

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

Year Ended December 31, 2004

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. Schneider, Grants Administrator

CITY OF APPLETON

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INTRODUCTORY SECTION

**DEPARTMENT OF FINANCE
100 North Appleton Street
Appleton, WI 54911
(920) 832-5502**

June 8, 2005

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, 2004, 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 (134 full-time), fire protection (102 full time), public works (154 employees), administrative offices (70 employees), health services (17.5 employees), parks and recreation (36.2 employees), library services (46 employees), transportation (55.3 employees) and utilities (43 employees). Of the City's 658 employees, 476 are represented from 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 still has the unemployment rates higher at this time, along with the majority of the rest of the United States (6.0% for 2004). The City does maintain an above average gross income per capita (\$43,972 for 2003). 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 2004, total valuation of residential building construction was \$35,374,200. There were 158 single-family homes constructed with an average construction cost of \$212,419. In addition, there were 6 two-family residences and 1 apartment building constructed with a combined total of 15 units. Additions or alterations to existing dwellings added \$5,323,156 in value.

Appleton's commercial industrial permits totaled 199 in 2004 with a valuation of \$27,802,037. The two largest commercial building permits were St. Elizabeth's Hospital parking ramp (\$4 million) and The Big Picture (\$3.8 million).

The rate of growth is expected to increase over the next year. While the growth continues to provide a positive impact, it does also present 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 is 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, 2004, the City had thirty-one debt issues outstanding. These issues included \$50,306,564 of general obligation bonds and notes and \$98,383,237 of revenue bonds. The City has maintained its "Aa1" rating from Moody's Investors Service on general obligation debt, received an upgrade on its water from "A1" to Aa3, and maintained its "Aa3" on its sewerage and 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, 2004, the City's net general obligation debt of \$47,087,594 was well below the legal limit of \$194,873,370 (24.16%) and debt per capita equaled \$654.95. 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, the State of Wisconsin Local Government Investment Pool, repurchase agreements, and Government Money Markets. The average yield on all cash investments was 2.46%. The City and its proprietary funds earned investment revenue of \$2,926,063 on all investments for the year ended December 31, 2004.

The City's investment policy objective 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 40 Wisconsin cities and villages pooling their risk in the exposure areas of general liability, auto liability, workers compensation, police professionals and public officials' liability. The pool is capitalized in excess of \$25,000,000 and has experienced seventeen years of better than actuarially expected loss experience. The City anticipates substantial annual cost savings, increased self-insured levels (as accumulated funds grow) and advances in 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, 2003. 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, 2004 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, 2003

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.



Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

CITY OF APPLETON

Directory of Officials

MAYOR

Timothy M. Hanna

PRESIDENT OF THE COUNCIL

Edward S. Baranowski

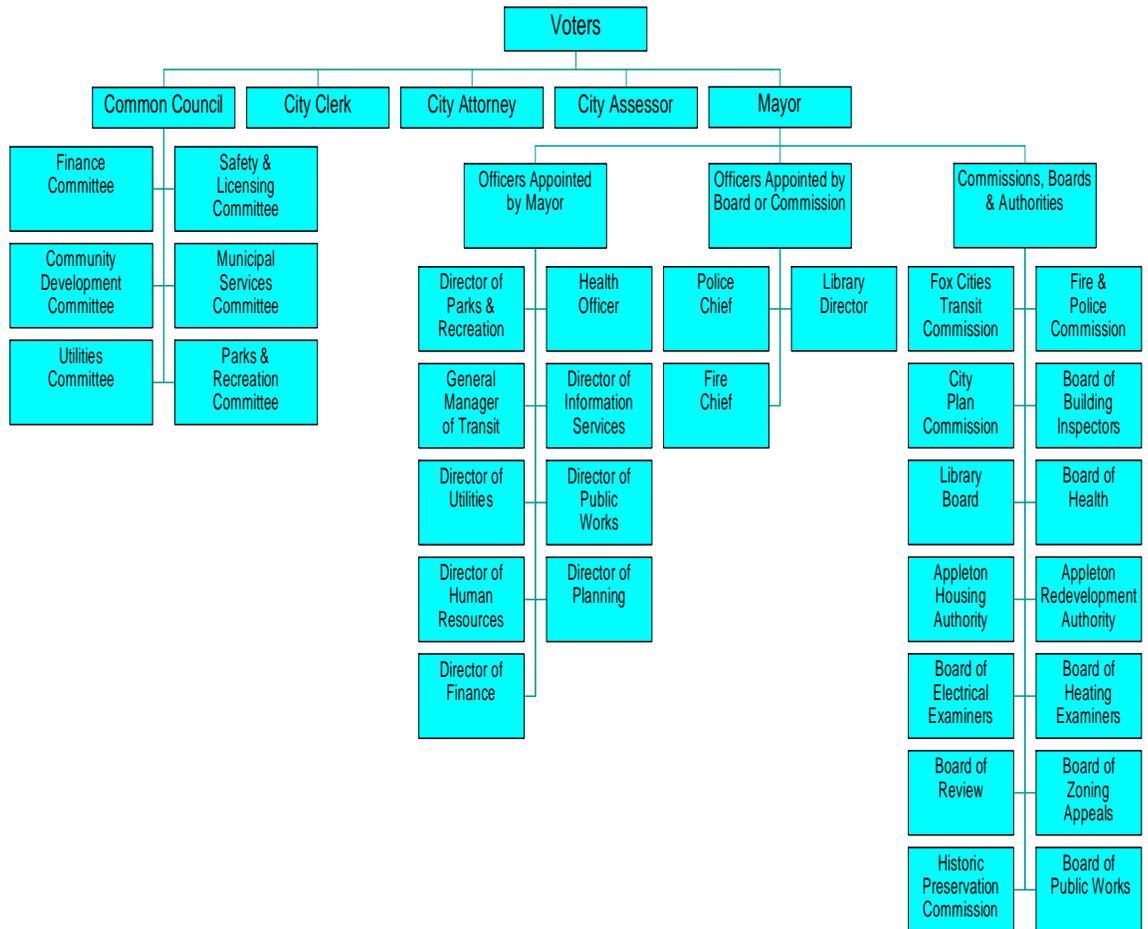
COUNCIL MEMBERS

District 1:	Walter H. Kalata	District 10:	Michael Smith
District 2:	Amy L. Jozwiak	District 11:	Earl J. Brooker
District 3:	Curt J. Konetzke	District 12:	Cathy Spears
District 4:	Wayne C. Defferding	District 13:	Edward T. Kranick
District 5:	Edward S. Baranowski	District 14:	Kathy D. Groat
District 6:	Leslie A. Niles	District 15:	Henry Eng
District 7:	James E. Clemons	District 16:	Jerome R. Hiler
District 8:	Richard A. Thompson		
District 9:	Shiloh J. Ramos		

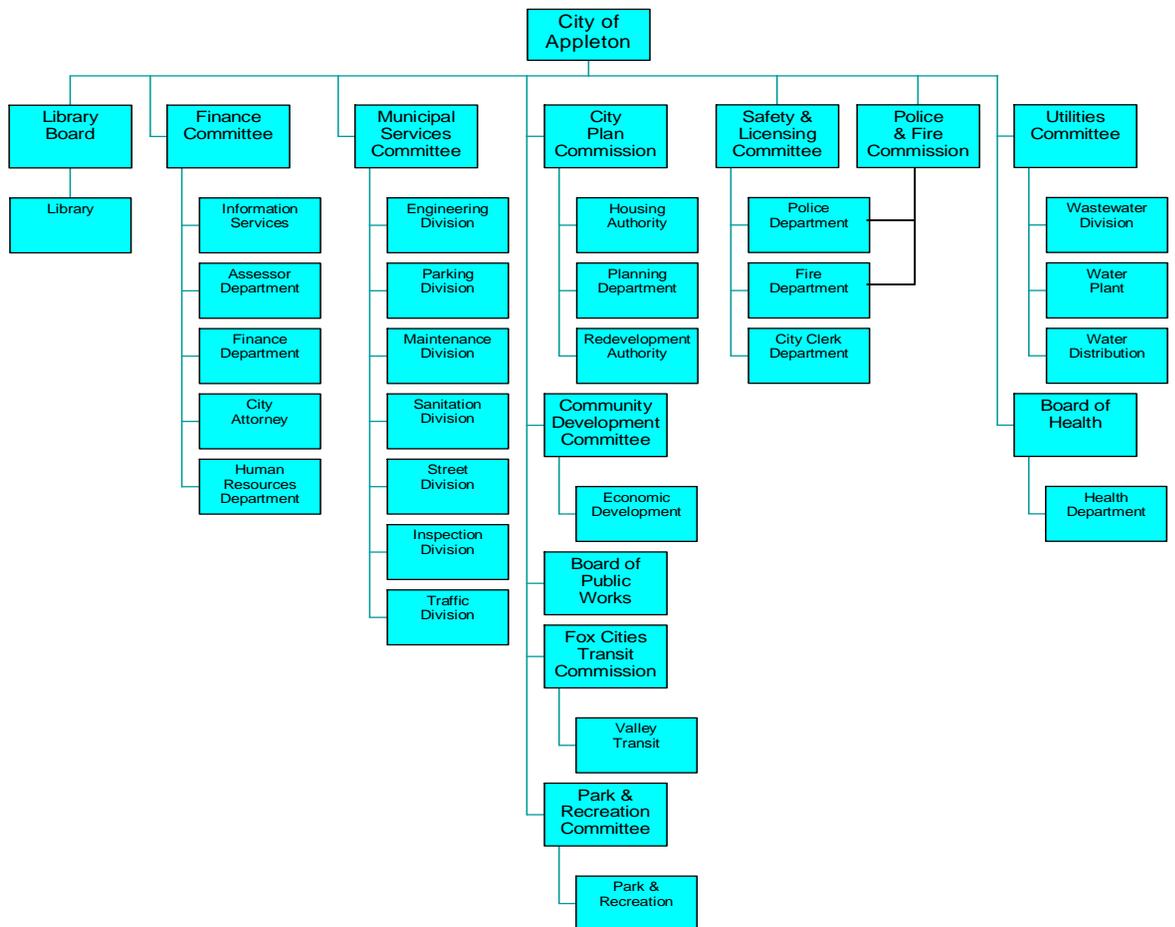
DEPARTMENT/DIVISION HEADS

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 (Interim)	Jessica A. Garratt
Director of Information Services	Scott J. Liske
Police Chief	Richard W. Myers
Director of Public Works	Paula A. Vandehey
City Assessor	DeAnn L. Brosman
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, 2004, 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, 98 percent, and 97 percent, respectively, of the assets, net 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, 2004, 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.

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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages xviii through xxxii and 69 through 72 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 & Co., LLP

Madison, Wisconsin
March 23, 2005

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2004

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, 2004. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Appleton exceeded its liabilities at the close of the most recent fiscal year by \$426,074,460. Of this amount, \$12,183,438 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 \$14,101,700. Despite a sluggish economy, the City of Appleton continues to grow. 854 building permits were issued in 2004 valued at \$68,499,393 compared to 906 permits valued at \$109,632,856 in 2003. Our equalized value grew 7.06% from 2003 to 2004 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 \$10,905,103, a decrease of \$2,984,918 in comparison with the prior year. There is an unreserved deficit of \$5,501,884 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 \$2,464. The General Fund is in compliance with all of the City's reserve policies at December 31, 2004.
-

OVERVIEW OF THE FINANCIAL STATEMENTS

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, 2004

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

GOVERNMENT-WIDE STATEMENTS (cont.)

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, 2004

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

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 33 individual governmental funds. One nonmajor fund was closed as of the end of the year. 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, 2004

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

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 68 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 69 to 72 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 73 to 125 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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 \$426,074,460 as of December 31, 2004.

The largest portion of the City's net assets (approximately 93%) 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.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2004

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

CITY OF APPLETON'S NET ASSETS

	<u>Governmental Activities 2004</u>	<u>Business- Type Activities 2004</u>	<u>Totals</u>
Current and Other Assets	\$ 76,663,618	\$ 55,524,317	\$ 132,187,935
Capital Assets	<u>248,701,235</u>	<u>251,992,515</u>	<u>500,693,750</u>
Total Assets	<u>325,364,853</u>	<u>307,516,832</u>	<u>632,881,685</u>
Long-term Liabilities	55,484,136	99,989,226	155,473,362
Other Liabilities	<u>43,831,824</u>	<u>7,502,039</u>	<u>51,333,863</u>
Total Liabilities	<u>99,315,960</u>	<u>107,491,265</u>	<u>206,807,225</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	232,641,235	164,337,658	396,978,893
Restricted	6,429,747	10,482,382	16,912,129
Unrestricted (deficit)	<u>(13,022,089)</u>	<u>25,205,527</u>	<u>12,183,438</u>
Total Net Assets	<u>\$ 226,048,893</u>	<u>\$ 200,025,567</u>	<u>\$ 426,074,460</u>
	<u>Governmental Activities 2003</u>	<u>Business- Type Activities 2003</u>	<u>Totals</u>
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	6,305,953	9,927,016	16,232,969
Unrestricted (deficit)	<u>(10,175,362)</u>	<u>35,042,798</u>	<u>24,867,436</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 3.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$12,183,438 may be used to meet the government's ongoing obligation to citizens and creditors.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2004

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

Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended December 31, 2004. Governmental activities increased the City of Appleton's net assets by \$7,611,537, accounting for approximately 54% of the total growth in net assets. Of this amount, \$4,098,875 was contributed from others. Business-type activities increased the City's net assets by \$6,490,163, accounting for 46% of the total growth in net assets. Capital contributions in the business-type activities accounted for \$7,303,800 of the additions.

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

	<u>Governmental Activities 2004</u>	<u>Business- Type Activities 2004</u>	<u>Totals</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 4,285,207	\$ 29,607,673	\$ 33,892,880
Operating grants and contributions	2,470,595	4,560,499	7,031,094
Capital grants and contributions	7,176,121	7,303,800	14,479,921
General Revenues:			
Property taxes	32,883,651	-	32,883,651
Other taxes	1,195,606	-	1,195,606
Intergovernmental	16,084,242	-	16,084,242
Investment income	2,182,845	788,552	2,971,397
Gain (loss) on sale of assets	135,307	-	135,307
Miscellaneous	1,224,976	18,750	1,243,726
Total Revenues	<u>\$ 67,638,550</u>	<u>\$ 42,279,274</u>	<u>\$ 109,917,824</u>
Expenses:			
General government	\$ 6,419,439	\$ -	\$ 6,419,439
Public safety	23,575,858	-	23,575,858
Public works	15,521,570	-	15,521,570
Education and recreation	8,667,868	-	8,667,868
Community development	2,450,493	-	2,450,493
Interest and fiscal charges	3,983,171	-	3,983,171
Water Utility	-	11,384,777	11,384,777
Wastewater Utility	-	10,901,021	10,901,021
Valley Transit	-	6,454,888	6,454,888
Stormwater Utility	-	3,974,123	3,974,123
Other non-major proprietary funds	-	2,482,916	2,482,916
Total Expenses	<u>\$ 60,618,399</u>	<u>\$ 35,197,725</u>	<u>\$ 95,816,124</u>
Increases in net assets before transfers	\$ 7,020,151	\$ 7,081,549	\$ 14,101,700
Transfers	591,386	(591,386)	-
Increase in net assets	7,611,537	6,490,163	14,101,700
Net Assets – January 1, 2004	<u>218,437,356</u>	<u>193,535,404</u>	<u>411,972,760</u>
Net Assets – December 31, 2004	<u>\$ 226,048,893</u>	<u>\$ 200,025,567</u>	<u>\$ 426,074,460</u>

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2004

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

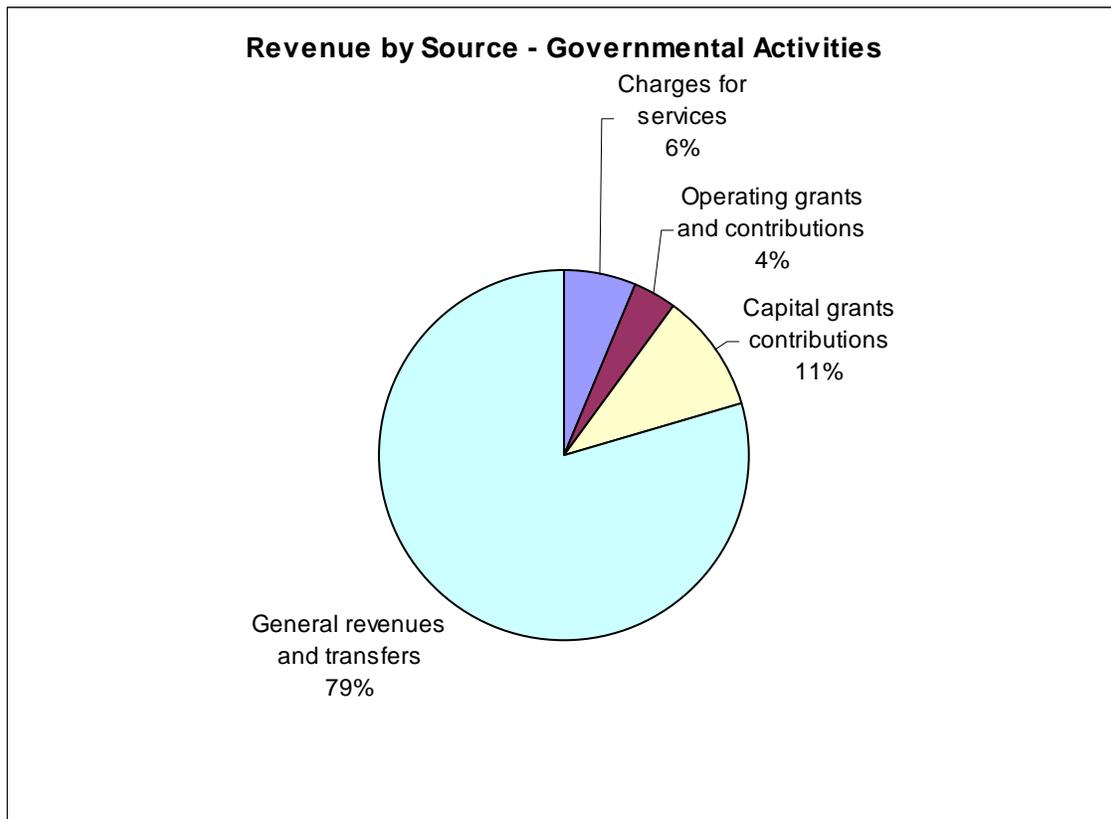
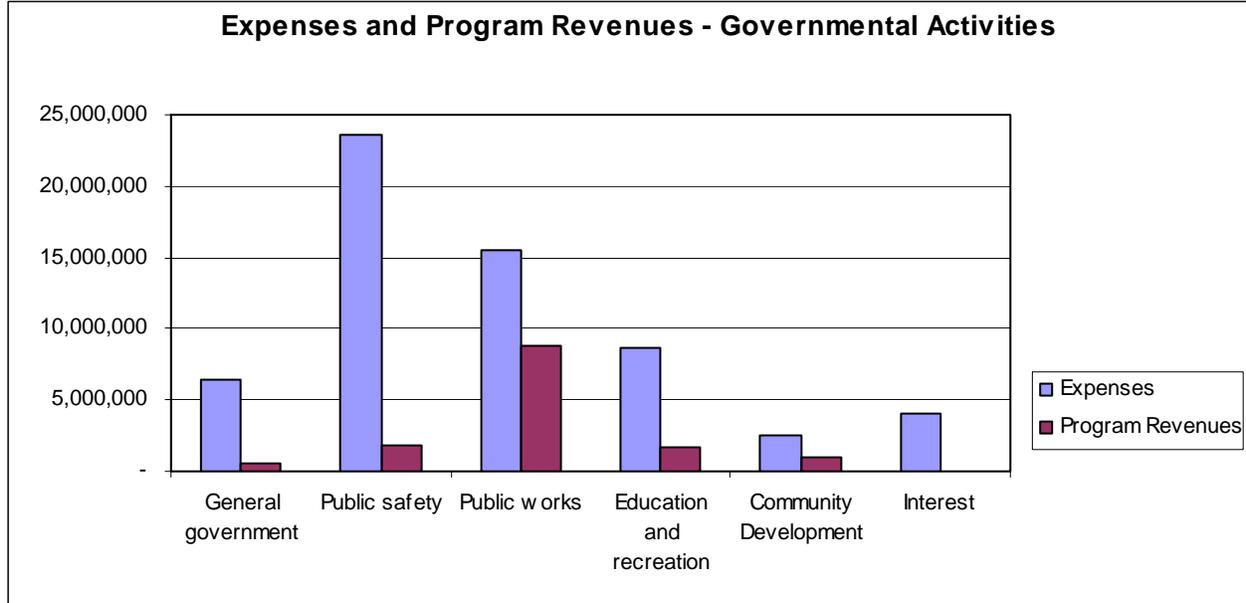
CITY OF APPLETON CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	Governmental Activities 2003	Business- Type Activities 2003	Totals
Revenues:			
Program Revenues:			
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
General Revenues:			
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
Total Revenues	<u>\$ 65,239,716</u>	<u>\$ 39,249,380</u>	<u>\$ 104,489,096</u>
Expenses:			
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
Total Expenses	<u>\$ 61,768,977</u>	<u>\$ 33,370,857</u>	<u>\$ 95,139,834</u>
Increases in net assets before transfers	\$ 3,470,739	\$ 5,878,523	\$ 9,349,262
Transfers	<u>641,359</u>	<u>(641,359)</u>	<u>-</u>
Increase in net assets	4,112,098	5,237,164	9,349,262
Net Assets – January 1, 2003	<u>214,325,258</u>	<u>188,298,240</u>	<u>402,623,498</u>
Net Assets – December 31, 2003	<u>\$ 218,437,356</u>	<u>\$ 193,535,404</u>	<u>\$ 411,972,760</u>

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2004

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

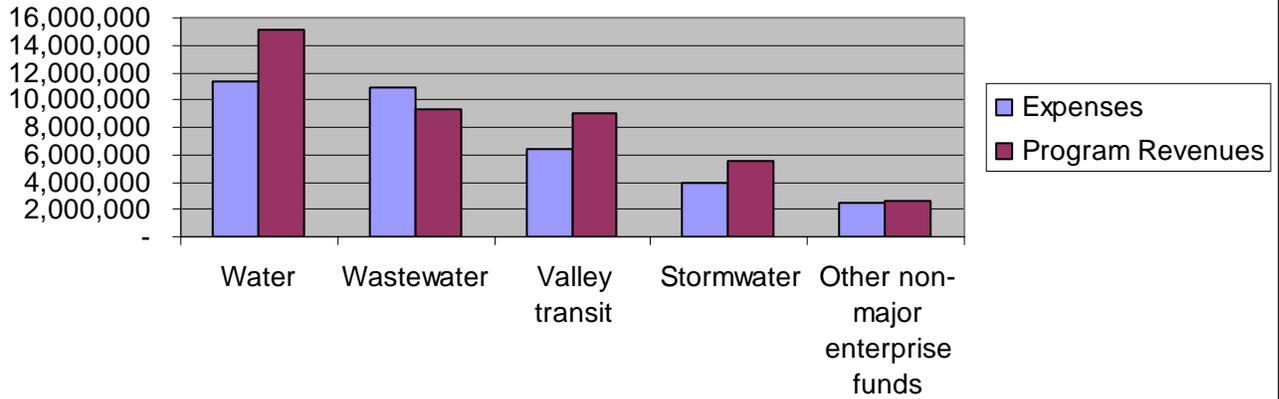


CITY OF APPLETON

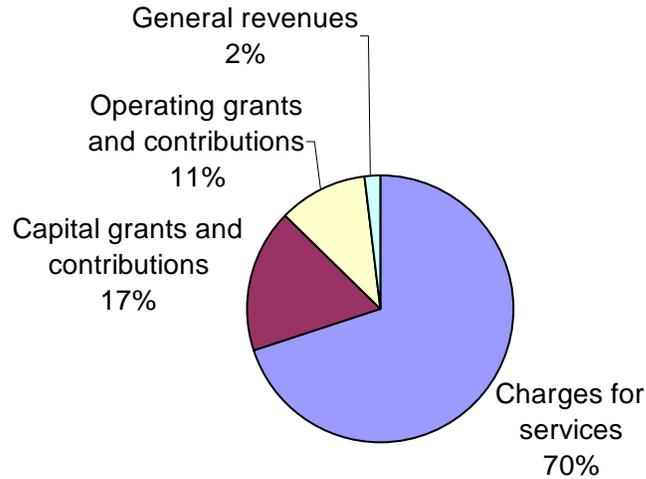
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2004

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

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2004

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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 \$10,905,103. The fund balance that is reserved to indicate that it is not available for new spending because it has already been committed equals \$16,406,987. It includes: 1) \$2,714,500 to pay for encumbrances, 2) \$37,156 for prepaid items, 3) \$624,307 for inventories, 4) \$11,706,947 for loans receivable, 5) \$1,308,374 for debt retirement and 6) \$15,703 for trust purposes.

