABLE 5  
CITY OF APPLETON  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (Continued)**

Last Ten Fiscal Years

**WINNEBAGO COUNTY/APPLETON AREA SCHOOL DISTRICT/SANITARY DISTRICT #4**

Per \$1,000 of Assessed Value

Levy Year	Collection Year	City of Appleton	Appleton School District	FVTC	Winnebago County	Sanitary District #4 <sup>(1)</sup>	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
1994	1995	\$ 12.61	\$ 18.03	\$ 1.90	\$ 5.70	\$ 1.49	\$ 0.23	\$ 39.96	\$ 1.94	\$ 38.02
1995	1996	11.06	15.22	1.77	5.15	1.31	0.22	34.73	1.85	32.88
1996	1997	9.78	9.68	1.64	4.63	1.15	0.20	27.08	2.29	24.79
1997	1998	9.66	9.31	1.71	4.83	1.27	0.20	26.98	2.09	24.89
1998	1999	9.47	10.21	1.85	5.05	1.65	0.20	28.43	1.87	26.56
1999	2000	9.19	10.22	1.89	5.18	-	0.21	26.69	1.83	24.86
2000	2001	9.29	10.16	1.95	5.28	-	0.21	26.89	1.59	25.30
2001	2002	9.29	9.37	1.98	5.64	-	0.21	26.49	1.62	24.87
2002	2003	8.76	8.83	1.93	5.62	-	0.21	25.35	1.50	23.85
2003	2004	8.63	9.16	1.90	5.60	-	0.21	25.50	1.30	24.20

**WINNEBAGO COUNTY/MENASHA JOINT SCHOOL DISTRICT/APPLETON UTILITIES**

Per \$1,000 of Assessed Value

Levy Year	Collection Year	City of Appleton	Menasha School District	FVTC	Winnebago County	Appleton Utilities <sup>(1)</sup>	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
1994	1995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1995	1996	-	-	-	-	-	-	-	-	-
1996	1997	-	-	-	-	-	-	-	-	-
1997	1998	-	-	-	-	-	-	-	-	-
1998	1999	9.47	9.67	1.85	5.05	-	0.20	26.24	1.87	24.37
1999	2000	9.19	9.62	1.89	5.18	-	0.21	26.09	1.83	24.26
2000	2001	9.29	9.84	1.95	5.28	-	0.21	26.57	1.59	24.98
2001	2002	9.29	10.11	1.98	5.64	-	0.21	27.23	1.62	25.61
2002	2003	8.76	9.72	1.93	5.62	-	0.21	26.24	1.50	24.74
2003	2004	8.63	10.07	1.90	5.60	-	0.21	26.40	1.30	25.10

(Continued)

Note: 1998 Levy Year is the first year Winnebago County had property apportioned within the Menasha School and Appleton Utility Districts.

**TABLE 5  
CITY OF APPLETON  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (Continued)**

Last Ten Fiscal Years

**WINNEBAGO COUNTY/MENASHA JOINT SCHOOL DISTRICT/SANITARY DISTRICT #4**

Per \$1,000 of Assessed Value

Levy Year	Collection Year	City of Appleton	Menasha School District	FVTC	Winnebago County	Sanitary District #4 <sup>(1)</sup>	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
1994	1995	\$ 12.61	\$ 17.36	\$ 1.90	\$ 5.70	\$ 1.49	\$ 0.23	\$ 39.29	\$ 1.94	\$ 37.35
1995	1996	11.06	15.22	1.77	5.15	1.31	0.22	34.73	1.85	32.88
1996	1997	9.78	10.45	1.64	4.63	1.15	0.20	27.85	2.29	25.56
1997	1998	9.66	9.77	1.71	4.83	1.27	0.20	27.44	2.09	25.35
1998	1999	9.47	9.67	1.85	5.05	1.65	0.20	27.89	1.87	26.02
1999	2000	9.19	9.62	1.89	5.18	-	0.21	26.09	1.83	24.26
2000	2001	9.29	9.84	1.95	5.28	-	0.21	26.57	1.59	24.98
2001	2002	9.29	10.11	1.98	5.64	-	0.21	27.23	1.62	25.61
2002	2003	8.76	9.72	1.93	5.62	-	0.21	26.24	1.50	24.74
2003	2004	8.63	10.07	1.90	5.60	-	0.21	26.40	1.30	25.10

(1) For Levy Years 1992 through 1998, tax levies for the township sanitary districts were included on the tax roll. Since the 1999 Levy Year, those levies have been absorbed by the Appleton Utility District and residents billed as Appleton Utilities customers. There is no tax levy for properties within the Appleton Utility District; all costs are recovered through user fees.