A net deficit fund balance of \$5,501,884 constitutes the unreserved fund balance due to our tax incremental districts as explained earlier. At year end, \$28,875,989 is designated for specific purposes (working capital and debt service for example), leaving a deficit of \$33,160,445 to be recovered primarily from tax increment in our TIF districts.

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 year's 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 24.2% of the limit or a debt per capita of \$654.95. In 2004, the general fund utilized \$1,268,275 of fund balance for capital projects eliminating the need to have a general obligation issue for the year. The budget for 2004 planned for net decrease in fund balance with the actual resulting in \$79,308 less than planned.

Tax Incremental Districts Nos. 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. The change in Tax Incremental District No. 1 fund balance from (\$10,745,620) in 2003 to (\$9,673,756) in 2004 is the result of tax increment exceeding interest expense on the advance from the general fund. This district no longer has any external debt obligations, but continues to collect increment to repay internal loans. Tax Incremental District No. 3's fund balance deficit grew by \$2,848,472. The increment in this district continues to not be able to cover debt service obligations. Funding is made available from an advance from the Parking Utility.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2004

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

GOVERNMENTAL FUNDS (cont.)

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. The fund balance decreased by \$30,355 in an intentional effort to utilize the funds available for debt service.

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 \$6,098,150 in 2004, or a 6.38% rate of return on the net investment rate base. This compares to operating income of \$6,461,099 in 2003, or a 7.01% rate of return. The 2004 rate of return is below the 8% authorized by the Public Service Commission on August 20, 2002. The percentage of water lost stabilized back down to 9% after a spike to 15% in 2003 due to a leak found in a river crossing main. The full year customer loss of Foremost Farms due to the closing of the John Street plant also had an impact on revenue. While the net assets increased \$3,004,256, cash flow continues to be a challenge with the utility being highly leveraged after the construction of the new water treatment facility.

Wastewater Utility: The Wastewater Utility realized an operating loss of approximately \$2,041,695 in 2004 compared to an operating loss of \$1,372,377 in 2003. 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% rate decrease effective in May, 2001. This resulted in unrestricted cash and investments decreasing by \$1,501,272 in 2004. Even with the reduction, unrestricted cash and investments currently remain strong at \$2,259,758. The full year customer loss of Foremost Farms due to the closing of the John Street plant also had an impact on revenue. Net assets ultimately decreased by \$1,236,849.

Stormwater Utility: The Stormwater Utility operating income was approximately \$773,583 in 2004 compared to an operating income of \$884,527 in 2003. Cash flows from operating activities increased to \$2,061,120 in 2004 compared to \$1,423,000 in 2003 due to the utility rate increase of 31.48% that went into effect October 1, 2003. This accounts for the \$1,811,356 increase in net assets.

Valley Transit: Operating revenues increased \$53,714 from 2003 to 2004 primarily the result of increased ridership and a partnership with the Boys and Girls Club. Operating expenses grew \$477,393 with increases in employee wages and benefits, fuel prices/utility cost increases and costs for major replacement components on the Orion V buses. The increase in net assets of \$3,093,938 is largely due to the purchase of 16 new buses in 2004 with 80% of the funding coming from the Federal Transit Administration.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2004

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended General Fund budget had total appropriations (including transfers) of \$4,856,881 more than the original budget. The total original appropriations, including those for transfers out, were \$47,212,421, while the final appropriations were \$52,069,302. The majority of the difference was related to the carryover of \$3,434,525 of project costs from 2003 to 2004 for projects not completed or in process at the end of 2003. \$1,268,275 represented an adjustment to utilize available reserves rather than issue debt to finance capital projects. The remaining increase of approximately \$154,081 was for various items legislated by the City Council throughout the year. These increases in appropriations were a result of various grants awarded, donations and reimbursement for services provided.

CAPITAL ASSETS

At the end of 2004, the City had invested a total of \$500,693,750 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.

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 2004 accounting for approximately \$2.5 million of additions.

Wastewater: Significant additions included \$3.5 million in improvements to the wastewater collection system in addition to \$1.1 million for the filter press and lime slurry/decant treatment and disposal projects.

Water: Transmission and distribution capital outlay accounted for \$4.9 million and will continue to be a focus for the utility that has an aging distribution system.

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 \$7.7 million was spent on various street and related infrastructure type projects. Additionally, some funds were used on quality of life projects for trails, lighting and other park improvements in the Vulcan Heritage area.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2004

CAPITAL ASSETS (cont.)

CAPITAL ASSETS AT YEAR-END NET OF ACCUMULATED DEPRECIATION

	Governmental Activities 2004	Business- Type Activities 2004	Totals
Land	\$ 18,365,344	\$ 16,362,947	\$ 34,728,291
Right-of-ways	61,911,493	-	61,911,493
Land improvements	36,878,014	-	36,878,014
Improvements	2,650,686	-	2,650,686
Buildings	16,704,829	223,926,670	240,631,499
Equipment, furniture and fixtures	10,461,555	10,436,590	20,898,145
Streets	67,381,212	-	67,381,212
Sidewalks	16,089,694	-	16,089,694
Traffic signals	2,492,929	-	2,492,929
Bridges	15,655,714	-	15,655,714
Construction in progress	109,765	1,266,308	1,376,073
Totals	\$ 248,701,235	\$ 251,992,515	\$ 500,693,750

	Governmental Activities 2003	Business- Type Activities 2003	Totals
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
Totals	\$ 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, 2004

LONG-TERM DEBT

During 2004, the City issued \$1,099,352 and retired \$6,638,978 of general obligation bonds and notes resulting in an outstanding balance of \$50,306,564 at December 31, 2004. This results in a per capita general obligation debt of \$654.95. Of the bonded debt, \$11,543,712 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 \$47,087,594 (\$50,306,564 less reserves on hand) which is considerably below the maximum of \$194,873,370.

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

	Governmental Activity 2004	Business-Type Activity 2004	Totals
General obligation bonds and notes payable	\$ 47,591,564	\$ 2,715,000	\$ 50,306,564
Revenue bonds	-	98,383,237	98,383,237
Total Outstanding General Obligation and Revenue Bonds	\$ 47,591,564	\$ 101,098,237	\$ 148,689,801
	Governmental Activity 2003	Business-Type Activity 2003	Totals
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	\$ 52,421,190	\$ 99,262,356	\$ 151,683,546

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

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2004

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

Appleton's substantial \$3.9 billion tax base (\$54,211 per capita) has experienced steady growth during recent years with equalized values growing at an average of 5.9% over the last five 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 has remained fairly stable. Nonetheless, the impact of the national slowdown has been felt locally as unemployment is at 6%. Building permits, especially in the housing area, support 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.

On March 3, 2005, the City approved the sale and issuance of \$5,535,000 of G.O. Refunding Bond Series 2005A to refinance G.O. Promissory Notes for 1996 and 1997.

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.

REQUESTS FOR INFORMATION

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.

General information relating to the City of Appleton, Wisconsin, can be found at the City's website, www.appleton.org.

CITY OF APPLETON

STATEMENT OF NET ASSETS
December 31, 2004

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
ASSETS				
Cash and investments	\$ 40,349,961	\$ 9,600,535	\$ 49,950,496	\$ 1,018,345
Receivables				
Taxes	36,319,694	-	36,319,694	-
Deferred loans	5,633,894	-	5,633,894	-
Accounts	234,360	5,791,918	6,026,278	-
Special assessments	2,218,342	583,986	2,802,328	-
Delinquent special assessments	15,051	-	15,051	-
Developer loans	621,330	-	621,330	1,673,007
Accrued interest	533,624	-	533,624	-
Other	1,352,218	199,391	1,551,609	290,874
Due from other governments	115,998	1,449,188	1,565,186	-
Internal balances -interfunds	(2,246,878)	2,246,878	-	-
Internal balances -advances	(11,190,419)	11,190,419	-	-
Inventories	648,337	543,829	1,192,166	212,066
Prepaid items	37,156	7,866	45,022	39,895
Restricted assets:				
Temporarily restricted:				
Cash and investments	-	23,075,424	23,075,424	187,338
Accrued interest	-	259,237	259,237	-
Investment in WMIC	2,020,950	-	2,020,950	-
Property held for future use	-	95,011	95,011	-
Other assets	-	480,635	480,635	-
Land	117,154,851	16,362,947	133,517,798	844,907
Construction in progress	109,765	1,266,308	1,376,073	-
Capital assets net of depreciation	131,436,619	234,363,260	365,799,879	13,194,905
Total Assets	325,364,853	307,516,832	632,881,685	17,461,337
LIABILITIES				
Accounts payable	2,211,787	1,715,862	3,927,649	37,687
Other accrued liabilities	2,088,973	268,954	2,357,927	95,263
Claims payable	3,900,000	-	3,900,000	-
Due to other governments	200	507,583	507,783	-
Other liabilities	5,000	-	5,000	-
Unearned revenue	35,625,864	2,754,892	38,380,756	180,319
Liabilities payable from restricted assets				
Revenue debt principal	-	1,929,525	1,929,525	-
Accrued interest	-	325,223	325,223	-
Security deposit	-	-	-	61,013
Tenant FSS escrow	-	-	-	66,096
Noncurrent liabilities:				
Due within one year	8,276,648	1,357,378	9,634,026	-
Due in more than one year	47,207,488	98,631,848	145,839,336	-
Total Liabilities	99,315,960	107,491,265	206,807,225	440,378
NET ASSETS				
Invested in capital assets, net of related debt	232,641,235	164,337,658	396,978,893	14,039,812
Restricted for:				
Debt service	247,624	3,019,290	3,266,914	-
DNR replacement fund	-	7,088,476	7,088,476	-
Capital replacement fund	-	374,616	374,616	-
Housing programs	-	-	-	1,710,843
Grant programs	6,182,123	-	6,182,123	-
Unrestricted (Deficit)	(13,022,089)	25,205,527	12,183,438	1,270,304
TOTAL NET ASSETS	\$ 226,048,893	\$ 200,025,567	\$ 426,074,460	\$ 17,020,959

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,419,439	\$ 553,341	\$ 7,500	\$ -
Public safety	23,575,858	902,107	811,951	155,909
Public works	15,521,570	1,805,249	-	7,020,212
Education and recreation	8,667,868	966,283	679,136	-
Community development	2,450,493	58,227	972,008	-
Interest	3,983,171	-	-	-
Total Governmental Activities	60,618,399	4,285,207	2,470,595	7,176,121
Business type activities:				
Water	11,384,777	14,143,690	-	944,178
Wastewater	10,901,021	8,153,375	-	1,120,242
Valley transit	6,454,888	899,244	4,472,768	3,585,158
Stormwater	3,974,123	3,835,617	87,731	1,654,222
Other non-major enterprise funds	2,482,916	2,575,747	-	-
Total Business-Type Activities	35,197,725	29,607,673	4,560,499	7,303,800
Total Primary Government	\$ 95,816,124	\$ 33,892,880	\$ 7,031,094	\$ 14,479,921
Component Units:				
Appleton Redevelopment Authority	\$ 79,360	\$ -	\$ -	\$ -
Housing Authority	4,089,158	784,667	3,078,456	-
Business Improvement District	174,797	172,818	-	-
Total Component Units	\$ 4,343,315	\$ 957,485	\$ 3,078,456	\$ -

General revenues:
 Taxes
 Property taxes, levied for general purposes
 Property taxes, levied for debt service
 Other taxes
 Intergovernmental revenues not restricted to specific programs
 Investment income
 Gain on the sale of assets
 Miscellaneous

Transfers
 Total general revenues and transfers

Change in net assets

Net Assets - Beginning (as restated)

NET ASSETS - ENDING

Net (Expense) Revenue and
Changes in Net Assets

Primary Government			
Governmental Activities	Business-Type Activities	Totals	Component Units
\$ (5,858,598)	\$ -	\$ (5,858,598)	\$ -
(21,705,891)	-	(21,705,891)	-
(6,696,109)	-	(6,696,109)	-
(7,022,449)	-	(7,022,449)	-
(1,420,258)	-	(1,420,258)	-
(3,983,171)	-	(3,983,171)	-
<u>(46,686,476)</u>	<u>-</u>	<u>(46,686,476)</u>	<u>-</u>
-	3,703,091	3,703,091	-
-	(1,627,404)	(1,627,404)	-
-	2,502,282	2,502,282	-
-	1,603,447	1,603,447	-
-	92,831	92,831	-
-	<u>6,274,247</u>	<u>6,274,247</u>	<u>-</u>
(46,686,476)	6,274,247	(40,412,229)	-
-	-	-	(79,360)
-	-	-	(226,035)
-	-	-	(1,979)
29,966,317	-	29,966,317	-
2,917,334	-	2,917,334	-
1,195,606	-	1,195,606	-
16,084,242	-	16,084,242	-
2,182,845	788,552	2,971,397	17,419
135,307	-	135,307	-
1,224,976	18,750	1,243,726	201,547
591,386	(591,386)	-	-
<u>54,298,013</u>	<u>215,916</u>	<u>54,513,929</u>	<u>218,966</u>
7,611,537	6,490,163	14,101,700	(88,408)
<u>218,437,356</u>	<u>193,535,404</u>	<u>411,972,760</u>	<u>17,109,367</u>
<u>\$ 226,048,893</u>	<u>\$ 200,025,567</u>	<u>\$ 426,074,460</u>	<u>\$ 17,020,959</u>

See accompanying notes to financial statements.

CITY OF APPLETON

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2004

	General	Tax Incremental District No. 1	Tax Incremental District No. 3	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 19,807,714	\$ 270	\$ 65,385	\$ 1,125	\$ 17,569,480	\$ 37,443,974
Receivables						
Taxes	24,607,133	1,534,899	640,165	2,903,025	6,634,472	36,319,694
Deferred loans	-	-	-	-	5,633,894	5,633,894
Accounts	-	-	-	-	234,360	234,360
Special assessments	890,780	-	-	-	1,327,562	2,218,342
Delinquent special assessments	15,051	-	-	-	-	15,051
Developer Loans	599,362	-	-	-	21,968	621,330
Accrued interest	533,604	-	-	-	20	533,624
Other	277,112	-	-	948,333	-	1,225,445
Due from other governments	53,211	-	-	-	62,787	115,998
Due from other funds	992,665	-	-	-	4,430	997,095
Inventories	624,307	-	-	-	-	624,307
Prepaid items	37,156	-	-	-	-	37,156
Advances to other funds	23,440,809	-	-	-	-	23,440,809
TOTAL ASSETS	\$ 71,878,904	\$ 1,535,169	\$ 705,550	\$ 3,852,483	\$ 31,488,973	\$ 109,461,079
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 1,286,530	\$ -	\$ -	\$ -	\$ 890,860	\$ 2,177,390
Other accrued liabilities	1,306,367	-	-	-	40,103	1,346,470
Claims payable	2,600,000	-	-	-	-	2,600,000
Due to other governments	200	-	-	-	-	200
Due to other funds	453,412	-	-	-	24,101	477,513
Other liabilities	-	-	-	-	5,000	5,000
Deferred revenue	37,379,147	1,534,899	640,165	3,851,358	13,912,606	57,318,175
Advances from other funds	-	9,674,026	23,672,576	-	1,284,626	34,631,228
Total Liabilities	43,025,656	11,208,925	24,312,741	3,851,358	16,157,296	98,555,976
Fund Balances						
Reserved for:						
Inventories	624,307	-	-	-	-	624,307
Prepaid items	37,156	-	-	-	-	37,156
Noncurrent receivables/advances	11,706,947	-	-	-	-	11,706,947
Debt service	-	-	-	1,125	1,307,249	1,308,374
Encumbrances	1,386,837	-	-	-	1,327,663	2,714,500
Trust purposes	-	-	-	-	15,703	15,703
Unreserved and designated, reported in:						
General fund	15,095,537	-	-	-	-	15,095,537
Special revenue funds	-	-	-	-	2,266,517	2,266,517
Capital projects funds	-	-	-	-	11,513,935	11,513,935
Unreserved and undesignated (deficit), reported in:						
General fund	2,464	-	-	-	-	2,464
Special revenue funds	-	(9,673,756)	(23,607,191)	-	(1,046,625)	(34,327,572)
Capital projects funds	-	-	-	-	(52,765)	(52,765)
Total Fund Balances	28,853,248	(9,673,756)	(23,607,191)	1,125	15,331,677	10,905,103
TOTAL LIABILITIES AND FUND BALANCES	\$ 71,878,904	\$ 1,535,169	\$ 705,550	\$ 3,852,483	\$ 31,488,973	

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.	239,400,077
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.	21,692,311
Internal service funds are reported in the statement of net assets as governmental funds	9,503,520
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>(55,452,118)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 226,048,893

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, 2004

	General	Tax Incremental District No. 1	Tax Incremental District No. 3	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 22,596,576	\$ 1,476,913	\$ 813,715	\$ 2,917,334	\$ 6,274,719	\$ 34,079,257
Intergovernmental	16,837,389	64,699	7,038	-	1,754,067	18,663,193
Licenses and permits	855,231	-	-	-	-	855,231
Fines and forfeitures	281,958	-	-	-	-	281,958
Special assessments	1,295,953	-	-	-	1,208,075	2,504,028
Investment income	2,207,637	34,927	9,558	-	383,800	2,635,922
Charges for services	1,434,721	-	-	-	894,560	2,329,281
Other	921,882	-	-	94,008	1,960,240	2,976,130
Total Revenues	<u>46,431,347</u>	<u>1,576,539</u>	<u>830,311</u>	<u>3,011,342</u>	<u>12,475,461</u>	<u>64,325,000</u>
EXPENDITURES						
Current:						
General government	5,909,616	1,057	3,858	-	254,124	6,168,655
Public safety	22,378,834	-	-	-	607,793	22,986,627
Public works	9,972,605	-	-	-	3,688,175	13,660,780
Education and recreation	8,012,152	-	-	-	28,427	8,040,579
Community development	1,606,927	-	-	-	1,465,387	3,072,314
Capital Outlay	-	-	-	-	7,000,266	7,000,266
Debt Service:						
Principal retirement	-	-	-	5,746,890	-	5,746,890
Interest and fiscal charges	-	503,618	1,083,695	2,290,080	62,322	3,939,715
Total Expenditures	<u>47,880,134</u>	<u>504,675</u>	<u>1,087,553</u>	<u>8,036,970</u>	<u>13,106,494</u>	<u>70,615,826</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,448,787)</u>	<u>1,071,864</u>	<u>(257,242)</u>	<u>(5,025,628)</u>	<u>(631,033)</u>	<u>(6,290,826)</u>
OTHER FINANCING SOURCES (USES)						
Debt issued	-	-	171,468	-	927,884	1,099,352
Sale of city properties	283,947	-	-	-	1,399,200	1,683,147
Transfers in	1,307,456	-	-	4,995,273	1,096,392	7,399,121
Transfers out	<u>(1,659,232)</u>	<u>-</u>	<u>(2,762,698)</u>	<u>-</u>	<u>(2,453,782)</u>	<u>(6,875,712)</u>
Total Other Financing Sources (Uses)	<u>(67,829)</u>	<u>-</u>	<u>(2,591,230)</u>	<u>4,995,273</u>	<u>969,694</u>	<u>3,305,908</u>
Net Change in Fund Balances	<u>(1,516,616)</u>	<u>1,071,864</u>	<u>(2,848,472)</u>	<u>(30,355)</u>	<u>338,661</u>	<u>(2,984,918)</u>
FUND BALANCES (DEFICIT) - Beginning (as restated)	<u>30,369,864</u>	<u>(10,745,620)</u>	<u>(20,758,719)</u>	<u>31,480</u>	<u>14,993,016</u>	<u>13,890,021</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 28,853,248</u>	<u>\$ (9,673,756)</u>	<u>\$ (23,607,191)</u>	<u>\$ 1,125</u>	<u>\$ 15,331,677</u>	<u>\$ 10,905,103</u>

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, 2004

Net change in fund balances - total governmental funds	\$ (2,984,918)
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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.