**TABLE 6  
CITY OF APPLETON  
SPECIAL ASSESSMENT COLLECTIONS**

Last Ten Fiscal Years

**OUTAGAMIE COUNTY**

<b>Collection Year</b>	<b>Assessments To Tax Roll</b>	<b>Assessments Collected to August 1</b>	<b>Percent Collected to August 1</b>	<b>Total Collected to December 31</b>	<b>Percent Collected to December 31</b>	<b>Cumulative Delinquent Assessments (A)</b>
1994	\$ 806,162	\$ 774,796	96.11	\$ 806,162	100.00	\$ -
1995	851,439	816,414	98.89	851,439	100.00	-
1996	713,519	675,912	94.73	713,519	100.00	-
1997	792,829	749,197	94.50	792,829	100.00	-
1998	976,958	930,583	95.25	976,958	100.00	-
1999	1,021,677	967,920	94.74	1,021,677	100.00	-
2000	1,021,455	956,776	93.67	1,021,455	100.00	-
2001	912,495	856,184	93.83	912,495	100.00	-
2002	1,076,927	1,016,330	94.37	1,076,927	100.00	-
2003	<b>1,297,636</b>	<b>1,227,877</b>	94.62	1,297,636	100.00	-

**CALUMET COUNTY**

<b>Collection Year</b>	<b>Assessments To Tax Roll</b>	<b>Assessments Collected to August 1</b>	<b>Percent Collected to August 1</b>	<b>Total Collected to December 31</b>	<b>Percent Collected to December 31</b>	<b>Cumulative Delinquent Assessments (A)</b>
1994	\$ 248,217	\$ 229,924	92.63	\$ 243,923	98.27	\$ 24,113
1995	179,692	176,700	98.33	177,462	98.76	18,168
1996	155,853	153,191	98.29	154,401	99.07	17,490
1997	179,942	177,366	98.57	178,932	99.44	15,965
1998	277,293	272,619	98.31	275,687	99.42	12,722
1999	227,143	221,649	97.58	224,565	98.87	9,367
2000	217,897	212,102	97.34	214,312	98.35	9,539
2001	325,878	320,981	98.50	322,379	98.93	12,302
2002	235,126	226,735	96.43	230,895	98.20	13,863
2003	<b>202,076</b>	<b>192,446</b>	95.23	<b>197,351</b>	97.66	<b>12,867</b>

(Continued)

**TABLE 6  
CITY OF APPLETON  
SPECIAL ASSESSMENT COLLECTIONS (Continued)**

Last Ten Fiscal Years

**WINNEBAGO COUNTY**

<b>Collection Year</b>	<b>Assessments To Tax Roll</b>	<b>Assessments Collected to August 1</b>	<b>Percent Collected to August 1</b>	<b>Total Collected to December 31</b>	<b>Percent Collected to December 31</b>	<b>Cumulative Delinquent Assessments (A)</b>
1994	\$ 685	\$ 685	100.00	\$ 685	100.00	-
1995	14,562	14,562	100.00	14,562	100.00	-
1996	39,465	37,643	95.38	39,465	100.00	-
1997	53,532	53,395	99.74	53,532	100.00	-
1998	75,218	67,700	90.01	75,218	100.00	-
1999	78,975	59,832	75.76	78,975	100.00	-
2000	55,136	36,784	66.72	55,136	100.00	-
2001	45,694	36,230	79.29	45,694	100.00	-
2002	23,627	20,000	84.65	23,627	100.00	-
2003	14,942	12,703	85.02	14,942	100.00	-

**COMBINED**

<b>Collection Year</b>	<b>Assessments To Tax Roll</b>	<b>Assessments Collected to August 1</b>	<b>Percent Collected to August 1</b>	<b>Total Collected to December 31</b>	<b>Percent Collected to December 31</b>	<b>Cumulative Delinquent Assessments (A)</b>
1994	\$ 1,055,064	\$ 1,005,405	95.29	\$ 1,050,770	99.59	\$ 24,113
1995	1,045,693	1,007,676	96.36	1,043,463	99.79	18,168
1996	1,026,303	979,958	95.37	1,025,293	99.84	15,965
1997	1,329,469	1,270,902	95.48	1,327,863	99.90	12,722
1998	1,327,795	1,249,401	95.59	1,325,217	99.88	9,367
1999	1,294,488	1,205,662	94.10	1,290,903	99.81	9,539
2000	1,294,488	1,205,662	93.14	1,290,903	99.72	9,539
2001	1,284,067	1,213,395	94.50	1,280,568	99.73	12,302
2002	1,335,680	1,263,065	94.56	1,331,449	99.68	13,863
2003	1,514,654	1,433,025	94.61	1,509,929	99.69	12,867

(A) Outagamie and Winnebago Counties pay the city for all uncollected special assessments. Calumet County does not reimburse for special assessments.

**TABLE 7  
CITY OF APPLETON  
RATIO OF OUTSTANDING GENERAL OBLIGATION DEBT TO  
EQUALIZED VALUATION AND DEBT PER CAPITA**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>General Obligation Outstanding Debt (A)</b>	<b>General Equalized Valuation (B)</b>	<b>Percent of Debt to Equalized Valuation</b>	<b>Estimated Population (C)</b>	<b>Debt Per Capita</b>
1994	50,416,595	2,307,930,400	2.18	68,187	739.39
1995	47,198,373	2,460,320,400	1.92	68,729	686.73
1996	43,725,593	2,573,762,200	1.70	69,279	631.15
1997	48,898,240	2,710,599,200	1.80	69,787	700.68
1998	51,253,389	2,810,931,700	1.82	69,607	736.33
1999	47,712,991	2,922,765,600	1.63	69,911	682.48
2000	51,338,488	3,085,147,000	1.66	70,167	731.66
2001	49,763,885	3,132,997,400	1.59	70,623	704.64
2002	54,089,286	3,484,190,400	1.55	71,348	758.11
2003	52,615,690	3,640,419,000	1.45	71,649	734.35

(A) Balances are shown net of amounts available for debt service.

(B) Equalized values set as of January 1 of the calendar year determined by the Wisconsin Department of Revenue.

(C) The population figures are Wisconsin Department of Administration estimates based on the 2000 United States Census Bureau figures.

**TABLE 8  
CITY OF APPLETON  
COMPUTATION OF LEGAL DEBT MARGIN**

**December 31, 2003**

Equalized Value of Real & Personal Property	<u>\$3,640,419,000</u>	
Outagamie County      3,064,394,800		
Calumet County        516,330,400		
Winnebago County     59,693,800		
 Debt Limit, Five (5) percent of Equalized Valuation (Wisconsin Statutory Limitation)	 <u>\$182,020,950</u>	 100.00%
 Amount of Debt Applicable to Debt Limitation: Total General Obligation Bonds and Notes Outstanding at December 31, 2002	   \$55,846,190	
 Less: Assets in Government Fund Types Available for Debt Service	   <u>(3,230,500)</u>	
 Amount of Debt Applicable to Debt Limit	   <u>\$52,615,690</u>	   28.91%
 <b>Remaining Legal Debt Margin</b>	   <u><b>\$129,405,260</b></u>	   <b>71.09%</b>

**TABLE 9  
CITY OF APPLETON  
COMPUTATION OF DIRECT AND OVERLAPPING  
GENERAL OBLIGATION DEBT**

December 31, 2003

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Appleton	Amount Applicable to City of Appleton
City of Appleton (A)	\$ 52,615,690	100.00 %	<u>\$ 52,615,690</u>
<u>Overlapping Debt</u>			
Appleton Area School District	50,316,259	63.44	31,920,635
Menasha Joint School District	22,371,000	4.21	941,595
Kimberly Area School District	30,910,000	0.72	222,552
Fox Valley Technical College	54,788,443	14.00	7,670,382
Outagamie County	47,827,836	30.84	14,749,148
Calumet County	2,726,233	18.45	502,990
Winnebago County	70,388,507	0.67	<u>468,787</u>
Total Overlapping Debt			<u>56,476,089</u>
<b>Total Direct And Overlapping Debt</b>			<b><u><u>\$ 109,091,779</u></u></b>

(A) Debt is shown net of amounts available for debt service.

**TABLE 10  
CITY OF APPLETON  
PERCENT OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL OBLIGATION DEBT TO TOTAL GENERAL GOVERNMENT EXPENDITURES**

Last Ten Fiscal Years

Fiscal Year	Debt Service (A)			Total Expenditures (B)	Debt Service as Percent of Total General Expenditures
	Principal	Interest	Total		
1994	\$ 5,525,193	\$ 1,866,756	\$ 7,391,949	\$ 42,513,549	17.39 %
1995	5,640,307	2,737,661	8,377,968	44,637,885	18.77
1996	5,369,323	2,610,262	7,979,585	45,801,495	17.42
1997	6,189,180	2,279,275	8,468,455	51,765,376	16.36
1998	7,431,570	2,317,079	9,748,649	51,379,390	18.97
1999	8,077,530	2,197,885	10,275,415	50,983,792	20.15
2000	6,131,943	1,960,581	8,092,524	50,301,587	16.09
2001	6,322,600	2,219,916	8,542,516	53,639,872	15.93
2002	7,149,027	2,203,260	9,352,287	55,073,578	16.98
2003	5,388,571	2,525,104	7,913,675	54,847,443	14.43

(A) Includes only city portion of debt service.

(B) Includes General Fund and Debt Service Fund.

(C) Includes payments to advance refunding escrow agent of \$194,639 in 1993.

**TABLE 11  
CITY OF APPLETON  
MORTGAGE REVENUE BOND COVERAGE - WATER UTILITY**

Last Ten Fiscal Years

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
1994	\$ 6,082,498	\$ 2,857,196	\$ 3,225,302	\$ 435,000	\$ 541,609	\$ 976,609	3.3
1995	6,182,237	3,100,641	3,081,596	445,000	517,295	962,295	3.20
1996	6,600,536	3,202,524	3,398,012	560,000	426,895	986,895	3.44
1997	6,582,205	3,228,125	3,354,080	560,000	426,895	986,895	3.40
1998	7,143,463	3,058,756	4,084,707	925,000	468,051	1,393,051	2.93
1999	9,158,787	3,293,504	5,865,283	925,000	468,051	1,393,051	4.21
2000	10,243,067	3,836,108	6,406,959	1,025,000	641,251	1,666,251	3.85
2001	11,775,980	4,609,232	7,166,748	3,495,000	2,323,600	5,818,600	1.23
2002	12,936,374	4,332,001	8,604,373	3,670,000	2,649,476	6,319,476	1.36
2003	14,687,589	4,471,121	10,216,468	3,670,000	2,649,476	6,319,476	1.62

(Continued)

(1) Includes total operating revenues and investment income.

(2) Includes total operating expenses, less depreciation and payment in lieu of taxes.

(3) Includes Waterworks Mortgage Revenue Bonds, Series 1998, 2000, & 2001.