Total capital outlay additions - paid for with City funds	14,163,231	
Total capital asset additions - contributed to the City	4,098,875	
Less: capital outlay already capitalized in the internal service funds	(2,086,011)	
Less: close-out of prior year CWIP	(3,849,314)	12,326,781
Depreciation is reported in the government-wide statements		(4,740,706)

Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets.	(1,912,053)
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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.

Interest charged on advances	(709,706)	
Developer loans	157,930	
Rehabilitation loans	142,457	
Accounts receivable/interest income	273,716	
Special assessments	492,116	356,513

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		(1,099,352)
Principal repaid		5,746,890

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		(362,433)
Disability benefits		18,089
Postclosure care cost		90,000
Accrued interest on debt		41,639

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

	<u>131,087</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>7,611,537</u>
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See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS December 31, 2004

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
ASSETS			
Current Assets			
Cash and investments	\$ -	\$ 2,259,758	\$ 400
Accounts Receivable			
Customer accounts	3,246,156	1,785,554	-
Special assessments	56,454	354,651	-
Other	13,530	-	105,786
Due From Other Governments			
Federal government	-	-	1,014,849
State of Wisconsin	-	-	434,339
Due from other funds	162,733	181,821	-
Inventories	281,436	168,973	93,420
Prepaid items	-	-	7,866
Restricted Assets			
Cash and investments	-	1,031,645	-
Total Current Assets	3,760,309	5,782,402	1,656,660
Non-Current Assets			
Advance to other Funds	-	2,873,480	-
Restricted Assets			
Cash and investments	7,627,662	9,492,229	374,616
Accrued interest	102,542	127,535	-
Investment in WMIC	-	-	-
Receivable from mutual insurance company	-	-	-
Capital Assets			
Land	1,098,933	816,167	891,831
Building and improvements	90,425,095	105,548,023	3,135,913
Equipment, furniture and vehicles	26,843,592	33,424,407	9,119,699
Less: Accumulated depreciation	(17,307,246)	(55,937,124)	(6,922,199)
Construction in progress	24,521	67,585	-
Property held for future use	95,011	-	-
Other Assets			
Unamortized debt expense	119,167	31,855	-
Total Non-Current Assets	109,029,277	96,444,157	6,599,860
Total Assets	112,789,586	102,226,559	8,256,520

<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>
\$ 6,909,274	\$ 431,103	\$ 9,600,535	\$ 2,905,987
760,208	-	5,791,918	-
172,881	-	583,986	-
-	80,075	199,391	10,705
-	-	1,014,849	-
-	-	434,339	-
104,428	-	448,982	-
-	-	543,829	24,030
-	-	7,866	-
<u>553,631</u>	<u>-</u>	<u>1,585,276</u>	<u>-</u>
<u>8,500,422</u>	<u>511,178</u>	<u>20,210,971</u>	<u>2,940,722</u>
-	11,710,419	14,583,899	-
3,995,641	-	21,490,148	-
29,160	-	259,237	-
-	-	-	2,020,950
-	-	-	116,068
11,037,098	2,518,918	16,362,947	-
46,577,413	23,639,726	269,326,170	-
657	706,371	70,094,726	20,581,879
(13,325,252)	(11,565,815)	(105,057,636)	(11,280,721)
1,136,602	37,600	1,266,308	-
-	-	95,011	-
<u>329,613</u>	<u>-</u>	<u>480,635</u>	<u>-</u>
<u>49,780,932</u>	<u>27,047,219</u>	<u>288,901,445</u>	<u>11,438,176</u>
<u>58,281,354</u>	<u>27,558,397</u>	<u>309,112,416</u>	<u>14,378,898</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
December 31, 2004

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 233,331	\$ 239,587	\$ 535,656
Compensated absences	237,455	157,294	180,851
Accrued interest	40,176	-	-
Other accrued liabilities	41,995	30,637	116,881
Claims payable	-	-	-
Due to other governments	-	-	507,583
Due to other funds	940,728	-	22,851
Deferred revenues	-	-	26,969
Current portion of long-term debt	290,000	-	-
Current Liabilities Payables From Restricted Assets			
Revenue bonds payable	-	1,369,525	-
Accrued interest	-	109,609	-
Total Current Liabilities	<u>1,783,685</u>	<u>1,906,652</u>	<u>1,390,791</u>
Noncurrent Liabilities			
General obligation debt payable	480,000	-	-
Revenue bonds and notes payable	65,776,632	11,136,402	-
Advance from other funds	2,873,480	-	-
Compensated absences	144,020	157,609	174,450
Total Noncurrent Liabilities	<u>69,274,132</u>	<u>11,294,011</u>	<u>174,450</u>
Total Liabilities	<u>71,057,817</u>	<u>13,200,663</u>	<u>1,565,241</u>
NET ASSETS			
Invested in capital assets, net of related debt	41,880,103	72,848,739	6,225,244
Restricted for:			
Debt service	602,542	2,049,571	-
DNR replacement fund	-	7,088,476	-
Capital replacement fund	-	-	374,616
Unrestricted (deficit)	<u>(750,876)</u>	<u>7,039,110</u>	<u>91,419</u>
TOTAL NET ASSETS	<u>\$ 41,731,769</u>	<u>\$ 89,025,896</u>	<u>\$ 6,691,279</u>

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

Internal service fund net assets allocated to the business-type activities

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>
\$ 681,643	\$ 25,645	\$ 1,715,862	\$ 34,397
-	36,778	612,378	47,924
22,467	-	62,643	-
5,404	11,394	206,311	40,669
-	-	-	1,300,000
-	-	507,583	-
-	-	963,579	4,985
-	2,727,923	2,754,892	-
455,000	-	745,000	198,920
560,000	-	1,929,525	-
215,614	-	325,223	-
<u>1,940,128</u>	<u>2,801,740</u>	<u>9,822,996</u>	<u>1,626,895</u>
1,490,000	-	1,970,000	453,690
19,200,000	-	96,113,034	-
-	520,000	3,393,480	-
3,887	68,848	548,814	33,318
<u>20,693,887</u>	<u>588,848</u>	<u>102,025,328</u>	<u>487,008</u>
<u>22,634,015</u>	<u>3,390,588</u>	<u>111,848,324</u>	<u>2,113,903</u>
28,046,772	15,336,800	164,337,658	9,301,158
367,177	-	3,019,290	-
-	-	7,088,476	-
-	-	374,616	-
<u>7,233,390</u>	<u>8,831,009</u>	<u>22,444,052</u>	<u>2,963,837</u>
<u>\$ 35,647,339</u>	<u>\$ 24,167,809</u>	<u>\$ 197,264,092</u>	<u>\$ 12,264,995</u>
		<u>2,761,475</u>	
		<u>\$ 200,025,567</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, 2004

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
OPERATING REVENUES			
Charges for services	\$ 13,857,106	\$ 7,601,712	\$ 823,452
Other	286,584	551,663	75,792
Total Operating Revenues	14,143,690	8,153,375	899,244
OPERATING EXPENSES			
Operation and maintenance	5,292,495	6,476,793	5,934,855
Depreciation	2,753,045	3,718,277	491,217
Total Operating Expenses	8,045,540	10,195,070	6,426,072
Operating Income (Loss)	6,098,150	(2,041,695)	(5,526,828)
NONOPERATING REVENUES (EXPENSES)			
Investment income	189,724	399,689	-
Interest expense	(3,173,139)	(540,455)	-
Amortization of debt expense	(14,461)	(8,294)	-
Gain (loss) on sale of capital assets	-	-	-
Amortization of prior losses on refunding of bonds	(39,592)	(47,470)	-
Subsidies from other governmental units	-	-	4,472,768
Loss on investment in WMIC	-	-	-
Other	7,555	-	-
Total Nonoperating Revenues (Expenses)	(3,029,913)	(196,530)	4,472,768
Income (Loss) Before contributions and transfers	3,068,237	(2,238,225)	(1,054,060)
Capital contributions	944,178	1,120,242	3,585,158
Transfers in	-	3,215	562,840
Transfers out - tax equivalent	(940,728)	-	-
Transfers out	(67,431)	(122,081)	-
Change in Net Assets	3,004,256	(1,236,849)	3,093,938
TOTAL NET ASSETS - Beginning	38,727,513	90,262,745	3,597,341
TOTAL NET ASSETS - ENDING	\$ 41,731,769	\$ 89,025,896	\$ 6,691,279

Internal service funds change in net assets
allocated to the business-type activities

Change in Net Assets Business-type Activities

<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>
\$ 3,774,337	\$ 2,006,489	\$ 28,063,096	\$ 2,186,065
61,280	569,258	1,544,577	258,440
<u>3,835,617</u>	<u>2,575,747</u>	<u>29,607,673</u>	<u>2,444,505</u>
2,136,108	1,449,039	21,289,290	3,193,155
925,926	969,406	8,857,871	1,671,853
<u>3,062,034</u>	<u>2,418,445</u>	<u>30,147,161</u>	<u>4,865,008</u>
<u>773,583</u>	<u>157,302</u>	<u>(539,488)</u>	<u>(2,420,503)</u>
178,898	20,241	788,552	53,227
(840,279)	(25,125)	(4,578,998)	(60,737)
(30,299)	-	(53,054)	-
-	-	-	135,307
-	-	(87,062)	-
87,731	-	4,560,499	-
-	-	-	(24,358)
-	11,195	18,750	30,691
<u>(603,949)</u>	<u>6,311</u>	<u>648,687</u>	<u>134,130</u>
169,634	163,613	109,199	(2,286,373)
1,654,222	-	7,303,800	2,018,033
-	22,214	588,269	67,977
-	-	(940,728)	-
<u>(12,500)</u>	<u>(36,915)</u>	<u>(238,927)</u>	<u>-</u>
1,811,356	148,912	6,821,613	(200,363)
<u>33,835,983</u>	<u>24,018,897</u>		<u>12,465,358</u>
<u>\$ 35,647,339</u>	<u>\$ 24,167,809</u>		<u>\$ 12,264,995</u>
		<u>(331,450)</u>	
		<u>\$ 6,490,163</u>	

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPES
 For the Year Ended December 31, 2004

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 14,339,709	\$ 8,188,382	\$ 894,168
Cash paid to suppliers for goods and services	(3,678,621)	(5,055,805)	(3,720,577)
Cash paid to employees for services	(1,665,684)	(1,558,117)	(2,292,683)
Net Cash Flows From Operating Activities	<u>8,995,404</u>	<u>1,574,460</u>	<u>(5,119,092)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Principal payments on note payable	-	-	-
Interest paid on note payable	-	-	-
Tax equivalent paid to municipality	(940,728)	-	-
Transfers in	-	3,215	-
Transfers out	(67,431)	(122,081)	-
Operation subsidies received from other governmental units	-	-	4,413,024
Advance from other funds	-	475,100	-
Advance to other funds	(475,100)	-	-
Net Cash Flows From Noncapital Financing Activities	<u>(1,483,259)</u>	<u>356,234</u>	<u>4,413,024</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(4,298,249)	(2,195,889)	(3,920,590)
Transfer in - capital related	-	-	-
Proceeds from sale of capital assets	-	-	-
Revenue bonds issued	3,775,000	-	-
Costs of issuing revenue bonds	(52,611)	-	-
Principal paid on long-term debt	(3,535,000)	(1,189,119)	-
Interest paid on long-term debt	(3,145,434)	(549,583)	-
Capital contributed by others	18,456	43,916	2,625,305
Special assessments received	5,065	333,795	-
Net Cash Flows From Capital and Related Financing Activities	<u>(7,232,773)</u>	<u>(3,556,880)</u>	<u>(1,295,285)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	174,453	383,813	25,374
Proceeds from sale and maturities of investments	7,059,247	10,140,834	401,931
Purchases of investments	(7,384,274)	(10,330,298)	-
Net Cash Flows From Investing Activities	<u>(150,574)</u>	<u>194,349</u>	<u>427,305</u>
Net (Decrease) Increase in Cash and Cash Equivalents	128,798	(1,431,837)	(1,574,048)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>114,590</u>	<u>3,885,171</u>	<u>1,949,064</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 243,388	\$ 2,453,334	\$ 375,016

<u>Business-Type Activities - Enterprise Funds</u>			Governmental
<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>
\$ 4,094,485	\$ 2,520,586	\$ 30,037,330	\$ 2,595,644
(1,531,814)	(601,391)	(14,588,208)	(2,006,668)
<u>(501,551)</u>	<u>(859,211)</u>	<u>(6,877,246)</u>	<u>(1,171,071)</u>
2,061,120	1,059,984	8,571,876	(582,095)
-	-	-	(182,088)
-	-	-	(64,698)
-	-	(940,728)	-
-	-	3,215	-
(12,500)	(14,701)	(216,713)	-
87,731	-	4,500,755	-
-	-	475,100	-
-	(800,000)	(1,275,100)	-
<u>75,231</u>	<u>(814,701)</u>	<u>2,546,529</u>	<u>(246,786)</u>
(3,453,063)	(90,676)	(13,958,467)	(67,977)
-	-	-	67,977
-	-	-	224,047
3,535,000	-	7,310,000	-
(64,543)	-	(117,154)	-
(750,000)	-	(5,474,119)	-
(817,176)	(25,125)	(4,537,318)	-
44,336	-	2,732,013	-
193,438	-	532,298	-
<u>(1,312,008)</u>	<u>(115,801)</u>	<u>(13,512,747)</u>	<u>224,047</u>
171,563	20,241	775,444	53,227
295,561	-	17,897,573	-
<u>(547,429)</u>	<u>-</u>	<u>(18,262,001)</u>	<u>-</u>
<u>(80,305)</u>	<u>20,241</u>	<u>411,016</u>	<u>53,227</u>
744,038	149,723	(1,983,326)	(551,607)
<u>8,567,732</u>	<u>281,380</u>	<u>14,797,937</u>	<u>3,457,594</u>
<u>\$ 9,311,770</u>	<u>\$ 431,103</u>	<u>\$ 12,814,611</u>	<u>\$ 2,905,987</u>

See accompanying notes to financial statements.

CITY OF APPLETON

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

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 6,098,150	\$ (2,041,695)	\$ (5,526,828)
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities			
Non-operating income	7,555	-	-
Depreciation expense	2,753,045	3,718,277	491,217
Depreciation charged to other funds	173,997	-	-
Changes in Noncash Components of Working Capital			
Customer accounts receivable	(5,079)	22,960	-
Other accounts receivable	(3,245)	-	(6,901)
Due from other funds	22,791	12,047	-
Inventories	15,773	12,432	26,781
Prepaid items	-	-	(248)
Accounts payable	42,255	(27,530)	(16,928)
Accrued liabilities	(109,838)	(122,031)	(88,010)
Accrued compensated absences	-	-	-
Claims payable	-	-	-
Due to other funds	-	-	-
Deferred revenues	-	-	1,825
	\$ 8,995,404	\$ 1,574,460	\$ (5,119,092)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS			
Cash and investments - statement of net assets - proprietary fund	\$ -	\$ 2,259,758	\$ 400
Restricted cash and investments - statement of net assets - proprietary fund	-	-	374,616
Current	7,627,662	10,523,874	-
Non-cash equivalents non-current	(7,384,274)	(10,330,298)	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 243,388	\$ 2,453,334	\$ 375,016
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributed property and equipment	\$ 882,345	\$ 509,184	\$ -
New special assessments	43,379	567,142	-

<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>
\$ 773,583	\$ 157,302	\$ (539,488)	\$ (2,420,503)
-	11,195	18,750	30,691
925,926	969,406	8,857,871	1,671,853
-	-	173,997	-
(22,460)	-	(4,579)	-
285,114	(66,356)	208,612	(2,121)
(3,786)	-	31,052	-
-	-	54,986	(701)
-	-	(248)	15,694
177,417	(629)	174,585	12,752
(74,674)	(13,063)	(407,616)	(16,931)
-	2,129	2,129	(383)
-	-	-	138,263
-	-	-	4,985
-	-	1,825	(15,694)
<u>\$ 2,061,120</u>	<u>\$ 1,059,984</u>	<u>\$ 8,571,876</u>	<u>\$ (582,095)</u>
\$ 6,909,274	\$ 431,103	\$ 9,600,535	\$ 2,905,987
-	-	374,616	-
4,549,272	-	22,700,808	-
<u>(2,146,776)</u>	<u>-</u>	<u>(19,861,348)</u>	<u>-</u>
<u>\$ 9,311,770</u>	<u>\$ 431,103</u>	<u>\$ 12,814,611</u>	<u>\$ 2,905,987</u>
\$ 1,419,066	\$ -	\$ 2,810,595	\$ 2,018,033
217,839	-	828,360	-

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
December 31, 2004

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 40,879,183
Property taxes receivable	<u>13,771,065</u>
TOTAL ASSETS	<u>\$ 54,650,248</u>
LIABILITIES	
Due to other taxing authorities	\$ 54,574,626
Accounts payable	<u>75,622</u>
TOTAL LIABILITIES	<u>\$ 54,650,248</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET ASSETS - COMPONENT UNITS
December 31, 2004

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 100,000	\$ 813,750	\$ 104,595	\$ 1,018,345
Other accounts receivable	-	215,252	75,622	290,874
Inventories	188,720	23,346	-	212,066
Prepaid items	-	39,895	-	39,895
Total Current Assets	<u>288,720</u>	<u>1,092,243</u>	<u>180,217</u>	<u>1,561,180</u>
Non-Current Assets				
Restricted Assets				
Cash and investments	22,393	164,945	-	187,338
Rehabilitation loans, net	-	1,673,007	-	1,673,007
Capital Assets				
Land	-	844,907	-	844,907
Buildings and improvements	-	16,126,941	-	16,126,941
Equipment, furniture and vehicles	-	739,946	-	739,946
Less: Accumulated depreciation	-	(3,671,982)	-	(3,671,982)
Total Non-Current Assets	<u>22,393</u>	<u>15,877,764</u>	<u>-</u>	<u>15,900,157</u>
Total Assets	<u>311,113</u>	<u>16,970,007</u>	<u>180,217</u>	<u>17,461,337</u>

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ -	\$ 37,687	\$ -	\$ 37,687
Other accrued liabilities	-	95,263	-	95,263
Deferred revenue	-	-	180,319	180,319
Total Current Liabilities	<u>-</u>	<u>132,950</u>	<u>180,319</u>	<u>313,269</u>
Noncurrent Liabilities Payable From				
Restricted Assets				
Security deposits	-	61,013	-	61,013
Tenant FSS escrow	-	66,096	-	66,096
Total Noncurrent Liabilities Payable From Restricted Assets	<u>-</u>	<u>127,109</u>	<u>-</u>	<u>127,109</u>
Total Liabilities	<u>-</u>	<u>260,059</u>	<u>180,319</u>	<u>440,378</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	14,039,812	-	14,039,812
Restricted - housing programs	-	1,710,843	-	1,710,843
Unrestricted (deficit)	<u>311,113</u>	<u>959,293</u>	<u>(102)</u>	<u>1,270,304</u>
TOTAL NET ASSETS	<u>\$ 311,113</u>	<u>\$ 16,709,948</u>	<u>\$ (102)</u>	<u>\$ 17,020,959</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS (DEFICIT) - COMPONENT UNITS
Year Ended December 31, 2004

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
OPERATING REVENUES				
Charges for services	\$ -	\$ 784,667	\$ 172,818	\$ 957,485
Operating grants and contributions	-	3,078,456	-	3,078,456
Total Operating Revenues	<u>-</u>	<u>3,863,123</u>	<u>172,818</u>	<u>4,035,941</u>
OPERATING EXPENSES				
Operating expenses	79,360	3,641,875	174,797	3,896,032
Depreciation	-	447,283	-	447,283
Total Operating Expenses	<u>79,360</u>	<u>4,089,158</u>	<u>174,797</u>	<u>4,343,315</u>
Operating Income (Loss)	<u>(79,360)</u>	<u>(226,035)</u>	<u>(1,979)</u>	<u>(307,374)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	3,699	12,429	1,291	17,419
Other	-	201,547	-	201,547
Total Nonoperating Revenues (Expenses)	<u>3,699</u>	<u>213,976</u>	<u>1,291</u>	<u>218,966</u>
Change in Net Assets	<u>(75,661)</u>	<u>(12,059)</u>	<u>(688)</u>	<u>(88,408)</u>
TOTAL NET ASSETS - BEGINNING (as restated)	<u>386,774</u>	<u>16,722,007</u>	<u>586</u>	<u>17,109,367</u>
TOTAL NET ASSETS (DEFICIT) - ENDING	<u>\$ 311,113</u>	<u>\$ 16,709,948</u>	<u>\$ (102)</u>	<u>\$ 17,020,959</u>

See accompanying notes to financial statements.

CITY OF APPLETON

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CITY OF APPLETON

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CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. 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. A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that 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, 2004. 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, 2004

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

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, 2004. 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, 2004. 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

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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

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

Government-Wide Financial Statements (cont.)

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.