**TABLE 11 (Continued)**  
**CITY OF APPLETON**  
**MORTGAGE REVENUE BOND COVERAGE - WASTEWATER UTILITY**

Last Ten Fiscal Years

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
1994	\$ 9,718,173	\$ 3,314,611	\$ 6,403,562	\$ 1,199,775	\$ 1,797,898	\$ 2,997,673	2.136177628
1995	11,211,211	3,887,049	7,324,162	1,369,664	1,564,829	2,934,493	2.50
1996	11,526,623	4,287,457	7,239,166	2,269,525	619,300	2,888,825	2.51
1997	11,454,787	4,467,174	6,987,613	2,269,525	619,300	2,888,825	2.42
1998	11,765,294	4,552,904	7,212,390	2,269,525	619,300	2,888,825	2.50
1999	10,977,161	4,826,541	6,150,620	1,335,000	68,753	1,403,753	4.38
2000	11,144,474	5,231,277	5,913,196	1,335,000	68,753	1,403,753	4.21
2001	10,460,393	5,631,280	4,829,113	1,335,000	68,753	1,403,753	3.44
2002	9,746,238	5,029,721	4,716,517	1,335,000	68,753	1,403,753	3.36
2003	8,960,550	5,959,734	3,000,816	1,335,000	68,753	1,403,753	2.14

(Continued)

(1) Includes total operating revenues and investment income.

(2) Includes total operating expenses less depreciation.

(3) Includes Sewerage System Revenue Bonds, Series 1993 and 1995 Refunding.

**TABLE 11 (Continued)**  
**CITY OF APPLETON**  
**MORTGAGE REVENUE BOND COVERAGE - STORMWATER UTILITY**

Last Ten Fiscal Years

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
1994	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
1995	-	-	-	-	-	-	-
1996	-	-	-	-	-	-	-
1997	-	-	-	-	-	-	-
1998	-	-	-	-	-	-	-
1999	2,870,772	1,564,616	1,306,156	330,000	167,208	497,208	2.626981062
2000	2,959,321	1,331,300	1,628,021	200,000	115,950	315,950	5.15
2001	1,876,391	938,178	938,213	540,000	436,190	976,190	0.96
2002	3,167,779	1,397,335	1,770,444	640,000	524,439	1,164,439	1.52
2003	3,447,134	1,394,562	2,052,572	795,000	656,841	1,451,841	1.41

(1) Includes total operating revenues and investment income.

(2) Includes total operating expenses less depreciation.

(3) Includes Storm Water System Revenue Bonds, Series 1999, 2000 & 2001.

**TABLE 12  
CITY OF APPLETON  
CUSTOMER CONNECTIONS TO UTILITY SYSTEMS**

Last Three Fiscal Years

<u>Type of Customer</u>	<u>Number of Customers-2003</u>		<u>Number of Customers-2002</u>		<u>Number of Customers-2001</u>	
	<u>Water</u>	<u>Wastewater</u>	<u>Water</u>	<u>Wastewater</u>	<u>Water</u>	<u>Wastewater</u>
<b>Metered:</b>						
Residential	23,679	23,591	23,347	23,280	23,023	23,031
Commercial	1,856	1,633	1,629	1,610	1,623	1,600
Industrial	93	82	93	82	100	88
Public Authorities	73	68	69	62	79	70
Resale	4	0	3	1	4	-
<b>Unmetered:</b>						
Commercial	20	-	20	-	20	-
<b>TOTAL CUSTOMERS</b>	<b>25,725</b>	<b>25,374</b>	<b>25,161</b>	<b>25,035</b>	<b>24,849</b>	<b>24,789</b>

**TABLE 13  
CITY OF APPLETON  
DEMOGRAPHIC STATISTICS**

**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Appleton Population (A)</b>	<b>Per Capita Income (B)</b>	<b>School System Enrollment (C)</b>	<b>Unemployment Rate (D)</b>	
1994	68,187	\$ 21,230	14,022	4.3	(E)
1995	68,729	22,513	14,087	3.8	(E)
1996	69,279	23,449	14,316	3.1	(E)
1997	69,787	24,343	14,450	2.6	
1998	69,607	26,099	14,538	2.4	
1999	69,911	28,084	14,636	2.4	
2000	70,167	29,541	14,793	2.5	
2001	70,623	31,274	14,800	4.8	
2002	71,348	-	14,948	6.2	
2003	71,649	-	-	5.6	

(A) The population figures for 1993 through 2001 are Wisconsin Dept. of Administration estimates.

(B) Wisconsin Department of Revenue

(C) Wisconsin Department of Public Instruction

(D) Wisconsin Department of Industry, Labor and Human Relations-Civilian Labor Force estimates.