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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

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

Fund Financial Statements (cont.)

- 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.

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

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

Fund Financial Statements (cont.)

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	Emergency Shelter
Block Grant	Continuum of Care
Rental Rehabilitation Grants	Tuchscherer Disability
Sanitation and Recycling	Peabody Estate
Program	Balliet Locomotive
Health Grants	Lutz Park
Police Grants	Park Purpose Open Space
Hazardous Materials Level A	Union Spring Park
Forestry	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	Tax Incremental District No. 6
Projects	Public Safety Facilities
Industrial Park Land	Public Works Equipment
Park Recreation Projects	CEA Replacement
Tax Incremental District No. 4	Riverfront Initiatives
Tax Incremental District No. 5	

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

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

Fund Financial Statements (cont.)

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

Agency funds are used to account for assets held by the City in a trustee capacity. The funds are being held for other governmental units for tax related purposes.

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.

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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

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

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.

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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

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

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

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, although it does have a basis of accounting.

The enterprise 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, 2004

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

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, 2004, 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, 2004

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

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 – 2004 tax roll:

Lien date and levy date	November 2004
Tax bills mailed	December 9, 2004
Payment in full, or	February 2, 2005
First installment due	February 2, 2005
Second installment due	March 31, 2005
Third installment due	June 1, 2005
Fourth installment due	August 2, 2005
Final settlement with county	August 16, 2005
Personal property taxes in full	February 2, 2005
Tax sale – 2004 delinquent real estate taxes	October 2007

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, 2004

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

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, capital assets are reported. 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 capital assets are recorded at their estimated fair value at the date of donation.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

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, 2004, 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. \$25,825 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 capital 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, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital 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, 2004

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, 2004 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 \$19,208,000 made up of 8 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, 2004

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

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, 2004

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

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 \$55,452,118 difference in liabilities is as follows:

Bonds and notes payable	\$ 46,938,954
Compensated absences	4,854,959
Accrued interest	701,834*
Disability benefits	166,371
Postclosure care cost	<u>2,790,000</u>
 Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Assets – Governmental Activities	 <u>\$ 55,452,118</u>

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

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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, 2004

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

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 \$7,517,642.
- 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, 2004:

	<u>Excess</u>
Special Revenue Funds	
Sanitation and recycling program	\$ 169,381
Room tax	65,863
Capital Projects Funds	
Tax Incremental District No. 6	226,502
Permanent Fund	
Frank P. Young Memorial	700

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

C. DEFICIT BALANCES

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

As of December 31, 2004, 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	\$ 1,041,897	Remaining development costs to be recovered over time.
Community Development Block Grant	4,728	Revenue not received within 60 days of year-end.
Capital Project Funds Tax Incremental District No. 5	52,765	Remaining development costs to be recovered over time.

TIF District deficits are anticipated to be funded with future incremental taxes levied over the life of the districts. The grant fund deficit is anticipated to be funded with grant revenues.

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

Petty cash and cash on hand	\$ 77,937
Deposits	13,264,069
Investments	<u>100,563,097</u>
Total Cash and Investments	<u>\$ 113,905,103</u>
Per statement of net assets – cash and investments	\$ 49,950,496
Per statement of net assets – restricted cash and investments	23,075,424
Per statement of net assets – fiduciary funds	<u>40,879,183</u>
Total	<u>\$ 113,905,103</u>

Deposits

At December 31, 2004, the carrying amount of the City's deposits was \$13,264,069 and the bank balance was \$14,104,951. The difference between the carrying amount and the bank balance represents outstanding checks and deposits in transit.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits (cont.)

Of the bank balance, \$500,000 was covered by federal depository insurance, and \$13,604,951 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.

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 uninsured balances during the year significantly exceeding uninsured amounts at year end.

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 Amount
	1	2	3	
US Government Securities	\$ -	\$ 29,611,135	\$ -	\$ 29,611,135
Corporate bonds/notes	-	34,835,219	-	34,835,219
Commercial paper	-	13,984,263	-	13,984,263
Sub-Totals	\$ -	\$ 78,430,617	\$ -	
Local government investment pool				201,057
Money market mutual funds				21,931,423
Total Investments				\$ 100,563,097

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

B. DEPOSITS AND INVESTMENTS (cont.)

Investments (cont.)

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 2004, the City experienced unrealized losses on investments in the amount of \$437,226 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.

B. RECEIVABLES

All accounts receivable are due within one year.

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	\$ -	\$ 34,909,951	\$ 34,909,951
Interest on advances	12,333,224	-	12,333,224
Interest income	203,544	-	203,544
Developer loans	1,223,733	-	1,223,733
Rehabilitation loans	5,633,894	-	5,633,894
Accounts receivable	70,172	-	70,172
Special assessments not yet due	2,227,744	-	2,227,744
Grant drawdowns prior to meeting all eligibility requirements	-	715,913	715,913
Total Deferred/Unearned Revenue for Governmental Funds	\$ 21,692,311	\$ 35,625,864	\$ 57,318,175

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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, 2004:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Assets
Bond redemption account	\$ 1,585,276	\$ 65,986	\$ 1,519,290
Bond reserve account	10,251,463	-	N/A
Bond depreciation account	1,500,000	-	1,500,000
Construction account	2,275,593	-	N/A
DNR equipment replacement account	7,088,476	-	7,088,476
Capital equipment replacement account	374,616	-	374,616
Accrued interest	259,237	259,237	-
 Total Restricted Assets	 \$ 23,334,661	 \$ 325,223	 \$ 10,482,382

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental Activities					
Capital Assets Not Being Depreciated:					
Land	\$ 19,586,335	\$ 25,603	\$ 1,246,594	\$ -	\$ 18,365,344
Right of ways	57,399,984	4,520,206	8,697	-	61,911,493
Land improvements ⁽¹⁾	36,326,146	551,868	-	-	36,878,014
Construction in progress	3,849,314	109,765	3,849,314	-	109,765
Total Capital Assets Not Being Depreciated	117,161,779	5,207,442	5,104,605	-	117,264,616
Capital Assets Being Depreciated:					
Improvements	6,197,849	374,769	-	(1,618,796)	4,953,822
Buildings	29,737,820	68,136	-	1,233,761	31,039,717
Equipment, furniture and fixtures	23,476,070	2,112,431	2,000,355	385,035	23,973,181
Streets	97,816,630	8,403,415	968,618	-	105,251,427
Sidewalk	21,221,367	1,723,244	466,432	-	22,478,179
Traffic signals	3,219,458	164,590	-	-	3,384,048
Bridges	21,178,824	208,079	131,172	-	21,255,731
Total Capital Assets Being Depreciated	202,848,018	13,054,664	3,566,577	-	212,336,105
Less: Accumulated Depreciation for:					
Improvements	2,148,454	154,682	-	-	2,303,136
Buildings	13,799,236	535,652	-	-	14,334,888
Equipment, furniture and fixtures	13,477,343	1,945,895	1,911,612	-	13,511,626
Streets	35,614,924	2,927,046	671,755	-	37,870,215
Sidewalk	6,042,667	552,074	206,256	-	6,388,485
Traffic signals	809,859	81,260	-	-	891,119
Bridges	5,415,549	215,950	31,482	-	5,600,017
Total Accumulated Depreciation	77,308,032	6,412,559	2,821,105	-	80,899,486
Capital Assets, Net of Depreciation	\$ 242,701,765				\$ 248,701,235

⁽¹⁾ This represents the nondepreciable portion of the City's roads.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 202,158
Public safety	291,108
Public works, which includes the depreciation of roads, streets, signals, and bridges	3,664,673
Education and recreation	<u>582,767</u>
Sub-Total	4,740,706
Capital assets held by internal service funds charged to the various functions based on their usage of the assets	<u>1,671,853</u>
Total Governmental Activities Depreciation Expense	<u>\$ 6,412,559</u>

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Business-Type Activities					
Capital Assets Not Being Depreciated:					
Land	\$ 14,594,976	\$ 1,767,971	\$ -	\$ -	\$ 16,362,947
Construction in progress	<u>4,726,759</u>	<u>1,422,331</u>	<u>4,882,782</u>	-	<u>1,266,308</u>
Total Capital Assets Not Being Depreciated	<u>19,321,735</u>	<u>3,190,302</u>	<u>4,882,782</u>	-	<u>17,629,255</u>
Capital Assets Being Depreciated:					
Land Improvements					
Buildings and improvements	253,386,571	16,326,661	387,062	-	269,326,170
Machinery and equipment	66,123,303	4,464,706	493,283	-	70,094,726
Completed construction not classified	<u>1,961,089</u>	-	<u>1,961,089</u>	-	-
Total Capital Assets Being Depreciated	<u>321,470,963</u>	<u>20,791,367</u>	<u>2,841,434</u>	-	<u>339,420,896</u>
Less: Accumulated Depreciation for:					
Land Improvements					
Buildings and improvements	41,259,088	4,311,094	400,857	230,175	45,399,500
Machinery and equipment	<u>55,656,644</u>	<u>4,724,952</u>	<u>493,279</u>	<u>(230,175)</u>	<u>59,658,136</u>
Total Accumulated Depreciation	<u>96,915,732</u>	<u>\$ 9,036,046</u>	<u>\$ 894,136</u>	<u>\$ -</u>	<u>105,057,636</u>
Capital Assets, Net of Depreciation	<u>\$ 243,876,966</u>				<u>\$ 251,992,515</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water	\$ 2,927,041
Wastewater	3,718,277
Valley Transit	495,399
Stormwater	925,926
Parking	906,106
Reid Municipal Golf Course	<u>63,297</u>
Total Business-Type Activities	
Depreciation Expense	<u>\$ 9,036,046</u>

The depreciation difference to the income statement of \$178,175 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	\$ 23,731
General	Special Revenue – Forestry	370
General	Enterprise – Water Utility	940,728
General	Enterprise – Valley Transit	22,851
General	Internal Service – Central Equipment Agency	4,985
Special Revenue – Sanitation and Recycling Programs	General	4,430
Enterprise – Water Utility	General	162,733
Enterprise – Wastewater Utility	General	181,821
Enterprise – Stormwater Utility	General	<u>104,428</u>
Sub-Total		1,446,077
Add: Internal service allocation		2,761,475
Less: Elimination to government-wide		<u>(33,516)</u>
Total – Fund Financial Statements		<u>\$ 4,174,036</u>
Governmental Activity	Business-type Activity	\$ (3,210,457)
Business-type Activity	Governmental Activity	<u>963,579</u>
Total		<u>\$ (2,246,878)</u>

All amounts are due within one year.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, 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	\$ -	\$ 9,674,026	\$ 9,674,026*	\$ 9,674,026
General	Special Revenue – Tax Incremental District No. 2	680,920	550,018	1,230,938*	1,230,938
General	Special Revenue – Tax Incremental District No. 3	9,855,862	2,106,295	11,962,157*	11,962,157
General	Capital Projects – Tax Incremental District No.5	50,801	2,887	53,688*	53,688
General	Enterprise – Reid Municipal Golf Course	520,000	-	520,000	480,000
Enterprise – Wastewater Utility	Enterprise – Water Utility	2,873,480	-	2,873,480*	2,873,480
Enterprise – Parking Utility	Special Revenue – Tax Incremental District No. 3	<u>8,982,496</u>	<u>2,727,923</u>	<u>11,710,419</u>	<u>11,710,419</u>
Sub-Total – Fund Financial Statements		<u>\$ 22,963,559</u>	<u>\$ 15,061,149</u>	38,024,708	<u>\$ 37,984,708</u>
Less: Fund eliminations*				(25,794,289)	
Total				<u>\$ 12,230,419</u>	

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, AND TRANSFERS (cont.)

Advances (cont.)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
Governmental Activity	Business-type Activity	\$ 520,000
Business-type Activity	Governmental Activity	<u>(11,710,419)</u>
Total – Interfund Advances		<u>\$ (11,190,419)</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>Totals</u>
2005	\$ 40,000	\$ 28,006	\$ 68,006
2006	45,000	25,881	70,881
2007	50,000	23,506	73,506
2008	60,000	20,756	80,756
2009	65,000	17,631	82,631
2010	70,000	14,256	84,256
2011	75,000	10,631	85,631
2012	80,000	6,756	86,756
2012	<u>35,000</u>	<u>3,253</u>	<u>38,253</u>
Totals	<u>\$ 520,000</u>	<u>\$ 150,676</u>	<u>\$ 670,676</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>
General	Special Revenue – Room Tax	\$ 21,480	2004 administrative fees

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, AND TRANSFERS (cont.)

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General (cont.)	Enterprise – Water Utility	\$ 13,800	2004 administrative fees
	Enterprise – Water Utility	940,728	Payment in lieu of taxes
	Enterprise – Wastewater Utility	117,450	2004 administrative fees
	Enterprise – Parking Utility	9,300	2004 administrative fees
	Enterprise – Stormwater Utility	12,500	2004 administrative fees
	Enterprise – Reid Municipal Golf Course	17,900	2004 administrative fees
	Capital Project – Industrial Park Land	174,298	Policy transfer
	Debt Service	Special Revenue – Tax Incremental District No. 2	68,481
	Capital Project – Industrial Park Land	158,536	Debt payments
	Capital Project – Tax Incremental District No. 3	2,762,698	Debt payments
	Capital Project – Tax Incremental District No. 4	1,077,144	Debt payments
	Capital Project – Tax Incremental District No. 5	93,140	Debt payments
	Capital Project – Tax Incremental District No. 6	835,274	Debt payments
Other Governmental Funds			
Public Safety	General	242,361	Policy transfer
Public Works	General	244,101	Policy transfer
Park Recreation Projects	General	609,930	Policy transfer

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, AND TRANSFERS (cont.)

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Enterprise			
Valley Transit	General	\$ 562,840	Local share of deficit
Wastewater Utility	Capital Projects – CEA replacement	3,215	Return vehicle funds
Parking Utility	Capital Projects – CEA replacement	22,214	Return vehicle funds
Internal Service			
CEA	Enterprise – Reid Municipal Golf Course	9,715	Contribution toward new CEA vehicles
CEA	Enterprise – Water utility	53,631	Contribution toward new CEA vehicles
CEA	Enterprise – Wastewater utility	4,631	Contribution toward new CEA vehicles
Sub-Total – Fund Financial Statements		8,055,367	
Less: Fund Eliminations		(6,287,443)	
Less: Government-wide eliminations		<u>(1,176,538)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 591,386</u>	
Governmental Activity	Business-Type Activity	\$ 1,179,655	
Business-type Activity	Governmental Activity	<u>(588,269)</u>	
Total		<u>\$ 591,386</u>	

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, 2004

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt					
General	\$ 51,586,492	\$ 1,099,352 ¹	\$ 5,746,890	\$ 46,938,954	\$ 198,920
Internal service	<u>834,698</u>	<u>-</u>	<u>182,088</u>	<u>652,610</u>	<u>5,505,088</u>
Total Bonds and Notes Payable	<u>52,421,190</u>	<u>1,099,352</u>	<u>5,928,978</u>	<u>47,591,564</u>	<u>5,704,008</u>
Other Liabilities					
Vested compensated absences					
General	4,492,526	2,603,486	2,241,053	4,854,959	2,415,281
Internal service	81,625	49,526	49,909	81,242	47,924
Landfill liability	2,880,000	-	90,000	2,790,000	90,000
Disability benefits	<u>184,460</u>	<u>-</u>	<u>18,089</u>	<u>166,371</u>	<u>19,435</u>
Total Other Liabilities	<u>7,638,611</u>	<u>2,653,012</u>	<u>2,399,051</u>	<u>7,892,572</u>	<u>2,572,640</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 60,059,801</u>	<u>\$ 3,752,364</u>	<u>\$ 8,328,029</u>	<u>\$ 55,484,136</u>	<u>\$ 8,276,648</u>

¹ Drawdown on the 2002 and 2003 state trust fund loans.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year ²
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt					
General obligation debt	\$ 3,425,000	\$ -	\$ 710,000	\$ 2,715,000	\$ 745,000
Revenue bonds	95,837,356	7,310,000	4,764,119	98,383,237	1,929,525
Add/(Subtract) Deferred Amounts For:					
Refundings – Gains/(Losses)	<u>(427,740)</u>	<u>-</u>	<u>(87,062)</u>	<u>(340,678)</u>	<u>(83,967)</u>
Sub-total	98,834,616	7,310,000	5,387,057	100,757,559	2,590,558
Other Liabilities:					
Vested compensated absences					
	<u>1,105,977</u>	<u>690,085</u>	<u>634,870</u>	<u>1,161,192</u>	<u>612,378</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 99,940,593</u>	<u>\$ 8,000,085</u>	<u>\$ 6,021,927</u>	<u>\$ 101,918,751</u>	<u>\$ 3,202,936</u>

² 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, 2004.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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, 2004, was \$194,873,370. Total general obligation debt outstanding at year end was \$50,306,564.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-04</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	\$ 652,610
General Obligation Bonds,					
Series 1993A	8/1/93	4/1/13	5.25 – 5.60%	7,200,000	1,985,000
General Obligation Notes,					
Series 1996A	8/1/96	4/1/06	4.90 – 5.05%	2,515,000	1,715,000
General Obligation Notes,					
Series 1997A	9/1/97	4/1/07	3.75 – 4.625%	6,320,000	3,175,000
1997 State Trust					
Fund Loan	12/17/97	3/15/07	5.75%	750,000	296,794
General Obligation					
Refunding Bonds,					
Series 1998A	7/1/88	4/1/13	4.00 – 4.75%	9,570,000	3,395,000
General Obligation Notes,					
Series 1998B	7/1/98	4/1/08	3.80 – 4.50%	7,945,000	3,775,000
General Obligation Notes,					
Series 1999A	7/15/99	4/1/09	4.00 – 4.90%	1,275,000	705,000
General Obligation Notes,					
Series 1999B	7/15/99	4/1/09	6.50 – 6.60%	2,555,000	1,935,000
General Obligation Notes,					
Series 2000A	8/3/00	4/10/10	4.35 – 5.00%	10,465,000	7,185,000
General Obligation Notes,					
Series 2001A	8/1/01	10/1/11	4.00 – 4.44%	4,070,000	3,405,000

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-04</u>
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	2,693,639
General Obligation Notes, Series 2002A	7/1/02	4/1/12	3.00 – 4.10%	8,535,000	6,615,000
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%	2,000,000	1,931,621
General Obligation Notes, Series 2003A	9/3/03	4/1/13	1.25 – 3.70%	1,610,000	1,400,000
2003 State Trust Fund Loan	7/23/03	3/15/18	5.00%	1,473,393	<u>1,461,900</u>
Total Governmental Activities – General Obligation Debt					<u>\$ 47,591,564</u>
	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-04</u>
Business-Type Activities					
General Obligation Debt					
General Obligation Notes, Series 1996A	8/1/96	4/1/06	4.90 – 5.05%	\$ 2,595,000	\$ 630,000
General Obligation Notes, Series 1997A	9/1/97	4/1/07	3.75 – 4.625%	3,020,000	1,060,000
General Obligation Notes, Series 1998B	7/1/98	4/1/08	3.80 – 4.50%	1,515,000	<u>1,025,000</u>
Total Business-Type Activities General Obligation Debt					<u>\$ 2,715,000</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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
2005	\$ 5,704,008	\$ 2,125,780	\$ 745,000	\$ 108,900
2006	7,274,574	1,873,863	775,000	72,738
2007	7,986,539	1,494,207	475,000	43,319
2008	6,792,445	1,145,040	720,000	16,200
2009	4,765,621	873,655	-	-
2010 – 2014	13,694,326	1,595,701	-	-
2015 – 2019	<u>1,374,051</u>	<u>180,745</u>	-	-
Totals	<u>\$ 47,591,564</u>	<u>\$ 9,288,991</u>	<u>\$ 2,715,000</u>	<u>\$ 241,157</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	\$ 1,910,596
General Fund – compensated absences	3,398,678
Debt Service Fund – general obligation debt	1,125
Special Revenue Fund – Tuchscherer disability	85,074
Capital Projects Fund – general obligation debt	<u>1,307,249</u>
Total	<u>\$ 6,702,722</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, 2004

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2004 consists of the following:

Business-Type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-04
<u>Water Utility</u>					
Water System Revenue Bonds, Series 1998	12/1/98	1/1/14	3.80 – 4.85%	\$ 5,250,000	\$ 3,315,000
Water System Revenue Bonds, Series 2000	10/15/00	1/1/20	5.00 – 5.70%	3,445,000	2,855,000
Water System Revenue Refunding Bonds, Series 2001	10/1/01	1/1/22	3.00 – 5.375%	60,400,000	51,000,000
Water System Revenue Bonds, Series 2002	12/20/02	1/1/18	2.00 – 4.70%	5,560,000	4,990,000
Water System Revenue Bonds, Series 2004	10/15/04	1/1/24	3.00 – 4.25%	3,775,000	<u>3,775,000</u>
			Total Water Utility		<u>65,935,000</u>
<u>Wastewater Utility</u>					
Sewerage System Mortgage Revenue Bonds, Series 1993B	3/24/93	5/1/12	3.369%	12,989,595	7,023,237
Sewerage System Mortgage Revenue Refunding Bonds, Series 1995	12/1/95	10/1/10	3.90 – 5.15%	6,600,000	<u>5,665,000</u>
			Total Wastewater Utility		<u>12,688,237</u>
<u>Stormwater Utility</u>					
Stormwater System Revenue Bonds, Series 1999	8/1/99	4/1/19	3.75 – 5.26%	3,080,000	2,550,000
Stormwater System Revenue Bonds, Series 2000	9/1/00	4/1/20	4.35 – 5.65%	3,255,000	2,855,000
Stormwater System Revenue Bonds, Series 2001	9/1/01	4/1/21	4.00 – 5.00%	4,810,000	4,645,000
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	3,835,000
Stormwater System Revenue Bonds, Series 2004	10/15/04	4/1/24	2.50 – 4.65%	3,535,000	<u>3,535,000</u>
			Total Stormwater Utility		<u>19,760,000</u>
Total Business-Type Activities Revenue Debt					<u>\$ 98,383,237</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

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>
2005	\$ 5,444,525	\$ 4,529,562
2006	5,800,788	4,300,016
2007	6,062,935	4,073,389
2008	6,975,996	3,829,174
2009	6,380,003	3,534,534
2010 – 2014	27,878,990	13,652,058
2015 – 2019	26,960,000	7,221,664
2020 – 2024	<u>12,880,000</u>	<u>1,052,835</u>
Totals	<u>\$ 98,283,237</u>	<u>\$ 42,193,232</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, 2004

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

G. LEASE DISCLOSURES

Lessor – 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 capital assets in the governmental activities. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2004, are as follows:

	<u>Governmental Activities</u>
2005	\$ 92,213
2006	90,025
2007	92,688
2008	<u>828,224</u>
Sub-Total	1,103,150
Less: Amount representing interest	<u>(154,820)</u>
Present Value of Minimum Lease Payments	<u>\$ 948,330</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 was completed at December 31, 2002. The City does have postclosure care responsibility at the Mackville Landfill. As of December 31, 2004, a \$2,790,000 liability was estimated based on what it would cost to perform all postclosure care in 2004 and thereafter. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The City incurred approximately \$94,341 of closure costs in 2004.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

I. GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES

Governmental activities net assets reported on the government wide statement of net assets at December 31, 2004 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land	\$ 117,154,851
Construction in progress	109,765
Other capital assets, net of accumulated depreciation	131,436,619
Less: related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(16,060,000)</u>
Total Invested in Capital Assets	<u>232,641,235</u>
Restricted	
Debt service fund	247,624
Grant programs	<u>6,182,123</u>
Total Restricted	<u>6,429,747</u>
Unrestricted (deficit)	<u>(13,022,089)</u>
Total Governmental Activities Net Assets	<u>\$ 226,048,893</u>

Governmental fund balances reported on the fund financial statements at December 31, 2004 include the following:

Reserved

Major Funds

General Fund

Inventories	\$ 624,307
Prepaid items	37,156
Advance to other fund	11,107,585
Developer loans	599,362
Encumbrances	<u>1,386,837</u>
Total	<u>\$ 13,755,247</u>

Debt Service Fund

Reserved for debt service	<u>\$ 1,125</u>
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Non-Major Funds

Special Revenue Fund

Police Grants – Encumbrances	\$ 53,201
Hazardous Material Level A – Encumbrances	<u>308,035</u>
Total	<u>\$ 361,236</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

I. GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Reserved (cont.)

Non-Major Funds (cont.)