(E) Job Service-Oshkosh

Information not shown was not available

**TABLE 14  
CITY OF APPLETON  
NEW CONSTRUCTION AND PROPERTY VALUE**

Last Ten Fiscal Years

Fiscal Year	New Construction			Equalized Value - Real Property			
	Residential	Commercial	Manufacturing	Residential	Commercial	Manufacturing	Agricultural
1994	\$ 25,493,500	\$ 94,972,619	\$ 3,023,700	\$ 1,634,549,000	\$ 439,368,700	\$ 103,248,200	\$ 210,100
1995	26,815,400	23,221,490	8,499,300	1,735,090,400	445,899,063	114,069,800	236,500
1996	32,815,900	26,389,195	2,974,000	1,819,024,400	500,168,800	114,392,700	646,800
1997	28,556,100	16,032,700	5,441,200	1,917,755,500	520,157,200	121,610,300	640,000
1998	34,897,400	15,449,000	3,032,600	1,986,624,800	549,154,700	124,916,000	1,025,600
1999	37,824,600	9,311,100	5,222,000	2,080,830,800	584,395,000	133,713,800	574,000
2000	50,101,200	19,468,800	11,071,900	2,189,557,800	613,661,300	148,000,600	191,500
2001	56,332,600	28,237,400	5,724,700	2,335,710,900	641,590,800	155,606,700	88,700
2002	37,963,500	23,789,900	3,170,900	2,512,795,100	677,369,900	161,267,900	10,200
2003	43,436,100	34,647,700	4,562,800	2,632,910,700	730,141,900	166,878,700	175,100

Source: Wisconsin Department of Revenue

**TABLE 15  
CITY OF APPLETON  
PRINCIPAL TAXPAYERS**

Tax Year 2003

<b>Name</b>	<b>Nature of Business</b>	<b>Current Assessed Value (A)</b>	<b>Percent of Total Assessed Value (B)</b>	<b>Current Equalized Value</b>
Appleton Papers, Inc.	NCR Paper Products	\$ 24,743,500	0.69 %	\$ 25,193,854
AAL/Northmeadows Inv.	Insurance (C)	20,957,616	0.59	21,339,064
Winter Properties	Real Estate Development	20,880,625	0.58	21,260,671
Oly/Montclair Wis. Hotels	Hotel	17,600,360	0.49	17,920,702
Thomas Wright, et al	Rental Properties	16,779,500	0.47	17,084,902
VH Enterprises/Warehouse Specialists	Warehouse/Storage	14,450,290	0.40	14,713,298
Gannett Midwest	Newspaper Publisher	12,419,300	0.35	12,645,342
Voith, Inc.	Industrial Machines	12,332,300	0.34	12,556,759
Wall-Mart	Retail Store	11,512,514	0.32	11,722,052
Miller Electric Mfg.	Electric Arc Welders	10,533,600	0.29	10,725,321
Secura Insurance	Insurance	10,481,931	0.29	10,672,712
The Boldt Co.	Construction	10,142,779	0.28	10,327,387
Guardian Life Insurance	Insurance	9,459,892	0.26	9,632,071
Livesey	Real Estate Development	9,226,600	0.26	9,394,532
Voith Fabrics	Papermaker Felts	8,856,100	0.25	9,017,289
Riverside Paper	Paper Products	8,313,900	0.23	8,465,220
Dayton Hudson	Retail Stores	8,016,981	0.22	8,162,897
Menard's	Retail Store	7,686,477	0.21	7,826,378
Rennes	Nursing Home/Assisted Living	7,626,736	0.21	7,765,549
222 Bldg	Real Estate Development	7,623,300	0.21	7,762,051
Home Depot	Retail Store	7,564,497	0.21	7,702,178
Mills Property	Retail Stores	7,557,616	0.21	7,695,171
<b>TOTAL</b>		<b>\$ 264,766,414</b>	<b>7.41 %</b>	<b>\$ 269,585,402</b>

(A) Per City Assessor's records.

(B) Based on the city's total January 1, 2002 assessed valuation of \$3,465,920,391 including personal property.

(C) Home office site (maximum 10 acres) is tax exempt as a fraternal organization. A voluntary contribution is made to all taxing jurisdictions.

**TABLE 16  
CITY OF APPLETON  
PRINCIPAL EMPLOYERS**

December 31, 2003

<b>Company Name</b>	<b>Product or Service</b>	<b>Number of Employees</b>
Thrivent Investment Management, Inc.	Insurance	1,893
Appleton Area School District	Education	1,775 *
Appleton Papers, Inc.	NCR Paper Products	1,520
Outagamie County	Government	1,215
Miller Electric Manufacturing	Electric Arc Welders	1,180
Appleton Medical Center	Medical & Health Care Facility	1,100
McCain Snack Foods	Frozen Foods	1,050
St. Elizabeth Hospital	Medical & Health Care Facility	1,014
Guardian Life	Insurance	725
Valley Packaging Industries, Inc.	Hi-speed Packager	700
City of Appleton	Government	685

\*Includes Full- and Part-Time employees

Source: Employer contacts and Wisconsin Manufacturers & Services Directory.

**TABLE 17  
CITY OF APPLETON  
SCHEDULE OF INSURANCE IN FORCE (1)**

December 31, 2003

Carrier	Type of Coverage	Coverage Limits	Premium
Chubb Group	Building, Contents, Valuable Papers, and EDP Equipment and Media	\$ 194,098,000	\$ 186,596
	Transit	100,000	
	Business Income	15,000,000	
	Contractor's Equipment	6,725,518	
	Mobile Equipment	1,531,222	
	Statues - Fine Arts	1,241,495	
	Money & Securities	120,000	
	Public Employees Blanket Bond	250,000	
	Builder's Risk	150,000	
	Boiler and Machinery	150,000,000	
Ohio Farmers Insurance Policy #5773319	Public Officials Bond for Finance Officer	500,000	632
Cities and Villages Mutual Insurance	CVMIC Pool Coverage: General Liability Automobile Police Professional Public Officials Liability	5,000,000   5,000,000/ occurrence	85,127

(Continued)

**TABLE 17  
CITY OF APPLETON  
SCHEDULE OF INSURANCE IN FORCE (1) (Continued)**

December 31, 2003

Carrier	Type of Coverage	Coverage Limits	Premium
Chubb Group	Auto Comprehensive & Collision Garage Keepers (Each Occurrence)	\$ 16,699,415 200,000	\$ 43,426
Safety National Corp. Policy # SP-6476-WI	Workers Compensation Excess Insurance	200,000,000/ occurrence	34,203
Reliance National Insurance Co. Policy #NXC0143402-00		3,000,000 Aggregate	
Transit Mutual Insurance Corp. of Wisconsin Policy #TM1CW-1018-APP	Vehicle Liability	6,500,000/ occurrence	62,181
			<u>\$ 412,165</u>

**TABLE 18  
CITY OF APPLETON  
MISCELLANEOUS STATISTICS**

Last Two Fiscal Years

Incorporated May 2, 1857  
Mayor/Council (18)

	<u>12/31/03</u>	<u>12/31/02</u>		<u>12/31/03</u>	<u>12/31/02</u>
Population	71,649	71,348	Public Library - Volumes	332,036	318,898
Area - Square Miles	23.67	23.42	City Employees	685	684
Altitude	780	780	Municipal Industrial Parks		
Miles of Streets			Northeast Industrial Park		
Open to Traffic	321.99	312.96	Total Acreage	660	660
Municipal Water Utility			Acreage Sold	511	501
Number of Customers	25,725	25,161	Acreage Optioned	62	60
Ave. Daily Consumption (000 gal)	8,385	8,397	Acreage Improved	83	54
Miles of Water Mains	341.00	333.69	Acreage Unimproved	4	45
Miles of Sewers			Year Started	1967	1967
Storm	251.20	251.9	Southeast Industrial Park		
Sanitary	287.10	282.10	Total Acreage	50	50
Building Permits			Developed Acreage	50	50
Permits Issued	1,333	1,346	Available Acreage	0	0
Est. Construction	\$110,918,858	\$118,522,104	Year Started	1977	1977
Parks and Recreation			Southwest Industrial Park		
Acres of Park Land	499.63	499.63	Total Acreage	115	115
Number of Parks	32	32	Developed Acreage	115	115
Number of Swimming Pools	5	5	Available Acreage	0	0
Number of Golf Courses	1	1	Year Started	1969	1969
Education			441 Industrial Park (Southpoint Commerce Park)		
Appleton Area School District			Total Acreage	360	360
School Buildings	24	24	Acreage Sold	0	0
Employees	1,775	1,775	Acreage Optioned	0	0
Students Registered	0	14,948	Acreage Improved	36	0
			Acreage Unimproved	313	360
			Year Started	1995	1995
			Fire Protection		
			Number of Stations	6	6
			Number of Firefighters	90	90
			Police Protection		
			Number of Stations	1	1
			Number of Police Officers	111	111

3A Youth sports complex (80 acres of parkland developed and operated by USA Youth) and excludes various trails (12.82 acres) and the golf course (107.6 acres)

# SINGLE AUDIT SECTION

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

The Honorable Mayor and  
Members of the Common Council  
City of Appleton  
Appleton, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Appleton, Wisconsin as of and for the year ended December 31, 2003, which collectively comprise the City of Appleton's basic financial statements and have issued our report thereon dated March 24, 2004. We did not audit the financial statements of the Housing Authority of the City of Appleton, which are presented in the component unit column. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Housing Authority of the City of Appleton, was based solely on the report of the other auditors. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the City of Appleton's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Appleton's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City of Appleton in a separate letter dated March 24, 2004.

The Honorable Mayor and  
Members of the Common Council  
City of Appleton

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

Madison, Wisconsin  
March 24, 2004

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES

The Honorable Mayor and  
Members of the Common Council  
City of Appleton  
Appleton, Wisconsin

**Compliance**

We have audited the compliance of the City of Appleton, Wisconsin 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* that are applicable to each of its major federal and major state programs for the year ended December 31, 2003. The City of Appleton's major federal and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and major state programs is the responsibility of the City of Appleton's management. Our responsibility is to express an opinion on the City of Appleton's compliance based on our audit.

The City of Appleton's basic financial statements included the operation of the Housing Authority of the City of Appleton, which received \$3,285,005 in federal and state awards which is not included in the schedule of expenditures of federal and state awards for the year ended December 31, 2003. Our audit, described below, did not include the operations of the Housing Authority of the City of Appleton because the component unit had a separate audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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*. 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 major state program occurred. An audit includes examining, on a test basis, evidence about the City of Appleton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Appleton's compliance with those requirements.

The Honorable Mayor and  
Members of the Common Council  
City of Appleton

In our opinion, the City of Appleton complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and major state programs for the year ended December 31, 2003.