Capital Projects Funds

Subdivision Development Projects – Encumbrances	\$ 250,000
Industrial Park Land – Debt Service	1,307,249
Industrial Park Land – Encumbrances	7,625
Park and Recreation Programs – Encumbrances	516,717
Tax Incremental District No. 6 – Encumbrances	12,195
Public Works Equipment – Encumbrances	<u>179,890</u>
Total	<u>\$ 2,273,676</u>

Permanent fund designated for:

Frank P. Young memorial	<u>\$ 15,703</u>
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Unreserved (deficit)

Major Funds

General fund	\$ 2,464
Tax Incremental District No. 1 special revenue fund	(9,673,756)
Tax Incremental District No. 3 capital projects fund	<u>(23,607,191)</u>
Total	<u>\$ (33,278,483)</u>

Non-Major Funds

Special Revenue Funds

Tax Incremental District No. 2	\$ (1,041,897)
Community Development Block Grant	<u>(4,728)</u>
Total	<u>\$ (1,046,625)</u>

Capital Projects Fund

Tax Incremental District No. 5	<u>\$ (52,765)</u>
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CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

I. GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Unreserved (designated)

Major Funds

General fund designated for:

Water utility tax equivalent	\$ 940,728
Working capital	8,326,065
Compensated absences	3,398,678
Unfunded pension liability	519,470
Debt service	<u>1,910,596</u>
Total	<u>\$ 15,095,537</u>

Nonmajor Funds

Special Revenue Funds

Rental Rehabilitation Grants	\$ 191,721
Sanitation and Recycling Program	812,533
Forestry	880
Room Tax	5,714
Tuchscherer Disability	85,074
Peabody Estate	86,681
Balliet Locomotive	8,414
Lutz Park	684,026
Park Purpose Open Space	367,646
Union Spring Park	3,145
Universal Playground Trust	<u>20,683</u>

Total \$ 2,266,517

Capital Projects Fund

Subdivision Development Projects	\$ 1,101,457
Industrial Park Land	617,615
Tax Incremental District No. 4	3,820,231
Tax Incremental District No. 6	1,816,699
Public Works Equipment	6,919
CEA Replacement	4,100,326
Riverfront Initiatives	<u>50,688</u>

Total \$ 11,513,935

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

J. RESTATEMENT OF FUND BALANCES

Fund balance of the general fund has been restated due to reallocation of TIF No. 3 costs.

GENERAL FUND

Fund balance – December 31, 2003 (as reported)	\$ 30,222,766
Add: Reallocation of TIF No. 3 costs	<u>147,098</u>
Fund Balance – January 1, 2004 (as restated)	<u>\$ 30,369,864</u>

Fund balance of the TIF No. 3 fund has been restated due to reallocation of TIF No. 3 costs.

Fund balance – December 31, 2003 (as reported)	\$ (20,566,288)
Less: Reallocation of costs	<u>(192,431)</u>
Fund Balance – January 1, 2004 (as restated)	<u>\$ (20,758,719)</u>

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 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 \$100,000. The Redevelopment Authority also has restricted cash of \$22,393.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

K. COMPONENT UNITS (cont.)

Redevelopment Authority (cont.)

c. Inventory

This represents land held for resale.

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 \$978,695 and the bank balance was \$1,031,648. Of the bank balance, \$131,071 was covered by federal depository and state guarantee fund insurance, and \$900,577 was collateralized with securities held by the pledging financial institutions trust department or agent in the Authority's name.

c. Restricted Assets

Restricted assets at December 31, 2004 consist of the following:

Cash and cash equivalents	<u>\$ 164,945</u>
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d. Receivables

Tenant accounts receivable are recorded net of an allowance for uncollectible accounts. Allowances of \$4,600 and \$1,470 have been set up in the Low-Rent Public Housing and Section 8 Substantial Rehab programs, respectively.

e. Capital Assets

Land, buildings, and equipment are recorded at cost or, if contributed properly, at the fair value at the time of contribution. Assets with a cost in excess of \$1,000 are capitalized and depreciated using primarily the straight-line method over their estimated useful lives of individual assets: 15-40 years for buildings and improvements and 5-10 years for equipment.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

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

K. COMPONENT UNITS (cont.)

Housing Authority (cont.)

e. Capital Assets (cont.)

The capital asset activity for the year ended December 31, 2004 was as follows:

	Balance <u>1/1/04</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	Balance <u>12/31/04</u>
Capital Assets. Not Being					
Depreciated:					
Construction in progress	\$ 289,693	\$ 23,492	\$ -	\$ (313,185)	\$ -
Land	<u>844,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>844,907</u>
Total Capital Assets. Not					
Being Depreciated	<u>1,134,600</u>	<u>23,492</u>	<u>-</u>	<u>(313,185)</u>	<u>844,907</u>
Capital Assets, Being					
Depreciated					
Buildings and improvements	15,095,512	397,938	-	280,739	15,774,189
Leasehold improvements	323,030	-	(2,725)	32,447	352,752
Equipment – dwelling	375,651	18,322	(8,086)	5,339	391,226
Equipment – administration	<u>422,218</u>	<u>15,259</u>	<u>(83,417)</u>	<u>(5,340)</u>	<u>348,720</u>
Total Capital Assets.					
Being Depreciated	<u>16,216,411</u>	<u>431,519</u>	<u>(94,228)</u>	<u>313,185</u>	<u>16,866,887</u>
Less accumulated depreciation					
for:					
Buildings and improvements	2,670,021	429,810	-	(1,082)	3,098,749
Leasehold improvements	66,587	14,283	(2,725)	1,082	79,227
Equipment – dwelling	356,051	(21,770)	(8,086)	731	326,926
Equipment – administration	<u>226,268</u>	<u>24,960</u>	<u>(83,417)</u>	<u>(731)</u>	<u>167,080</u>
	<u>3,318,927</u>	<u>447,283</u>	<u>(94,228)</u>	<u>-</u>	<u>3,671,982</u>
Total Capital Assets Being					
Depreciated, Net	<u>12,897,484</u>	<u>(15,764)</u>	<u>-</u>	<u>313,185</u>	<u>13,194,905</u>
Total Capital Assets, Net	<u>\$ 14,032,084</u>	<u>\$ 7,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,039,812</u>

f. 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, 2004 was \$461,554; the Housing Authority's total payroll was \$469,063. The total required contribution for the year ended December 31, 2004 was \$45,232 which consisted of \$22,154 or 4.8 percent of payroll from the employer and \$23,078 or 5 percent of payroll from employees. Total contributions for the years ending December 31, 2003 and 2002 were \$39,432 and \$36,237, respectively, equal to the required contributions for each year.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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

K. COMPONENT UNITS (cont.)

Housing Authority (cont.)

g. 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.

h. Prior Period Adjustment

During 2004, the Authority received the Housing Choice Voucher program form HUD 52681, final settlement statement, which indicated the adjustment needed to close the program for FY 2003. The effect of the adjustment was to increase the amount payable to HUD by \$13,015 and decrease net assets by \$13,015.

i. Conduit Debt Obligations

From time to time, the Authority, in cooperation with other governmental entities, has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of housing facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the Authority, City, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Presently, there is one Revenue Bond issue outstanding with a balance at December 31, 2004, of \$3,460,000. The Authority's representative portion is \$885,000.

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 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 \$104,595.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE V – OTHER INFORMATION

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 5.6% of their salary (2.6% for Executives and Elected Officials, 4.5% for Protective Occupations with Social Security, and 3.2% 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, 2004 was \$33,838,191; the employer's total payroll was \$35,719,794. The total required contribution for the year ended December 31, 2004 was \$4,132,537 or 12.21 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, 2003 and 2002 were \$3,703,445 and \$3,576,344, 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, 2004, was \$-0-.

In addition to the above mentioned retirement system, the State of Wisconsin administers an agent multiple-employer plan which covers 11 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 2004 was approximately \$76,327. The total estimated unfunded pension benefit obligation of this plan is approximately \$519,470 as of December 31, 2004, all of which relates to retirees and beneficiaries currently receiving benefits. The City has designated fund balance of \$519,470 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 13 years.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE V – OTHER INFORMATION (cont.)

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 2004, 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, 2004 of \$1,300,000 has been recorded. The reserve liability includes expenses and losses expected to arise from claims outstanding as of December 31, 2004 and amounts expected to arise from claims which have been incurred but have not been reported to the City as of December 31, 2004. The reserve is based on a 2002 actuarial study and actual claims activity in 2004. 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, 2004, the City has designated net assets of \$3,060,055 in the Insurance Fund for self-insured activities not covered by the reserves established. This amount is included in unreserved net assets.

Changes in the claims payable follow:

	Balance January 1	Incurred Claims	Claims Paid	Balance December 31
2003	\$ 1,000,000	\$ 438,873	\$ 277,136	\$ 1,161,737
2004	1,161,737	472,550	334,287	1,300,000

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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Health Care (cont.)

Under this program, the City pays up to a maximum of \$125,000 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 2004 totaled approximately \$293,049.

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, 2004:

Reported and Known Claims	\$ 791,608
Incurred but not Reported Claims	<u>1,808,392</u>
 Total	 <u>\$ 2,600,000</u>

Changes in the claims payable follow:

	Balance January 1	Incurred Claims	Claims Paid	Balance December 31
2003	\$ 2,000,000	\$ 7,279,586	\$ 6,979,586	\$ 2,300,000
2004	2,300,000	7,795,916	7,495,916	2,600,000

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 2004, 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, 2004 through January 1, 2005.

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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

Transit Mutual Insurance Corporation of Wisconsin (TMICOW) (cont.)

Description (cont.)

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 54912-1772.

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.

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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

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

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 \$652,610. The City has a receivable from WMIC of \$116,068 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.

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.

D. SUBSEQUENT EVENT

On March 3, 2005, the city approved the sale and issuance of \$5,535,000 of G.O. Refunding Bonds Series 2005A to refinance G.O. Promissory Notes for 1996 and 1997.

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 22,582,200	\$ 22,582,200	\$ 22,596,576	\$ 14,376
Intergovernmental	16,778,005	16,847,784	16,837,389	(10,395)
Licenses and permits	872,250	952,250	855,231	(97,019)
Fines and forfeitures	375,000	375,000	281,958	(93,042)
Special assessments	1,611,000	1,611,000	1,295,953	(315,047)
Investment income	1,400,000	1,400,000	2,207,637	807,637
Public charges for services	1,470,404	1,470,404	1,434,721	(35,683)
Other	729,577	762,484	921,882	159,398
Total Revenues	<u>45,818,436</u>	<u>46,001,122</u>	<u>46,431,347</u>	<u>430,225</u>
EXPENDITURES				
Current:				
General government	6,897,783	7,326,860	5,909,616	1,417,244
Public safety	20,910,089	22,549,554	22,378,834	170,720
Public works	9,635,350	10,701,384	9,972,605	728,779
Education and recreation	7,669,986	8,032,927	8,012,152	20,775
Community development	1,584,614	1,619,120	1,606,927	12,193
Total Expenditures	<u>46,697,822</u>	<u>50,229,845</u>	<u>47,880,134</u>	<u>2,349,711</u>
Excess (deficiency) of revenues over expenditures	<u>(879,386)</u>	<u>(4,228,723)</u>	<u>(1,448,787)</u>	<u>2,779,936</u>
OTHER FINANCING SOURCES (USES)				
Sale of city property	266,307	266,307	283,947	17,640
Transfers in	1,127,678	1,306,976	1,307,456	480
Transfers out	(514,599)	(1,839,457)	(1,659,232)	180,225
Total Other Financing Sources (Uses)	<u>879,386</u>	<u>(266,174)</u>	<u>(67,829)</u>	<u>198,345</u>
Net Change in Fund Balance	-	(4,494,897)	(1,516,616)	2,978,281
FUND BALANCE - Beginning	<u>30,369,864</u>	<u>30,369,864</u>	<u>30,369,864</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 30,369,864</u>	<u>\$ 25,874,967</u>	<u>\$ 28,853,248</u>	<u>\$ 2,978,281</u>

See accompanying notes to required supplementary information.

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,500,805	\$ 1,500,805	\$ 1,476,913	\$ (23,892)
Intergovernmental	89,569	89,569	64,699	(24,870)
Investment income	55,000	55,000	34,927	(20,073)
Total Revenues	<u>1,645,374</u>	<u>1,645,374</u>	<u>1,576,539</u>	<u>(68,835)</u>
EXPENDITURES				
Current				
General government	1,400	1,400	1,057	343
Debt Service				
Interest	497,848	497,848	503,618	(5,770)
Total Expenditures	<u>499,248</u>	<u>499,248</u>	<u>504,675</u>	<u>(5,427)</u>
Excess of revenues over expenditures	1,146,126	1,146,126	1,071,864	(74,262)
FUND BALANCES (DEFICIT) - Beginning	<u>(10,745,620)</u>	<u>(10,745,620)</u>	<u>(10,745,620)</u>	<u>-</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (9,599,494)</u>	<u>\$ (9,599,494)</u>	<u>\$ (9,673,756)</u>	<u>\$ (74,262)</u>

See accompanying notes to required supplementary information.

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 851,538	\$ 851,538	\$ 813,715	\$ (37,823)
Intergovernmental	6,581	6,581	7,038	457
Investment income	200	200	9,558	9,358
Total Revenues	<u>858,319</u>	<u>858,319</u>	<u>830,311</u>	<u>(28,008)</u>
EXPENDITURES				
Current				
General government	3,350	3,350	3,858	(508)
Debt Service				
Interest	<u>1,074,789</u>	<u>1,074,789</u>	<u>1,083,695</u>	<u>(8,906)</u>
Total Expenditures	<u>1,078,139</u>	<u>1,078,139</u>	<u>1,087,553</u>	<u>(9,414)</u>
Deficiency of revenues over expenditures	(219,820)	(219,820)	(257,242)	(37,422)
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	171,468	171,468
Transfer out	<u>(2,768,243)</u>	<u>(2,768,243)</u>	<u>(2,762,698)</u>	<u>5,545</u>
Total Other Financing Sources (Uses)	<u>(2,768,243)</u>	<u>(2,768,243)</u>	<u>(2,591,230)</u>	<u>177,013</u>
Net Change in Fund Balance	(2,988,063)	(2,988,063)	(2,848,472)	139,591
FUND BALANCE (DEFICIT) - Beginning	<u>(20,758,719)</u>	<u>(20,758,719)</u>	<u>(20,758,719)</u>	<u>-</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (23,746,782)</u>	<u>\$ (23,746,782)</u>	<u>\$ (23,607,191)</u>	<u>\$ 139,591</u>

See accompanying notes to required supplementary information.

CITY OF APPLETON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2004

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 Tax Increment District No. 1 and Tax Increment District No. 3 are as follows:

	<u>Amended Budget</u>	<u>Expenditures</u>	<u>Excess</u>
<u>Special Revenue Fund</u>			
Tax Incremental District No. 1	\$ 499,248	\$ 504,675	\$ 5,427
Tax Incremental District No. 3	1,078,139	1,087,553	9,414

Supplemental appropriations for the general fund during the year were \$3,532,023.

SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

GENERAL FUND

CITY OF APPLETON

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
Property tax	\$ 22,173,800	\$ 22,173,800	\$ 22,174,113	\$ 313
Payment in lieu of taxes	408,400	408,400	422,463	14,063
Total Taxes	<u>22,582,200</u>	<u>22,582,200</u>	<u>22,596,576</u>	<u>14,376</u>
INTERGOVERNMENTAL REVENUES				
State shared revenues	11,442,777	11,442,777	11,441,055	(1,722)
State aid - exempt computers	290,000	290,000	276,578	(13,422)
Highway aid - connecting streets	225,000	225,000	219,417	(5,583)
State tax disparity act	1,349,284	1,349,284	1,341,138	(8,146)
State aid - local streets	2,520,733	2,520,733	2,577,182	56,449
Miscellaneous federal aids	7,400	7,400	65,854	58,454
Miscellaneous state aids	333,000	343,000	259,569	(83,431)
Miscellaneous local aids	7,500	10,750	10,750	-
Library grants and aids	602,311	602,311	602,310	(1)
Health grants	-	56,529	43,536	(12,993)
Total Intergovernmental Revenues	<u>16,778,005</u>	<u>16,847,784</u>	<u>16,837,389</u>	<u>(10,395)</u>
LICENSES AND PERMITS				
Licenses				
Amusement devices	8,000	8,000	9,665	1,665
Cigarette	10,000	10,000	10,240	240
Electricians	2,200	2,200	3,380	1,180
Health	86,000	86,000	103,315	17,315
Liquor and malt beverages	60,000	140,000	133,850	(6,150)
Operators	50,000	50,000	57,505	7,505
Heating	750	750	350	(400)
Sundry	17,700	17,700	21,327	3,627
Dog	27,000	27,000	20,198	(6,802)
Cat	13,000	13,000	12,101	(899)
Weights and measures	29,700	29,700	32,892	3,192
Permits				
Building	280,000	280,000	166,710	(113,290)
Electrical	102,000	102,000	110,080	8,080
Heating	58,000	58,000	53,462	(4,538)
Plumbing and sewer	75,000	75,000	58,347	(16,653)
Trailer parking	15,000	15,000	13,317	(1,683)
State building	6,500	6,500	4,920	(1,580)
Signs	2,900	2,900	3,220	320
Sidewalk	7,000	7,000	10,580	3,580
Street occupancy	1,000	1,000	1,375	375
Street excavating and patching	3,500	3,500	4,435	935
Sundry	17,000	17,000	23,962	6,962
Total Licenses and Permits	<u>872,250</u>	<u>952,250</u>	<u>855,231</u>	<u>(97,019)</u>
FINES AND FORFEITURES				
Court fines and costs	375,000	375,000	281,958	(93,042)
Total Fines and Forfeitures	<u>375,000</u>	<u>375,000</u>	<u>281,958</u>	<u>(93,042)</u>

CITY OF APPLETON

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
SPECIAL ASSESSMENTS				
Asphalt paving	\$ 465,000	\$ 465,000	\$ 346,699	\$ (118,301)
Concrete paving	875,000	875,000	585,338	(289,662)
Grade and gravel	75,000	75,000	184,907	109,907
Sewer mains and laterals	-	-	2,128	2,128
Sidewalks	83,000	83,000	77,647	(5,353)
Snow removal	60,000	60,000	52,941	(7,059)
Weed cutting	8,000	8,000	11,048	3,048
Tree planting	2,000	2,000	257	(1,743)
Street light revenue	25,000	25,000	1,015	(23,985)
Miscellaneous	18,000	18,000	33,973	15,973
Total Special Assessments	<u>1,611,000</u>	<u>1,611,000</u>	<u>1,295,953</u>	<u>(315,047)</u>
INVESTMENT INCOME AND MISCELLANEOUS				
Interest income	1,245,000	1,245,000	2,459,043	1,214,043
Interest on taxes	75,000	75,000	86,007	11,007
Interest - deferred special assessments	80,000	80,000	99,813	19,813
Net gain (loss) on investment	-	-	(437,226)	(437,226)
Total Investment Income	<u>1,400,000</u>	<u>1,400,000</u>	<u>2,207,637</u>	<u>807,637</u>
CHARGES FOR SERVICES				
Information services	-	-	437	437
City clerk	-	-	943	943
Assessor	1,500	1,500	1,464	(36)
Finance	6,000	6,000	4,890	(1,110)
Human resources	-	-	216	216
City attorney	3,000	3,000	2,158	(842)
Library	106,400	106,400	89,580	(16,820)
Other	69,547	69,547	47,212	(22,335)
Parks and Recreation				
Park administration	-	-	205	205
Recreation and administration	361,000	361,000	323,297	(37,703)
Aquatics	361,500	361,500	286,888	(74,612)
Public Works				
Street division	121,000	121,000	209,185	88,185
Traffic	51,300	51,300	83,025	31,725
Inspection department	55,000	55,000	41,909	(13,091)
Health department	3,040	3,040	7,176	4,136
Police department	86,000	86,000	86,757	757
Fire department	245,117	245,117	249,379	4,262
Total Charges for Services	<u>1,470,404</u>	<u>1,470,404</u>	<u>1,434,721</u>	<u>(35,683)</u>
OTHER				
Fees and commissions	411,500	411,500	427,029	15,529
Zoning and subdivision fees	40,000	40,000	34,590	(5,410)
Property inquiry fees	70,000	70,000	114,192	44,192
Reimbursement of prior years expenditures	-	-	57,700	57,700
Miscellaneous revenue	21,500	22,000	25,449	3,449
Rental of city property	20,400	20,400	48,474	28,074