***Internal Control Over Compliance***

The management of the City of Appleton is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the City of Appleton's internal control over compliance with requirements that could have a direct and material effect on a major federal or major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control over compliance that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal or major state program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Madison, Wisconsin  
March 24, 2004

**CITY OF APPLETON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2003**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	(Accrued) Deferred Revenue January 1, 2003	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2003
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
Direct Programs					
Community Development Block Grant					
Entitlement Program	14.218	\$ (92,588)	\$ 648,016	\$ 525,630	\$ (29,798)
Passed Through State of Wisconsin Department of Commerce					
Emergency Shelter Grant	14.231	-	12,799	62,256	49,457
Supportive Housing Program (Continuum of Care)	14.235	-	36,848	99,585	62,737
Passed Through State of Wisconsin Department of Administration					
Emergency Shelter Grant	14.231	(40,434)	90,440	50,006	-
Supportive Housing Program (Continuum of Care)	14.235	(38,552)	111,717	73,165	-
HOME Investment Partnership Program (Rental Rehab)	14.239	(36,011)	99,000	55,360	(7,629)
HOME Investment Partnership Program (Homeowner Rehab)	14.239	(4,488)	68,229	48,348	(15,393)
Total U.S. Department of Housing and Urban Development		<u>(212,073)</u>	<u>1,067,049</u>	<u>914,350</u>	<u>59,374</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>					
Direct Programs					
Public Safety and Community Policing Grants					
COPS In Schools	16.710	(19,977)	19,977	-	-
Passed Through State of Wisconsin Department of Justice					
Victims of Crime Act	16.575	<u>(10,835)</u>	<u>40,090</u>	<u>31,731</u>	<u>2,476</u>
Total U.S. Department of Justice		<u>(30,812)</u>	<u>60,067</u>	<u>31,731</u>	<u>2,476</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>					
Federal Transit Cluster					
Direct Program					
Federal Transit Capital Improvement Grants	20.507	-	1,659,802	1,659,802	-
Passed Through State of Wisconsin Department of Transportation					
WI-03-0066	20.500	(9,954)	26,287	16,333	-
WI-03-0066	20.500	(22,331)	45,427	53,378	30,282
WI-03-0076	20.500	(28,393)	33,122	21,209	16,480
WI-03-0076	20.500	-	1,485	9,719	8,234
Total Federal Transit Cluster		<u>(60,678)</u>	<u>1,766,123</u>	<u>1,760,441</u>	<u>54,996</u>
State and Community Highway Safety	20.600	-	17,000	17,000	-
Total U.S. Department of Transportation		<u>(60,678)</u>	<u>1,783,123</u>	<u>1,777,441</u>	<u>54,996</u>

(continued)

See accompanying notes to schedules of expenditures of federal and state awards.

**CITY OF APPLETON**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (cont.)  
For the Year Ended December 31, 2003

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	(Accrued) Deferred Revenue January 1, 2003	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2003
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Passed Through State of Wisconsin Department of Health and Family Services					
Childhood Immunization Grant - 1/1/02 - 12/31/02	93.268	(1,200)	-	-	1,200
Childhood Immunization Grant - 1/1/03 - 12/31/03	93.268	-	29,437	26,061	(3,376)
Total Childhood Immunization Grant		<u>(1,200)</u>	<u>29,437</u>	<u>26,061</u>	<u>(2,176)</u>
Preventative Health and Health Services Block Grant - 1/1/01 - 12/31/01	93.991	8,915	-	-	(8,915)
Preventative Health and Health Services Block Grant - 1/1/02 - 12/31/02	93.991	(2,788)	-	-	2,788
Preventative Health and Health Services Block Grant - 1/1/03 - 12/31/03	93.991	-	9,722	3,000	(6,722)
Total Preventative Health and Health Services Block Grant		<u>6,127</u>	<u>9,722</u>	<u>3,000</u>	<u>(12,849)</u>
Maternal and Child Health Services Block Grant - 1/1/02 - 12/31/02	93.994	16,164	-	-	(16,164)
Maternal and Child Health Services Block Grant - 1/1/03 - 12/31/03	93.994	-	36,321	42,788	6,467
Total Maternal and Child Health Services Block Grant		<u>16,164</u>	<u>36,321</u>	<u>42,788</u>	<u>(9,697)</u>
General Medical Assistance Outreach - 1/1/02 - 12/31/02	93.778	(286)	-	-	286
General Medical Assistance Outreach - 1/1/03 - 12/31/03	93.778	-	3,688	4,447	759
Total General Medical Assistance Outreach		<u>(286)</u>	<u>3,688</u>	<u>4,447</u>	<u>1,045</u>
CDC Investigations - Technical Assistance - 1/1/01 - 12/31/01	93.283	1,467	-	-	(1,467)
CDC Investigations - Technical Assistance - 1/1/02 - 12/31/02	93.283	2,763	-	-	(2,763)
CDC Investigations - Technical Assistance - 1/1/03 - 12/31/03	93.283	-	2,882	1,701	(1,181)
CDC Investigations - Bioterrorism Grant - 1/1/02 - 12/31/02	93.283	22,468	-	-	(22,468)
CDC Investigations - Bioterrorism Grant - 1/1/03 - 12/31/03	93.283	-	416,190	247,284	(168,906)
Total CDC Investigations - Technical Assistance		<u>26,698</u>	<u>419,072</u>	<u>248,985</u>	<u>(196,785)</u>
Project Grants Cooperative Agreement for Tuberculosis Control Programs - 1/1/02 - 12/31/02	93.116	4,696	21,641	38,839	12,502
Total U.S. Department of Health and Human Services		<u>52,199</u>	<u>519,881</u>	<u>364,120</u>	<u>(207,960)</u>
<b>U.S. DEPARTMENT OF MILITARY AFFAIRS</b>					
Passed through State of Wisconsin Department of Military Affairs State and Local Emergency Management Assistance					
	83.503	-	16,903	16,903	-
Total U.S. Department of Military Affairs		<u>-</u>	<u>16,903</u>	<u>16,903</u>	<u>-</u>
<b>TOTAL FEDERAL AWARDS</b>		<u>\$ (251,364)</u>	<u>\$ 3,447,023</u>	<u>\$ 3,104,545</u>	<u>\$ (91,114)</u>

See accompanying notes to schedules of expenditures of federal and state awards.