CITY OF APPLETON

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OTHER (cont.)				
Donations and memorials	\$ -	\$ 15,932	\$ 21,455	\$ 5,523
Damage to city property	38,000	38,000	35,525	(2,475)
Other reimbursements	125,177	141,652	153,618	11,966
Board of appeals	3,000	3,000	3,850	850
Total Other	<u>729,577</u>	<u>762,484</u>	<u>921,882</u>	<u>159,398</u>
Total Revenues	<u>45,818,436</u>	<u>46,001,122</u>	<u>46,431,347</u>	<u>430,225</u>
OTHER FINANCING SOURCES				
Sale of City properties	<u>266,307</u>	<u>266,307</u>	<u>283,947</u>	<u>17,640</u>
Transfers From				
Room tax fund	16,000	16,000	21,480	5,480
Industrial park fund	-	179,298	174,298	(5,000)
Water utility fund	13,800	13,800	13,800	-
Water utility fund - property tax equivalent	940,728	940,728	940,728	-
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>1,127,678</u>	<u>1,306,976</u>	<u>1,307,456</u>	<u>480</u>
Total Other Financing Sources	<u>1,393,985</u>	<u>1,573,283</u>	<u>1,591,403</u>	<u>18,120</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 47,212,421</u>	<u>\$ 47,574,405</u>	<u>\$ 48,022,750</u>	<u>\$ 448,345</u>

CITY OF APPLETON

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended December 31, 2004

CURRENT EXPENDITURES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
Common council	\$ 127,287	\$ 127,287	\$ 127,982	\$ (695)
Mayor	207,213	223,440	223,439	1
City clerk	642,521	733,721	729,131	4,590
City assessor	425,901	476,415	476,414	1
Finance	827,012	846,675	818,700	27,975
Information services	1,570,827	1,691,026	1,691,025	1
Human resources	564,875	568,675	543,372	25,303
City attorney	399,104	420,517	420,515	2
Unclassified				
Severance pay	140,000	140,000	60,541	79,459
Insurance	300,905	300,905	300,900	5
Reserve for contingencies	1,204,004	621,380	-	621,380
City hall	358,251	358,251	356,903	1,348
Other	129,883	818,568	160,694	657,874
Total General Government	<u>6,897,783</u>	<u>7,326,860</u>	<u>5,909,616</u>	<u>1,417,244</u>
PUBLIC SAFETY				
Health Services	1,015,785	1,093,024	1,076,069	16,955
Police	12,074,521	12,617,614	12,601,723	15,891
Fire	7,819,783	8,838,916	8,701,042	137,874
Total Public Safety	<u>20,910,089</u>	<u>22,549,554</u>	<u>22,378,834</u>	<u>170,720</u>
PUBLIC WORKS	<u>9,635,350</u>	<u>10,701,384</u>	<u>9,972,605</u>	<u>728,779</u>
EDUCATION AND RECREATION				
Library	3,672,285	3,850,461	3,850,461	-
Parks and recreation	3,997,701	4,182,466	4,161,691	20,775
Total Education and Recreation	<u>7,669,986</u>	<u>8,032,927</u>	<u>8,012,152</u>	<u>20,775</u>
COMMUNITY DEVELOPMENT	<u>1,584,614</u>	<u>1,619,120</u>	<u>1,606,927</u>	<u>12,193</u>
OTHER FINANCING USES				
Transfers Out To				
Parks and recreation projects	-	718,592	609,930	108,662
Public safety facilities	-	305,582	242,361	63,221
Public works equipment	-	244,101	244,101	-
Valley transit fund	514,599	571,182	562,840	8,342
Total Other Financing Uses	<u>514,599</u>	<u>1,839,457</u>	<u>1,659,232</u>	<u>180,225</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 47,212,421</u>	<u>\$ 52,069,302</u>	<u>\$ 49,539,366</u>	<u>\$ 2,529,936</u>

SUPPLEMENTARY INFORMATION
COMBINING AND INDIVIDUAL FUND INFORMATION

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.

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.

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.

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

SPECIAL REVENUE FUNDS (CONTINUED)

POLICE GRANTS

To account for the grant proceeds and corresponding expenditures related to various law enforcement grants.

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. 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)

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, 2004

	Special Revenue Funds					
	Tax	Community	Rental	Sanitation &	Health	Police
	Incremental District No. 2	Development Block Grant	Rehabili- tation Grants	Recycling Program	Grants	Grants
ASSETS						
Cash and investments	\$ 189,041	\$ 38,165	\$ 220,086	\$ 912,952	\$ 392,472	\$ 53,201
Taxes receivable	96,032	-	-	2,619,536	-	-
Deferred loans	-	4,907,656	726,238	-	-	-
Accounts receivable	-	70	-	166,269	-	-
Special assessments	-	-	-	-	-	-
Developer loans	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Due from other governments	-	28,566	-	-	-	-
Due from other funds	-	-	-	4,430	-	-
TOTAL ASSETS	<u>\$ 285,073</u>	<u>\$ 4,974,457</u>	<u>\$ 946,324</u>	<u>\$ 3,703,187</u>	<u>\$ 392,472</u>	<u>\$ 53,201</u>
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ -	\$ 65,594	\$ 5,729	\$ 209,587	\$ 5,524	\$ -
Other accrued liabilities	-	2,142	44	31,229	3,758	-
Due to other funds	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Deferred revenues	96,032	4,911,449	748,830	2,649,838	383,190	-
Advances from other funds	1,230,938	-	-	-	-	-
Total Liabilities	<u>1,326,970</u>	<u>4,979,185</u>	<u>754,603</u>	<u>2,890,654</u>	<u>392,472</u>	<u>-</u>
Fund Balances						
Reserved for						
Debt service	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	53,201
Trust purposes	-	-	-	-	-	-
Unreserved						
Designated for subsequent year's expenditures	-	-	191,721	812,533	-	-
Undesignated (deficit)	(1,041,897)	(4,728)	-	-	-	-
Total Fund Balances	<u>(1,041,897)</u>	<u>(4,728)</u>	<u>191,721</u>	<u>812,533</u>	<u>-</u>	<u>53,201</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 285,073</u>	<u>\$ 4,974,457</u>	<u>\$ 946,324</u>	<u>\$ 3,703,187</u>	<u>\$ 392,472</u>	<u>\$ 53,201</u>

Special Revenue Funds						
Hazardous Materials Level A	Forestry	Room Tax	Emergency Shelter	Continuum of Care	Tuch- scherer Disability	Peabody Estate
\$ 613,947	\$ -	\$ -	\$ -	\$ 5,946	\$ 85,074	\$ 86,681
-	17,900	-	-	-	-	-
-	-	-	-	-	-	-
6,745	1,250	60,026	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	28,105	6,116	-	-
-	-	-	-	-	-	-
<u>\$ 620,692</u>	<u>\$ 19,150</u>	<u>\$ 60,026</u>	<u>\$ 28,105</u>	<u>\$ 12,062</u>	<u>\$ 85,074</u>	<u>\$ 86,681</u>
\$ 28,287	\$ -	\$ 54,312	\$ 4,282	\$ 12,044	\$ -	\$ -
-	-	-	92	18	-	-
-	370	-	23,731	-	-	-
-	-	-	-	-	-	-
284,370	17,900	-	-	-	-	-
-	-	-	-	-	-	-
<u>312,657</u>	<u>18,270</u>	<u>54,312</u>	<u>28,105</u>	<u>12,062</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
308,035	-	-	-	-	-	-
-	-	-	-	-	-	-
-	880	5,714	-	-	85,074	86,681
-	-	-	-	-	-	-
<u>308,035</u>	<u>880</u>	<u>5,714</u>	<u>-</u>	<u>-</u>	<u>85,074</u>	<u>86,681</u>
<u>\$ 620,692</u>	<u>\$ 19,150</u>	<u>\$ 60,026</u>	<u>\$ 28,105</u>	<u>\$ 12,062</u>	<u>\$ 85,074</u>	<u>\$ 86,681</u>

CITY OF APPLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)
December 31, 2004

	Special Revenue Funds				
	Balliet		Park	Union	Universal
	Locomotive	Lutz Park	Purpose Open Space	Spring Park	Playground Trust
ASSETS					
Cash and investments	\$ 8,414	\$ 684,026	\$ 367,646	\$ 3,145	\$ 20,683
Taxes receivable	-	-	-	-	-
Deferred loans	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Special assessments	-	-	-	-	-
Developer loans	-	-	21,968	-	-
Interest	-	-	-	-	-
Due from other governmental funds	-	-	-	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 8,414</u>	<u>\$ 684,026</u>	<u>\$ 389,614</u>	<u>\$ 3,145</u>	<u>\$ 20,683</u>
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Other accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Other liabilities	-	-	-	-	-
Deferred revenues	-	-	21,968	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>21,968</u>	<u>-</u>	<u>-</u>
Fund Balances					
Reserved for					
Debt service	-	-	-	-	-
Encumbrances	-	-	-	-	-
Trust purposes	-	-	-	-	-
Unreserved					
Designated for subsequent year's expenditures	8,414	684,026	367,646	3,145	20,683
Undesignated (deficit)	-	-	-	-	-
Total Fund Balances	<u>8,414</u>	<u>684,026</u>	<u>367,646</u>	<u>3,145</u>	<u>20,683</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,414</u>	<u>\$ 684,026</u>	<u>\$ 389,614</u>	<u>\$ 3,145</u>	<u>\$ 20,683</u>

Capital Projects Funds						
Subdivision Development Projects	Industrial Park Land	Parks and Recreation Projects	Tax Incremental District No. 4	Tax Incremental District No. 5	Tax Incremental District No. 6	Public Works Equipment
\$ 924,040	\$ 1,936,545	\$ 680,917	\$ 3,975,475	\$ 923	\$ 1,936,393	\$ 267,011
795,268	-	-	1,966,055	68,798	1,070,883	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,327,562	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 3,046,870</u>	<u>\$ 1,936,545</u>	<u>\$ 680,917</u>	<u>\$ 5,941,530</u>	<u>\$ 69,721</u>	<u>\$ 3,007,276</u>	<u>\$ 267,011</u>
\$ -	\$ 56	\$ 164,200	\$ 154,161	\$ -	\$ 107,029	\$ 80,055
2,120	-	-	83	-	470	147
-	-	-	-	-	-	-
-	4,000	-	1,000	-	-	-
1,693,293	-	-	1,966,055	68,798	1,070,883	-
-	-	-	-	53,688	-	-
<u>1,695,413</u>	<u>4,056</u>	<u>164,200</u>	<u>2,121,299</u>	<u>122,486</u>	<u>1,178,382</u>	<u>80,202</u>
-	1,307,249	-	-	-	-	-
250,000	7,625	516,717	-	-	12,195	179,890
-	-	-	-	-	-	-
1,101,457	617,615	-	3,820,231	-	1,816,699	6,919
-	-	-	-	(52,765)	-	-
<u>1,351,457</u>	<u>1,932,489</u>	<u>516,717</u>	<u>3,820,231</u>	<u>(52,765)</u>	<u>1,828,894</u>	<u>186,809</u>
<u>\$ 3,046,870</u>	<u>\$ 1,936,545</u>	<u>\$ 680,917</u>	<u>\$ 5,941,530</u>	<u>\$ 69,721</u>	<u>\$ 3,007,276</u>	<u>\$ 267,011</u>

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CITY OF APPLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)
December 31, 2004

	<u>Capital Projects Funds</u>		<u>Permanent Fund</u>	Total Nonmajor Governmental Funds
	CEA Replacement	Riverfront Initiatives	Frank P. Young Memorial	
ASSETS				
Cash and investments	\$ 4,100,326	\$ 50,688	\$ 15,683	\$ 17,569,480
Taxes receivable	-	-	-	6,634,472
Deferred loans	-	-	-	5,633,894
Accounts receivable	-	-	-	234,360
Special assessments	-	-	-	1,327,562
Developer loans	-	-	-	21,968
Interest	-	-	20	20
Due from other governmental funds	-	-	-	62,787
Due from other funds	-	-	-	4,430
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 4,100,326</u>	<u>\$ 50,688</u>	<u>\$ 15,703</u>	<u>\$ 31,488,973</u>
LIABILITIES AND FUND BALANCES				
Accounts payable	\$ -	\$ -	\$ -	\$ 890,860
Other accrued liabilities	-	-	-	40,103
Due to other funds	-	-	-	24,101
Other liabilities	-	-	-	5,000
Deferred revenues	-	-	-	13,912,606
Advances from other funds	-	-	-	1,284,626
Total Liabilities	<u> </u>	<u> </u>	<u> </u>	<u>16,157,296</u>
Fund Balances				
Reserved for				
Debt service	-	-	-	1,307,249
Encumbrances	-	-	-	1,327,663
Trust purposes	-	-	15,703	15,703
Unreserved				
Designated for subsequent year's expenditures	4,100,326	50,688	-	13,780,452
Undesignated (deficit)	-	-	-	(1,099,390)
Total Fund Balances	<u>4,100,326</u>	<u>50,688</u>	<u>15,703</u>	<u>15,331,677</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,100,326</u>	<u>\$ 50,688</u>	<u>\$ 15,703</u>	<u>\$ 31,488,973</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2004

	Special Revenue Funds			
	Tax Incremental District No. 2	Community Development Block Grant	Rental Rehabili- tation Grants	Sanitation & Recycling Program
REVENUES				
Taxes	\$ 73,703	\$ -	\$ -	\$ 2,551,044
Intergovernmental	419	736,115	-	-
Special assessments	-	-	-	-
Investment income	3,569	-	-	39,081
Charges for services	-	-	-	871,544
Other	5,331	431,027	47,028	-
Total Revenues	83,022	1,167,142	47,028	3,461,669
EXPENDITURES				
Current				
General government	1,057	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	3,688,175
Education and recreation	-	-	-	-
Community development	-	1,174,787	39,742	-
Capital Outlay	-	-	-	-
Debt Service				
Interest	58,616	-	-	-
Total Expenditures	59,673	1,174,787	39,742	3,688,175
Excess (deficiency) of revenues over expenditures	23,349	(7,645)	7,286	(226,506)
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	-
Sale of city properties	-	-	-	-
Transfer in	-	-	-	-
Transfer out	(68,481)	-	-	-
Total Other Financing Sources (Uses)	(68,481)	-	-	-
Net Change in Fund Balances	(45,132)	(7,645)	7,286	(226,506)
FUND BALANCES (DEFICIT) - Beginning of Year	(996,765)	2,917	184,435	1,039,039
FUND BALANCES (DEFICIT) - END OF YEAR	\$(1,041,897)	\$ (4,728)	\$ 191,721	\$ 812,533

Special Revenue Funds					
Health Grants	Police Grants	Hazardous Materials Level A	Forestry	Room Tax	Emergency Shelter
\$ -	\$ -	\$ -	\$ 22,900	\$ 240,793	\$ -
433,750	58,201	130,554	-	-	98,041
-	-	-	-	-	-
-	-	5,702	217	-	-
-	-	-	1,916	-	-
-	-	-	393	-	-
<u>433,750</u>	<u>58,201</u>	<u>136,256</u>	<u>25,426</u>	<u>240,793</u>	<u>98,041</u>
-	-	-	-	217,863	-
433,750	5,000	169,043	-	-	-
-	-	-	-	-	-
-	-	-	28,427	-	-
-	-	-	-	-	98,041
-	-	-	-	-	-
<u>433,750</u>	<u>5,000</u>	<u>169,043</u>	<u>28,427</u>	<u>217,863</u>	<u>98,041</u>
-	53,201	(32,787)	(3,001)	22,930	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(21,480)	-
-	-	-	-	(21,480)	-
-	53,201	(32,787)	(3,001)	1,450	-
-	-	340,822	3,881	4,264	-
<u>\$ -</u>	<u>\$ 53,201</u>	<u>\$ 308,035</u>	<u>\$ 880</u>	<u>\$ 5,714</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, 2004

	Special Revenue Funds				
	Continuum of Care	Tuch- scherer Disability	Peabody Estate	Balliet Locomotive	Lutz Park
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	152,817	-	-	-	-
Special assessments	-	-	-	-	-
Investment income	-	1,480	1,454	145	11,818
Charges for services	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	152,817	1,480	1,454	145	11,818
EXPENDITURES					
Current					
General government	-	6,391	-	245	27,000
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Education and recreation	-	-	-	-	-
Community development	152,817	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service					
Interest	-	-	-	-	-
Total Expenditures	152,817	6,391	-	245	27,000
Excess (deficiency) of revenues over expenditures	-	(4,911)	1,454	(100)	(15,182)
OTHER FINANCING SOURCES (USES)					
Debt issued	-	-	-	-	-
Sale of city properties	-	-	-	-	-
Transfer in	-	-	-	-	-
Transfer out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	-	(4,911)	1,454	(100)	(15,182)
FUND BALANCES (DEFICIT) - Beginning of Year	-	89,985	85,227	8,514	699,208
FUND BALANCES (DEFICIT) - END OF YEAR	\$ -	\$ 85,074	\$ 86,681	\$ 8,414	\$ 684,026

Special Revenue Funds			Capital Projects Funds			
Park Purpose Open Space	Union Spring Park	Universal Playground	Subdivision Development Projects	Industrial Park Land	Parks and Recreation Projects	Tax Incremental District No. 4
\$ -	\$ -	\$ -	\$ 446,371	\$ -	\$ -	\$ 1,822,797
-	-	-	-	-	-	130,760
-	-	-	1,208,075	-	-	-
6,087	59	347	69,974	35,560	5,291	85,148
21,100	-	-	-	-	-	-
-	-	-	-	11,700	-	1,761
<u>27,187</u>	<u>59</u>	<u>347</u>	<u>1,724,420</u>	<u>47,260</u>	<u>5,291</u>	<u>2,040,466</u>
-	368	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,451,849	99,831	406,310	1,397,836
-	-	-	-	-	-	-
-	<u>368</u>	-	<u>1,451,849</u>	<u>99,831</u>	<u>406,310</u>	<u>1,397,836</u>
<u>27,187</u>	<u>(309)</u>	<u>347</u>	<u>272,571</u>	<u>(52,571)</u>	<u>(401,019)</u>	<u>642,630</u>
-	-	-	-	-	-	-
-	-	-	-	1,102,180	-	297,020
-	-	-	-	-	609,930	-
-	-	-	-	(332,834)	-	(1,077,144)
-	-	-	-	<u>769,346</u>	<u>609,930</u>	<u>(780,124)</u>
27,187	(309)	347	272,571	716,775	208,911	(137,494)
<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>3,957,725</u>
<u>\$ 367,646</u>	<u>\$ 3,145</u>	<u>\$ 20,683</u>	<u>\$ 1,351,457</u>	<u>\$ 1,932,489</u>	<u>\$ 516,717</u>	<u>\$ 3,820,231</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
	REVENUES			
Taxes	\$ 63,881	\$ 1,053,230	\$ -	\$ -
Intergovernmental	378	13,032	-	-
Special assessments	-	-	-	-
Investment income	986	46,743	74	7,692
Charges for services	-	-	-	-
Other	-	3,450	3,511	-
Total Revenues	<u>65,245</u>	<u>1,116,455</u>	<u>3,585</u>	<u>7,692</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Education and recreation	-	-	-	-
Community development	-	-	-	-
Capital Outlay	191,057	1,130,945	289,169	559,603
Debt Service				
Interest	1,883	1,823	-	-
Total Expenditures	<u>192,940</u>	<u>1,132,768</u>	<u>289,169</u>	<u>559,603</u>
Excess (deficiency) of revenues over expenditures	<u>(127,695)</u>	<u>(16,313)</u>	<u>(285,584)</u>	<u>(551,911)</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	-	927,884	-	-
Sale of city properties	-	-	-	-
Transfer in	-	-	242,361	244,101
Transfer out	(93,140)	(835,274)	-	-
Total Other Financing Sources (Uses)	<u>(93,140)</u>	<u>92,610</u>	<u>242,361</u>	<u>244,101</u>
Net Change in Fund Balances	(220,835)	76,297	(43,223)	(307,810)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>168,070</u>	<u>1,752,597</u>	<u>43,223</u>	<u>494,619</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (52,765)</u>	<u>\$ 1,828,894</u>	<u>\$ -</u>	<u>\$ 186,809</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>
\$ -	\$ -	\$ -	\$ 6,274,719
-	-	-	1,754,067
-	-	-	1,208,075
61,178	1,014	181	383,800
-	-	-	894,560
<u>1,455,239</u>	<u>-</u>	<u>800</u>	<u>1,960,240</u>
<u>1,516,417</u>	<u>1,014</u>	<u>981</u>	<u>12,475,461</u>
-	-	1,200	254,124
-	-	-	607,793
-	-	-	3,688,175
-	-	-	28,427
-	-	-	1,465,387
1,454,597	19,069	-	7,000,266
-	-	-	62,322
<u>1,454,597</u>	<u>19,069</u>	<u>1,200</u>	<u>13,106,494</u>
<u>61,820</u>	<u>(18,055)</u>	<u>(219)</u>	<u>(631,033)</u>
-	-	-	927,884
-	-	-	1,399,200
-	-	-	1,096,392
<u>(25,429)</u>	<u>-</u>	<u>-</u>	<u>(2,453,782)</u>
<u>(25,429)</u>	<u>-</u>	<u>-</u>	<u>969,694</u>
36,391	(18,055)	(219)	338,661
<u>4,063,935</u>	<u>68,743</u>	<u>15,922</u>	<u>14,993,016</u>
<u>\$ 4,100,326</u>	<u>\$ 50,688</u>	<u>\$ 15,703</u>	<u>\$ 15,331,677</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, 2004

	Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 2,917,334	\$ 2,917,334	\$ -
Investment income	15,000	-	(15,000)
Other	94,363	94,008	(355)
Total Revenues	3,026,697	3,011,342	(15,355)
EXPENDITURES			
Debt Service			
Principal	5,903,153	5,746,890	156,263
Interest and fees	2,484,932	2,290,080	194,852
Total Expenditures	8,388,085	8,036,970	351,115
Deficiency of Revenues Over Expenditures	(5,361,388)	(5,025,628)	335,760
OTHER FINANCING SOURCES			
Debt issued	90,000	-	(90,000)
Transfer in	5,256,388	4,995,273	(261,115)
Total Other Financing Sources	5,346,388	4,995,273	(351,115)
Net Change in Fund Balance	(15,000)	(30,355)	(15,355)
FUND BALANCE - Beginning	31,480	31,480	-
FUND BALANCE - ENDING	\$ 16,480	\$ 1,125	\$ (15,355)

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, 2004

	Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 74,895	\$ 73,703	\$ (1,192)
Intergovernmental	292	419	127
Investment income	435	3,569	3,134
Other	-	5,331	5,331
Total Revenues	75,622	83,022	7,400
EXPENDITURES			
Current			
General government	1,350	1,057	293
Debt Service			
Interest	58,616	58,616	-
Total Expenditures	59,966	59,673	293
Excess of Revenues Over Expenditures	15,656	23,349	7,693
OTHER FINANCING SOURCES (USES)			
Transfer out	(66,959)	(68,481)	(1,522)
Net Change in Fund Balance	(51,303)	(45,132)	6,171
FUND BALANCE (DEFICIT), Beginning	(996,765)	(996,765)	-
FUND BALANCE (DEFICIT), ENDING	\$ (1,048,068)	\$ (1,041,897)	\$ 6,171

CITY OF APPLETON

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

For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 736,115	\$ 736,115	\$ -
Other	<u>431,027</u>	<u>431,027</u>	<u>-</u>
Total Revenues	<u>1,167,142</u>	<u>1,167,142</u>	<u>-</u>
EXPENDITURES			
Community development	<u>1,174,787</u>	<u>1,174,787</u>	<u>-</u>
Deficiency of Revenues Over Expenditures	(7,645)	(7,645)	-
FUND BALANCE, Beginning	<u>2,917</u>	<u>2,917</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ (4,728)</u>	<u>\$ (4,728)</u>	<u>\$ -</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - RENTAL
REHABILITATION GRANTS
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 25,650	\$ -	\$ (25,650)
Other	<u>52,563</u>	<u>47,028</u>	<u>(5,535)</u>
Total Revenues	<u>78,213</u>	<u>47,028</u>	<u>(31,185)</u>
EXPENDITURES			
Community development	<u>78,213</u>	<u>39,742</u>	<u>38,471</u>
Excess of Revenues Over Expenditures	-	7,286	7,286
FUND BALANCE, Beginning	<u>184,435</u>	<u>184,435</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 184,435</u>	<u>\$ 191,721</u>	<u>\$ 7,286</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, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 2,636,844	\$ 2,551,044	\$ (85,800)
Investment income	40,000	39,081	(919)
Charges for services	<u>721,700</u>	<u>871,544</u>	<u>149,844</u>
Total Revenues	<u>3,398,544</u>	<u>3,461,669</u>	<u>63,125</u>
EXPENDITURES			
Public works	<u>3,518,794</u>	<u>3,688,175</u>	<u>(169,381)</u>
Deficiency of Revenues Over Expenditures	(120,250)	(226,506)	(106,256)
FUND BALANCE, Beginning	<u>1,039,039</u>	<u>1,039,039</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 918,789</u>	<u>\$ 812,533</u>	<u>\$ (106,256)</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - HEALTH GRANTS For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	<u>\$ 590,376</u>	<u>\$ 433,750</u>	<u>\$ (156,626)</u>
EXPENDITURES			
Public safety	<u>590,376</u>	<u>433,750</u>	<u>156,626</u>
Excess of Revenues Over Expenditures	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</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 - POLICE GRANTS
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	<u>\$ 58,201</u>	<u>\$ 58,201</u>	<u>\$ -</u>
EXPENDITURES			
Public safety	<u>58,201</u>	<u>5,000</u>	<u>53,201</u>
Excess of Revenues Over Expenditures	-	53,201	53,201
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u><u>\$ -</u></u>	<u><u>\$ 53,201</u></u>	<u><u>\$ 53,201</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, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 409,100	\$ 130,554	\$ (278,546)
Investment income	10,800	5,702	(5,098)
Total Revenues	<u>419,900</u>	<u>136,256</u>	<u>(283,644)</u>
EXPENDITURES			
Public safety	<u>526,657</u>	<u>169,043</u>	<u>357,614</u>
Deficiency of Revenues Over Expenditures	(106,757)	(32,787)	73,970
FUND BALANCE, Beginning	<u>340,822</u>	<u>340,822</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 234,065</u>	<u>\$ 308,035</u>	<u>\$ 73,970</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - FORESTRY For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 22,900	\$ 22,900	\$ -
Investment income	200	217	17
Charges for services	4,500	1,916	(2,584)
Other	500	393	(107)
Total Revenues	<u>28,100</u>	<u>25,426</u>	<u>(2,674)</u>
EXPENDITURES			
Education and recreation	<u>30,000</u>	<u>28,427</u>	<u>1,573</u>
Deficiency of Revenues Over Expenditures	(1,900)	(3,001)	(1,101)
FUND BALANCE, Beginning	<u>3,881</u>	<u>3,881</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,981</u>	<u>\$ 880</u>	<u>\$ (1,101)</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - ROOM TAX
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 168,000	\$ 240,793	\$ 72,793
EXPENDITURES			
General government	152,000	217,863	(65,863)
Excess of Revenues Over Expenditures	16,000	22,930	6,930
OTHER FINANCING USES			
Transfer out	(16,000)	(21,480)	(5,480)
Net Change in Fund Balance	-	1,450	1,450
FUND BALANCE, Beginning	4,264	4,264	-
FUND BALANCE, ENDING	<u>\$ 4,264</u>	<u>\$ 5,714</u>	<u>\$ 1,450</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - EMERGENCY SHELTER GRANT
 For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 98,041	\$ 98,041	\$ -
EXPENDITURES			
Community development	98,041	98,041	-
Excess of Revenues Over Expenditures	-	-	-
FUND BALANCE, Beginning	-	-	-
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - CONTINUUM OF CARE
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget -</u>
REVENUES			
Intergovernmental	\$ 152,817	\$ 152,817	\$ -
EXPENDITURES			
Community development	152,817	152,817	-
Excess of Revenues Over Expenditures	-	-	-
FUND BALANCE, Beginning	-	-	-
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - TUCHSCHERER DISABILITY
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 4,650	\$ 1,480	\$ (3,170)
EXPENDITURES			
General government	6,391	6,391	-
Deficiency of Revenues Over Expenditures	(1,741)	(4,911)	(3,170)
FUND BALANCE, Beginning	89,985	89,985	-
FUND BALANCE, ENDING	<u>\$ 88,244</u>	<u>\$ 85,074</u>	<u>\$ (3,170)</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - PEABODY ESTATE
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 3,500	\$ 1,454	\$ (2,046)
EXPENDITURES			
General government	-	-	-
Excess of Revenues Over Expenditures	3,500	1,454	(2,046)
FUND BALANCE, Beginning	<u>85,227</u>	<u>85,227</u>	-
FUND BALANCE, ENDING	<u>\$ 88,727</u>	<u>\$ 86,681</u>	<u>\$ (2,046)</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BALLIET LOCOMOTIVE
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 350	\$ 145	\$ (205)
EXPENDITURES			
General government	250	245	5
Excess (Deficiency) of Revenues Over Expenditures	100	(100)	(200)
FUND BALANCE, Beginning	<u>8,514</u>	<u>8,514</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 8,614</u>	<u>\$ 8,414</u>	<u>\$ (200)</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - LUTZ PARK
 For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 30,000	\$ 11,818	\$ (18,182)
EXPENDITURES			
General government	<u>50,000</u>	<u>27,000</u>	<u>23,000</u>
Excess (Deficiency) of Revenues Over Expenditures	(20,000)	(15,182)	4,818
FUND BALANCE, Beginning	<u>699,208</u>	<u>699,208</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 679,208</u>	<u>\$ 684,026</u>	<u>\$ 4,818</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, 2004

	Budget	Actual	Variance with Final Budget
REVENUES			
Investment income	\$ 12,000	\$ 6,087	\$ (5,913)
Charges for services	38,000	21,100	(16,900)
Total Revenues	50,000	27,187	(22,813)
EXPENDITURES			
General government	-	-	-
Excess of Revenues Over Expenditures	50,000	27,187	(22,813)
FUND BALANCE, Beginning	340,459	340,459	-
FUND BALANCE, ENDING	\$ 390,459	\$ 367,646	\$ (22,813)

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - UNION SPRING PARK
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 160	\$ 59	\$ (101)
EXPENDITURES			
General government	400	368	32
Deficiency of Revenues Over Expenditures	(240)	(309)	(69)
FUND BALANCE, Beginning	3,454	3,454	-
FUND BALANCE, ENDING	\$ 3,214	\$ 3,145	\$ (69)

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - UNIVERSAL PLAYGROUND
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ -	\$ 347	\$ 347
Other	-	-	-
Total Revenues	<u>-</u>	<u>347</u>	<u>347</u>
EXPENDITURES			
General government	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	-	347	347
FUND BALANCE, Beginning	<u>20,336</u>	<u>20,336</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 20,336</u>	<u>\$ 20,683</u>	<u>\$ 347</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, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 360,571	\$ 446,371	\$ 85,800
Special assessments	1,489,636	1,208,075	(281,561)
Investment income	25,000	69,974	44,974
Total Revenues	<u>1,875,207</u>	<u>1,724,420</u>	<u>(150,787)</u>
EXPENDITURES			
Capital Outlay	<u>1,877,313</u>	<u>1,451,849</u>	<u>425,464</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,106)	272,571	274,677
FUND BALANCE, Beginning	<u>1,078,886</u>	<u>1,078,886</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,076,780</u>	<u>\$ 1,351,457</u>	<u>\$ 274,677</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, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 20,000	\$ 35,560	\$ 15,560
Other	<u>3,500</u>	<u>11,700</u>	<u>8,200</u>
Total Revenues	<u>23,500</u>	<u>47,260</u>	<u>23,760</u>
EXPENDITURES			
Capital Outlay	<u>228,913</u>	<u>99,831</u>	<u>129,082</u>
Deficiency of Revenues Over Expenditures	(205,413)	(52,571)	152,842
OTHER FINANCING SOURCES (USES)			
Sale of city properties	200,000	1,102,180	902,180
Transfers out	<u>(366,334)</u>	<u>(332,834)</u>	<u>33,500</u>
Total Other Financing Sources (Uses)	<u>(166,334)</u>	<u>769,346</u>	<u>935,680</u>
Net Change in Fund Balances	(371,747)	716,775	1,088,522
FUND BALANCE, Beginning	<u>1,215,714</u>	<u>1,215,714</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 843,967</u>	<u>\$ 1,932,489</u>	<u>\$ 1,088,522</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, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ -	\$ 5,291	\$ 5,291
EXPENDITURES			
Capital Outlay	<u>1,026,398</u>	<u>406,310</u>	<u>620,088</u>
Deficiency of Revenues Over Expenditures	<u>(1,026,398)</u>	<u>(401,019)</u>	<u>625,379</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	<u>718,592</u>	<u>609,930</u>	<u>(108,662)</u>
Net Change in Fund Balances	(307,806)	208,911	516,717
FUND BALANCE, Beginning	<u>307,806</u>	<u>307,806</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ 516,717</u>	<u>\$ 516,717</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, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 1,852,285	\$ 1,822,797	\$ (29,488)
Intergovernmental	81,105	130,760	49,655
Investment income	60,000	85,148	25,148
Other	-	1,761	1,761
Total Revenues	<u>1,993,390</u>	<u>2,040,466</u>	<u>47,076</u>
EXPENDITURES			
Capital Outlay	<u>1,886,599</u>	<u>1,397,836</u>	<u>488,763</u>
Excess of Revenues Over Expenditures	<u>106,791</u>	<u>642,630</u>	<u>535,839</u>
OTHER FINANCING SOURCES (USES)			
Sale of city properties	200,000	297,020	97,020
Transfers out	<u>(1,077,144)</u>	<u>(1,077,144)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(877,144)</u>	<u>(780,124)</u>	<u>97,020</u>
Net Change in Fund Balances	(770,353)	(137,494)	632,859
FUND BALANCE, Beginning	<u>3,957,725</u>	<u>3,957,725</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 3,187,372</u>	<u>\$ 3,820,231</u>	<u>\$ 632,859</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, 2004

	Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 65,561	\$ 63,881	\$ (1,680)
Intergovernmental	1,225	378	(847)
Investment income	2,330	986	(1,344)
Total Revenues	<u>69,116</u>	<u>65,245</u>	<u>(3,871)</u>
EXPENDITURES			
Capital Outlay	396,350	191,057	205,293
Debt Service			
Interest	1,809	1,883	(74)
Total Expenditures	<u>398,159</u>	<u>192,940</u>	<u>205,219</u>
Deficiency of Revenues Over Expenditures	<u>(329,043)</u>	<u>(127,695)</u>	<u>201,348</u>
OTHER FINANCING SOURCES (USES)			
Debt issued	205,000	-	(205,000)
Transfers out	(93,140)	(93,140)	-
Total Other Financing Sources (Uses)	<u>111,860</u>	<u>(93,140)</u>	<u>(205,000)</u>
Net Change in Fund Balances	(217,183)	(220,835)	(3,652)
FUND BALANCE, Beginning	<u>168,070</u>	<u>168,070</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ (49,113)</u>	<u>\$ (52,765)</u>	<u>\$ (3,652)</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - TAX INCREMENT DISTRICT NO. 6
 For the Year Ended December 31, 2004

	Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,003,064	\$ 1,053,230	\$ 50,166
Intergovernmental	13,906	13,032	(874)
Investment income	25,000	46,743	21,743
Other	2,500	3,450	950
Total Revenues	1,044,470	1,116,455	71,985
EXPENDITURES			
Capital Outlay	904,443	1,130,945	(226,502)
Debt Service			
Interest	1,823	1,823	-
Total Expenditures	906,266	1,132,768	(226,502)
Excess (Deficiency) of Revenues Over Expenditures	138,204	(16,313)	(154,517)
OTHER FINANCING SOURCES (USES)			
Debt issued	-	927,884	927,884
Sale of city properties	350,000	-	(350,000)
Transfers out	(1,063,866)	(835,274)	228,592
Total Other Financing Sources (Uses)	(713,866)	92,610	806,476
Net Change in Fund Balances	(575,662)	76,297	651,959
FUND BALANCE, Beginning	1,752,597	1,752,597	-
FUND BALANCE, ENDING	\$ 1,176,935	\$ 1,828,894	\$ 651,959

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - PUBLIC SAFETY FACILITIES
 For the Year Ended December 31, 2004

	Budget	Actual	Variance with Final Budget
REVENUES			
Investment income	\$ -	\$ 74	\$ 74
Other	-	3,511	3,511
Total Revenues	-	3,585	3,585
EXPENDITURES			
Capital Outlay	335,521	289,168	46,353
Deficiency of Revenues Over Expenditures	(335,521)	(285,583)	49,938
OTHER FINANCING SOURCES (USES)			
Transfer in	305,582	242,360	(63,222)
Net Change in Fund Balances	(29,939)	(43,223)	(13,284)
FUND BALANCE, Beginning	43,223	43,223	-
FUND BALANCE, ENDING	\$ 13,284	\$ -	\$ (13,284)

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - PUBLIC WORKS EQUIPMENT
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget -</u>
REVENUES			
Investment income	\$ 1,000	\$ 7,692	\$ 6,692
EXPENDITURES			
Capital Outlay	<u>738,720</u>	<u>559,603</u>	<u>179,117</u>
Deficiency of Revenues Over Expenditures	(737,720)	(551,911)	185,809
OTHER FINANCING SOURCES			
Transfer in	<u>244,101</u>	<u>244,101</u>	<u>-</u>
Net Change in Fund Balances	(493,619)	(307,810)	185,809
FUND BALANCE, Beginning	<u>494,619</u>	<u>494,619</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,000</u>	<u>\$ 186,809</u>	<u>\$ 185,809</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - CEA REPLACEMENT
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 131,900	\$ 61,178	\$ (70,722)
Other	<u>1,349,131</u>	<u>1,455,239</u>	<u>106,108</u>
Total Revenues	<u>1,481,031</u>	<u>1,516,417</u>	<u>35,386</u>
EXPENDITURES			
Capital Outlay	<u>1,498,831</u>	<u>1,454,597</u>	<u>44,234</u>
Excess (Deficiency) of Revenues Over Expenditures	(17,800)	61,820	79,620
OTHER FINANCING SOURCES (USES)			
Transfer out	<u>(25,429)</u>	<u>(25,429)</u>	<u>-</u>
Net Change in Fund Balances	(43,229)	36,391	79,620
FUND BALANCE, Beginning	<u>4,063,935</u>	<u>4,063,935</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 4,020,706</u>	<u>\$ 4,100,326</u>	<u>\$ 79,620</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - RIVERFRONT INITIATIVES
For the Year Ended December 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ -	\$ 1,014	\$ 1,014
EXPENDITURES			
Capital Outlay	26,000	19,069	6,931
Deficiency of Revenues Over Expenditures	(26,000)	(18,055)	7,945
FUND BALANCE, Beginning	68,743	68,743	-
FUND BALANCE, ENDING	<u>\$ 42,743</u>	<u>\$ 50,688</u>	<u>\$ 7,945</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, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 780	\$ 181	\$ (599)
Other	-	800	800
Total Revenues	<u>780</u>	<u>981</u>	<u>201</u>
EXPENDITURES			
General government	<u>500</u>	<u>1,200</u>	<u>(700)</u>
Excess (Deficiency) of Revenues Over Expenditures	280	(219)	(499)
FUND BALANCE, Beginning	<u>15,922</u>	<u>15,922</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 16,202</u>	<u>\$ 15,703</u>	<u>\$ (499)</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, 2004

	Enterprise Funds		Totals
	Parking Utility	Reid Municipal Golf Course	
ASSETS			
Current Assets			
Cash and investments	\$ 398,115	\$ 32,988	\$ 431,103
Other accounts receivable	80,056	19	80,075
Total Current Assets	478,171	33,007	511,178
Non-Current Assets			
Advance to other funds	11,710,419	-	11,710,419
Capital Assets			
Land	1,558,140	960,778	2,518,918
Construction work in progress	30,600	7,000	37,600
Building and improvements	22,556,962	1,082,764	23,639,726
Equipment, furniture and vehicles	576,228	130,143	706,371
Less: Accumulated depreciation	(10,527,848)	(1,037,967)	(11,565,815)
Total Non-Current Assets	25,904,501	1,142,718	27,047,219
Total Assets	26,382,672	1,175,725	27,558,397
LIABILITIES			
Current Liabilities			
Accounts payable	16,791	8,854	25,645
Compensated absences	29,069	7,709	36,778
Other accrued liabilities	8,820	2,574	11,394
Deferred revenues	2,727,923	-	2,727,923
Total Current Liabilities	2,782,603	19,137	2,801,740
Noncurrent Liabilities			
Advances from other funds	-	520,000	520,000
Compensated absences	38,010	30,838	68,848
Total Noncurrent Liabilities	38,010	550,838	588,848
Total Liabilities	2,820,613	569,975	3,390,588
NET ASSETS			
Invested in capital assets, net of related debt	14,194,082	1,142,718	15,336,800
Unrestricted (deficit)	9,367,977	(536,968)	8,831,009
TOTAL NET ASSETS	\$ 23,562,059	\$ 605,750	\$ 24,167,809

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 FUND NET ASSETS - NONMAJOR PROPRIETARY FUNDS
 For the Year Ended December 31, 2004

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
OPERATING REVENUES			
Charges for services	\$ 1,603,355	\$ 403,134	\$ 2,006,489
Other	467,501	101,757	569,258
Total Operating Revenues	2,070,856	504,891	2,575,747
OPERATING EXPENSES			
Operation and maintenance	986,580	462,459	1,449,039
Depreciation	906,106	63,300	969,406
Total Operating Expenses	1,892,686	525,759	2,418,445
Operating Income (Loss)	178,170	(20,868)	157,302
NONOPERATING REVENUES (EXPENSES)			
Investment income	18,211	2,030	20,241
Interest expense	-	(25,125)	(25,125)
Other	8,645	2,550	11,195
Total Nonoperating Revenues (Expenses)	26,856	(20,545)	6,311
Income Before Transfers	205,026	(41,413)	163,613
Transfers in	22,214	-	22,214
Transfers out	(9,300)	(27,615)	(36,915)
Change in Net Assets	217,940	(69,028)	148,912
TOTAL NET ASSETS - Beginning	23,344,119	674,778	24,018,897
TOTAL NET ASSETS - ENDING	\$ 23,562,059	\$ 605,750	\$ 24,167,809

CITY OF APPLETON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended December 31, 2004

	Enterprise Funds		Totals
	Parking Utility	Reid Municipal Golf Course	
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 2,013,145	\$ 507,441	\$ 2,520,586
Paid to suppliers for goods and services	(398,655)	(202,736)	(601,391)
Paid to employees for services	(598,776)	(260,435)	(859,211)
Net Cash Flows From Operating Activities	<u>1,015,714</u>	<u>44,270</u>	<u>1,059,984</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	12,914	(27,615)	(14,701)
Advances to other funds	(800,000)	-	(800,000)
Net Cash Flows From Noncapital Financing Activities	<u>(787,086)</u>	<u>(27,615)</u>	<u>(814,701)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(83,673)	(7,003)	(90,676)
Interest paid on long-term debt	-	(25,125)	(25,125)
Net Cash Flows From Capital and Related Financing Activities	<u>(83,673)</u>	<u>(32,128)</u>	<u>(115,801)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>18,211</u>	<u>2,030</u>	<u>20,241</u>
Net Cash Flows From Investing Activities	<u>18,211</u>	<u>2,030</u>	<u>20,241</u>
Net Increase (Decrease) in Cash and Cash Equivalents	163,166	(13,443)	149,723
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>234,949</u>	<u>46,431</u>	<u>281,380</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 398,115</u>	<u>\$ 32,988</u>	<u>\$ 431,103</u>

	Enterprise Funds		Totals
	Parking Utility	Reid Municipal Golf Course	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 178,170	\$ (20,868)	\$ 157,302
Adjustments to reconcile operating income to net cash flows from operating activities			
Non-operating income	8,645	2,550	11,195
Depreciation	906,106	63,300	969,406
Change in assets and liabilities			
Other accounts receivable	(66,356)	-	(66,356)
Accounts payable	-	(629)	(629)
Accrued liabilities	(12,221)	(842)	(13,063)
Compensated absences	1,370	759	2,129
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 1,015,714</u>	 <u>\$ 44,270</u>	 <u>\$ 1,059,984</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.