## CITY OF APPLETON

### SCHEDULE OF EXPENDITURES OF STATE AWARDS For the Year Ended December 31, 2003

State Grantor/Program Title	State I.D. Number	(Accrued) Deferred Revenue January 1, 2003	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2003
<b>WISCONSIN DEPARTMENT OF NATURAL RESOURCES</b>					
Brownsfield Projects	370.687	\$ -	\$ 98,327	\$ 98,327	\$ -
<b>WISCONSIN DEPARTMENT OF TRANSPORTATION</b>					
Transit Operating Aids					
2002	395.104	(49,692)	49,692	-	-
2003	395.104	-	1,636,176	1,675,450	39,274
Total Wisconsin Department of Transportation		(49,692)	1,685,868	1,675,450	39,274
<b>WISCONSIN DEPARTMENT OF HEALTH AND FAMILY SERVICES</b>					
T Melvin Public Education - 1/1/01 - 12/31/01	435.158853	930	-	-	(930)
Lead Poisoning - 1/1/02 - 12/31/02	435.157720	1,772	-	-	(1,772)
Lead Poisoning - 1/1/03- 12/31/03	435.157720	-	9,835	9,609	(226)
Total Wisconsin Department of Health and Family Services		2,702	9,835	9,609	(2,928)
<b>TOTAL STATE AWARDS</b>		<b>\$ (46,990)</b>	<b>\$ 1,794,030</b>	<b>\$ 1,783,386</b>	<b>\$ 36,346</b>

See accompanying notes to schedules of expenditures of federal and state awards.

## CITY OF APPLETON

### NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS December 31, 2003

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#### **NOTE 1 – REPORTING ENTITY**

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This report on Federal and State Awards includes all of the funds of the City of Appleton, Wisconsin. The reporting entity for the City is based upon criteria established by the Governmental Accounting Standards Board (GASB).

The City of Appleton is the primary government according to GASB criteria, while the Housing Authority of the City of Appleton (Housing Authority) is a component unit.

Federal and state awards received directly by the Housing Authority are not included in this report since the Housing Authority has been audited by other auditors for their grants and those amounts are reported in a separate report.

The schedule includes only those programs required to be included in accordance with the *State Single Audit Guidelines*.

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#### **NOTE 2 – BASIS OF PRESENTATION**

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The accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* and the *State Single Audit Guidelines*.

**CITY OF APPLETON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2003**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?             yes        X   no
- Reportable condition(s) identified that are not considered to be material weaknesses?             yes        X   none reported

Noncompliance material to basic financial statements noted?             yes        X   no

**FEDERAL OR STATE AWARDS**

Internal control over major programs:

- Material weakness(es) identified?             yes        X   no
- Reportable condition(s) identified that are not considered to be material weakness(es)?             yes        X   none reported

Type of auditor’s report issued on compliance for major programs: *unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?             yes        X   no

	<u>          Federal Programs          </u>	<u>          State Programs          </u>
Auditee qualified as low-risk auditee?	<u>  X  </u> yes <u>      </u> no	<u>  X  </u> yes <u>      </u> no

Identification of major federal programs:

14.218 20.500/20.507	<i>Community Development Block Grant Federal Transit Cluster</i>
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Dollar threshold used to distinguish between type A and type B programs:        \$ 300,000

**CITY OF APPLETON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended December 31, 2003

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS (cont.)**

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**FEDERAL OR STATE FINANCIAL ASSISTANCE (cont.)**

Identification of major state programs:

<u>State Number</u>	<u>Name of State Program</u>
395.104	Transit Operating Aids

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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None reported.

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**SECTION III – FEDERAL AND STATE FINDINGS AND QUESTIONED COSTS**

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None reported.

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**SECTION IV – OTHER ISSUES**

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1. Does the auditor’s report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee’s ability to continue as a going concern?      \_\_\_\_\_ yes        X   no      \_\_\_\_\_ N/A
2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, reportable condition, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
- |  |           |                 |           |
|--|-----------|-----------------|-----------|
| Department of Health and Family Services | _____ yes | <u>  X  </u> no | _____ N/A |
| Department of Natural Resources          | _____ yes | <u>  X  </u> no | _____ N/A |
| Department of Transportation             | _____ yes | <u>  X  </u> no | _____ N/A |

**CITY OF APPLETON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended December 31, 2003

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**SECTION IV – OTHER ISSUES (cont.)**

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3. Was a Management Letter or other document conveying audit comments issued as a result of this audit?

  X   yes           no

4. Name and signature of partner

Donald L. Rahn, CPA, Partner

5. Date of report

3/24/04