RISK MANAGEMENT

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, 2004

	<u>Central Equipment Agency</u>	<u>Insurance</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and investments	\$ -	\$ 2,905,987	\$ 2,905,987
Other receivable	9,251	1,454	10,705
Inventories	<u>24,030</u>	<u>-</u>	<u>24,030</u>
Total Current Assets	<u>33,281</u>	<u>2,907,441</u>	<u>2,940,722</u>
Non-Current Assets			
Restricted Assets			
Investment in WMIC	-	2,020,950	2,020,950
Receivable from mutual insurance company	-	116,068	116,068
Capital Assets			
Equipment	1,708,301	-	1,708,301
Vehicles	18,873,578	-	18,873,578
Less: Accumulated depreciation	<u>(11,280,721)</u>	<u>-</u>	<u>(11,280,721)</u>
Total Non-Current Assets	<u>9,301,158</u>	<u>2,137,018</u>	<u>11,438,176</u>
Total Assets	<u>9,334,439</u>	<u>5,044,459</u>	<u>14,378,898</u>
LIABILITIES			
Current Liabilities			
Accounts payable	31,520	2,877	34,397
Compensated absences	35,894	12,030	47,924
Other accrued liabilities	23,782	16,887	40,669
Claims payable	-	1,300,000	1,300,000
Due to other funds	4,985	-	4,985
Current portion of long-term debt	<u>-</u>	<u>198,920</u>	<u>198,920</u>
Total Current Liabilities	<u>96,181</u>	<u>1,530,714</u>	<u>1,626,895</u>
Noncurrent Liabilities			
General obligation debt payable	-	453,690	453,690
Compensated absences	<u>33,318</u>	<u>-</u>	<u>33,318</u>
Total Noncurrent Liabilities	<u>33,318</u>	<u>453,690</u>	<u>487,008</u>
Total Liabilities	<u>129,499</u>	<u>1,984,404</u>	<u>2,113,903</u>
NET ASSETS			
Invested in capital assets	9,301,158	-	9,301,158
Unrestricted (deficit)	<u>(96,218)</u>	<u>3,060,055</u>	<u>2,963,837</u>
TOTAL NET ASSETS	<u>\$ 9,204,940</u>	<u>\$ 3,060,055</u>	<u>\$ 12,264,995</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - INTERNAL SERVICE FUNDS For the Year Ended December 31, 2004

	Central Equipment Agency	Insurance	Totals
OPERATING REVENUES			
Charges for services	\$ 1,607,511	\$ 578,554	\$ 2,186,065
Other	1,283	257,157	258,440
Total Operating Revenue	<u>1,608,794</u>	<u>835,711</u>	<u>2,444,505</u>
OPERATING EXPENSES			
Operation and maintenance	2,062,634	1,130,521	3,193,155
Depreciation	1,671,853	-	1,671,853
Total Operating Expenses	<u>3,734,487</u>	<u>1,130,521</u>	<u>4,865,008</u>
Operating Loss	<u>(2,125,693)</u>	<u>(294,810)</u>	<u>(2,420,503)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	1,984	51,243	53,227
Interest expense	-	(60,737)	(60,737)
Gain on the sale of capital assets	135,307	-	135,307
Loss on investment in WMIC	-	(24,358)	(24,358)
Other	30,691	-	30,691
Total Nonoperating Revenues (Expenses)	<u>167,982</u>	<u>(33,852)</u>	<u>134,130</u>
Income (Loss) Before contributions and transfers	(1,957,711)	(328,662)	(2,286,373)
Capital contributions	2,018,033	-	2,018,033
Transfers in	67,977	-	67,977
Change in Net Assets	128,299	(328,662)	(200,363)
TOTAL NET ASSETS - Beginning	<u>9,076,641</u>	<u>3,388,717</u>	<u>12,465,358</u>
TOTAL NET ASSETS - ENDING	<u>\$ 9,204,940</u>	<u>\$ 3,060,055</u>	<u>\$ 12,264,995</u>

CITY OF APPLETON

COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2004

	Central Equipment Agency	Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 1,637,995	\$ 957,649	\$ 2,595,644
Paid to suppliers for goods and services	(1,091,707)	(914,961)	(2,006,668)
Paid to employees for services	(965,850)	(205,221)	(1,171,071)
Net Cash Flows From Operating Activities	<u>(419,562)</u>	<u>(162,533)</u>	<u>(582,095)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Principal payments on note payable	-	(182,088)	(182,088)
Interest paid on note payable	-	(64,698)	(64,698)
Net Cash Flows From Noncapital Financing Activities	<u>-</u>	<u>(246,786)</u>	<u>(246,786)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(67,977)	-	(67,977)
Transfer in - capital related	67,977	-	67,977
Proceeds from sale of capital assets	224,047	-	224,047
Net Cash Flows From Capital and Related Financing Activities	<u>224,047</u>	<u>-</u>	<u>224,047</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	1,984	51,243	53,227
Net Cash Flows From Investing Activities	<u>1,984</u>	<u>51,243</u>	<u>53,227</u>
Net Decrease in Cash and Cash Equivalents	(193,531)	(358,076)	(551,607)
CASH AND CASH EQUIVALENTS - Beginning of Year	193,531	3,264,063	3,457,594
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ -</u>	<u>\$ 2,905,987</u>	<u>\$ 2,905,987</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Loss from operations	\$ (2,125,693)	\$ (294,810)	\$ (2,420,503)
Adjustments to reconcile income (loss) to net cash flows from operating activities:			
Non-operating income	30,691	-	30,691
Depreciation	1,671,853	-	1,671,853
Change in assets and liabilities:			
Other accounts receivable	(1,490)	(631)	(2,121)
Inventories	(701)	-	(701)
Prepaid items	-	15,694	15,694
Accounts payable	12,882	(130)	12,752
Accrued liabilities and deposits	(12,242)	(4,689)	(16,931)
Compensated absences	153	(536)	(383)
Claims payable	-	138,263	138,263
Due to other funds	4,985	-	4,985
Deferred revenues	-	(15,694)	(15,694)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (419,562)</u>	<u>\$ (162,533)</u>	<u>\$ (582,095)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributed property and equipment	<u>\$ 2,018,033</u>	<u>\$ -</u>	<u>\$ 2,018,033</u>

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, 2004

	<u>Balance 1-1-04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12-31-04</u>
TAX COLLECTIONS				
Assets				
Cash and investments	\$ 39,476,416	\$ 40,879,183	\$ 39,476,416	\$ 40,879,183
Property taxes receivable	<u>13,351,450</u>	<u>13,771,065</u>	<u>13,351,450</u>	<u>13,771,065</u>
TOTAL ASSETS	<u>\$ 52,827,866</u>	<u>\$ 54,650,248</u>	<u>\$ 52,827,866</u>	<u>\$ 54,650,248</u>
Liabilities				
Due to other taxing authorities	\$ 52,759,168	\$ 54,574,626	\$ 52,759,168	\$ 54,574,626
Accounts payable	<u>68,698</u>	<u>75,622</u>	<u>68,698</u>	<u>75,622</u>
TOTAL LIABILITIES	<u>\$ 52,827,866</u>	<u>\$ 54,650,248</u>	<u>\$ 52,827,866</u>	<u>\$ 54,650,248</u>

STATISTICAL SECTION

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

Last Ten Fiscal Years

Calendar Year	General Government	Public Safety	Public Works	Education & Recreation	Community Development	Debt Service (B)	Total Expenditures
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
2004	5,909,616	22,378,834	9,972,605	8,012,152	1,606,927	8,036,970	55,917,104

(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
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
2004	25,513,910	16,837,389	855,231	281,958	1,295,953	1,434,721	2,207,637	1,015,890	49,442,689

(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
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	27,639,769	98.70	28,004,767	100.00	-	-
2004	28,111,450	27,667,971	98.42	28,111,450	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)	
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	2004	3,456,706,400	3,530,106,400	118,638,100	110,312,600	3,575,344,500	3,640,419,000	0.9821
2004	2005	3,579,725,200	3,781,340,900	114,535,530	116,126,500	3,694,260,730	3,897,467,400	0.9479

- (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

Per \$1,000 of Assessed Value

Levy Year	Collection Year	City of Appleton	Appleton School District	FVTC	Outagamie County	Sanitary District ⁽¹⁾	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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
2004	2005	8.50	8.92	1.82	4.73	-	0.21	24.18	1.13	23.05

Per \$1,000 of Assessed Value

Levy Year	Collection Year	City of Appleton	Menasha School District	FVTC	Outagamie County	Sanitary District ⁽¹⁾	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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
2004	2005	8.50	9.98	1.82	4.73	-	0.21	25.24	1.13	24.11

Note: 1997 Levy Year is the first year Outagamie County had property apportioned within Menasha School District.

(Continued)

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

Last Ten Fiscal Years

OUTAGAMIE COUNTY/FREEDOM SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	City of Appleton	Freedom School District	FVTC	Outagamie County	Sanitary District ⁽¹⁾	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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
2004	2005	8.50	9.62	1.82	4.73	-	0.21	24.88	1.13	23.75

Note: 2003 Levy Year is the first year Outagamie County had property apportioned within the Freedom School District.

CALUMET COUNTY/APPLETON AREA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	City of Appleton	Appleton School District	FVTC	Calumet County	Sanitary District ⁽¹⁾	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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
2004	2005	8.52	8.93	1.82	4.66	-	0.21	24.14	1.09	23.05

(Continued)

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

Last Ten Fiscal Years

CALUMET COUNTY/KIMBERLY AREA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	City of Appleton	Kimberly School District	FVTC	Calumet County	Sanitary District ⁽¹⁾	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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
2004	2005	8.52	10.10	1.82	4.66	-	0.21	25.31	1.09	24.22

WINNEBAGO COUNTY/APPLETON AREA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	City of Appleton	Appleton School District	FVTC	Winnebago County	Sanitary District ⁽¹⁾	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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
2004	2005	8.56	8.97	1.83	5.72	-	0.21	25.29	1.33	23.96

(Continued)

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

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

Last Ten Fiscal Years

WINNEBAGO COUNTY/MENASHA JOINT SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	City of Appleton	Menasha School District	FVTC	Winnebago County	Sanitary District ⁽¹⁾	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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
2004	2005	8.56	10.05	1.83	5.72	-	0.21	26.37	1.33	25.04

Note: 1998 Levy Year is the first year Winnebago County had property apportioned within the Menasha School District.

⁽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

Collection Year	Assessments To Tax Roll	Assessments Collected to August 1	Percent Collected to August 1	Total Collected to December 31	Percent Collected to December 31	Cumulative Delinquent Assessments (A)
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	1,297,636	1,227,877	94.62	1,297,636	100.00	-
2004	1,201,924	1,103,265	91.79	1,201,924	100.00	-

CALUMET COUNTY

Collection Year	Assessments To Tax Roll	Assessments Collected to August 1	Percent Collected to August 1	Total Collected to December 31	Percent Collected to December 31	Cumulative Delinquent Assessments (A)
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	202,076	192,446	95.23	197,351	97.66	12,867
2004	203,452	193,376	95.05	199,355	97.99	14,446

(Continued)

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

Last Ten Fiscal Years

WINNEBAGO COUNTY

Collection Year	Assessments To Tax Roll	Assessments Collected to August 1	Percent Collected to August 1	Total Collected to December 31	Percent Collected to December 31	Cumulative Delinquent Assessments (A)
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	-
2004	12,311	11,767	95.58	12,311	100.00	-

COMBINED

Collection Year	Assessments To Tax Roll	Assessments Collected to August 1	Percent Collected to August 1	Total Collected to December 31	Percent Collected to December 31	Cumulative Delinquent Assessments (A)
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
2004	1,417,687	1,308,408	92.29	1,413,590	99.71	14,446

(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

Fiscal Year	General Obligation Outstanding Debt (A)	General Equalized Valuation (B)	Percent of Debt to Equalized Valuation	Estimated Population (C)	Debt Per Capita
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
2004	47,087,594	3,897,467,400	1.21	71,895	654.95

(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, 2004

Equalized Value of Real & Personal Property	<u>\$3,897,467,400</u>	
Outagamie County 3,279,424,800		
Calumet County 557,078,100		
Winnebago County 60,964,500		
 Debt Limit, Five (5) percent of Equalized Valuation (Wisconsin Statutory Limitation)	 <u>\$194,873,370</u>	 100.00%
 Amount of Debt Applicable to Debt Limitation: Total General Obligation Bonds and Notes Outstanding at December 31, 2004	 <u>\$50,306,564</u>	
 Less: Assets in Government Fund Types Available for Debt Service	 <u>(3,218,970)</u>	
 Amount of Debt Applicable to Debt Limit	 <u>\$47,087,594</u>	 24.16%
 Remaining Legal Debt Margin	 <u>\$147,785,776</u>	 75.84%

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

December 31, 2004

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Appleton	Amount Applicable to City of Appleton
City of Appleton (A)	\$ 47,087,594	100.00 %	<u>\$ 47,087,594</u>
<u>Overlapping Debt</u>			
Appleton Area School District	48,394,198	63.42	30,691,600
Menasha Joint School District	21,360,000	4.11	877,830
Kimberly Area School District	29,260,908	1.36	397,948
Freedom Area School District	18,925,000	0.57	107,873
Fox Valley Technical College	54,286,878	13.70	7,437,302
Outagamie County	42,364,579	30.94	13,107,601
Calumet County	2,075,000	20.70	429,525
Winnebago County	57,732,363	0.01	<u>3,674</u>
Total Overlapping Debt			<u>53,053,353</u>
Total Direct And Overlapping Debt			<u><u>\$ 100,140,947</u></u>

(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		
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
2004	5,746,890	2,290,080	8,036,970	55,917,104	14.37

(A) Includes only city portion of debt service.

(B) Includes General Fund and Debt Service Fund.

**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	
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
2004	14,333,414	4,392,235	9,941,179	3,820,000	2,786,904	6,606,904	1.50

(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	
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
2004	8,553,064	6,476,793	2,076,271	1,335,000	68,753	1,403,753	1.48

(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	
1995	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
1996	-	-	-	-	-	-	-
1997	-	-	-	-	-	-	-
1998	-	-	-	-	-	-	-
1999	2,870,772	1,564,616	1,306,156	330,000	167,208	497,208	2.63
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
2004	4,014,515	178,898	3,835,617	935,000	785,047	1,720,047	2.23

(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

Type of Customer	<u>Number of Customers-2004</u>		<u>Number of Customers-2003</u>		<u>Number of Customers-2002</u>	
	Water	Wastewater	Water	Wastewater	Water	Wastewater
Metered:						
Residential	24,024	23,932	23,679	23,591	23,347	23,280
Commercial	1,675	1,646	1,856	1,633	1,629	1,610
Industrial	90	80	93	82	93	82
Public Authorities	85	77	73	68	69	62
Resale	4	0	4	0	3	1
Unmetered:						
Commercial	34	-	31	-	20	-
TOTAL CUSTOMERS	25,912	25,735	25,736	25,374	25,161	25,035

**TABLE 13
CITY OF APPLETON
DEMOGRAPHIC STATISTICS**

Last Ten Fiscal Years

Fiscal Year	Appleton Population (A)	Per Capita Income (B)	School System Enrollment (C)	Unemployment Rate (D)
1995	68,729	\$ 22,513	14,087	3.6
1996	69,279	23,449	14,316	3.4
1997	69,787	24,343	14,450	3.3
1998	69,607	40,885 *	14,538	3.1
1999	69,911	39,269 *	14,636	3.0
2000	70,167	43,159 *	14,793	3.0
2001	70,623	43,597 *	14,800	4.4
2002	71,348	43,228 *	14,948	6.5
2003	71,649	43,972 *	15,275	6.7
2004	71,895	-	15,075	6.0

(A) Wisconsin Dept. of Administration estimates.

(B) Wisconsin Department of Revenue.

* Measure changed in 1998 to Adjusted Gross Income per Return.

(C) Wisconsin Department of Public Instruction

(D) Wisconsin Department of Workforce Development, annual rates for City of Appleton , not seasonally adjusted

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
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
2004	55,367,500	34,435,100	936,400	2,849,025,500	769,877,500	162,323,100	114,800

Source: Wisconsin Department of Revenue

**TABLE 15
CITY OF APPLETON
PRINCIPAL TAXPAYERS**

Tax Year 2004

Name	Nature of Business	Current Assessed Value (A)	Percent of Total Assessed Value (B)	Current Equalized Value
Pfefferle/Hoffman/Evans	Real Estate Development	\$ 25,481,300	0.69 %	\$ 26,882,926
Thomas Wright, et al	Rental Properties	25,473,900	0.69	26,875,118
Appleton Papers, Inc.	NCR Paper Products	22,620,900	0.61	23,865,186
Winter Properties	Real Estate Development	20,951,500	0.57	22,103,959
Thrivent/Northmeadows Inv.	Insurance (C)	20,346,700	0.55	21,465,891
Voith, Inc./Voith Fabrics	Industrial Machines/Papermaker Felts	19,207,900	0.52	20,264,451
Oly/Montclair Wis. Hotels	Hotel	17,489,300	0.47	18,451,317
VH Enterprises/Warehouse Specialists	Warehouse/Storage	13,927,600	0.38	14,693,702
Wal-Mart	Retail Store	13,834,200	0.37	14,595,165
Gannett Midwest	Newspaper Publisher	11,804,400	0.32	12,453,713
Eisenhower Properties	Real Estate Development	11,175,900	0.30	11,790,642
Secura Insurance	Insurance	10,721,400	0.29	11,311,142
Miller Electric Mfg.	Electric Arc Welders	10,271,800	0.28	10,836,811
Parkside Luxury Apartments	Real Estate Development	9,848,200	0.27	10,389,911
The Boldt Co.	Construction	9,440,600	0.26	9,959,890
Guardian Life Insurance	Insurance	9,327,200	0.25	9,840,252
Livesey	Real Estate Development	9,226,600	0.25	9,734,119
Rennes	Nursing Home/Assisted Living	8,434,800	0.23	8,898,765
Menard's	Retail Store	8,100,600	0.22	8,546,182
Dayton Hudson	Retail Stores	7,862,100	0.21	8,294,563
Riverside Paper	Paper Products	7,620,900	0.21	8,040,096
Mills Property	Retail Stores	7,557,616	0.20	7,973,331
Home Depot	Retail Store	7,460,400	0.20	7,870,767
TOTAL		\$ 308,185,816	8.34 %	\$ 325,137,899

(A) Per City Assessor's records.

(B) Based on the city's total January 1, 2003 assessed valuation of \$3,694,260,730 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, 2004

Company Name	Product or Service	Number of Employees *
Thrivent Investment Management, Inc.	Insurance	1,893
Appleton Area School District	Education	1,775
Appleton Papers, Inc.	NCR Paper Products	1,321
Outagamie County	Government	1,262
Appleton Medical Center	Medical & Health Care Facility	1,230
Miller Electric Manufacturing	Electric Arc Welders	1,200
St. Elizabeth Hospital	Medical & Health Care Facility	1,030
Valley Packaging Industries, Inc.	Hi-speed Packager	800
Guardian Life	Insurance	700
City of Appleton	Government	680

*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, 2004

Carrier	Type of Coverage	Coverage Limits	Premium
Chubb Group	Building, Contents, Valuable Papers, and EDP Equipment and Media	\$ 256,329,769	\$ 194,236
	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	88,389

(Continued)

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

December 31, 2004

Carrier	Type of Coverage	Coverage Limits	Premium
Chubb Group	Auto Comprehensive & Collision Garage Keepers (Each Occurrence)	\$ 16,699,415 200,000	\$ 47,829
Safety National Corp. Policy # SP-6476-WI	Workers Compensation Excess Insurance	200,000,000/ occurrence	37,082
Reliance National Insurance Co. Policy #NXC0143402-00		3,000,000 Aggregate	
Transit Mutual Insurance Corp. of Wisconsin Policy #TM1CW-1019-APP	Vehicle Liability	6,500,000/ occurrence	70,770
			<u>\$ 438,938</u>

**TABLE 18
CITY OF APPLETON
MISCELLANEOUS STATISTICS**

Last Two Fiscal Years

Incorporated May 2, 1857
Mayor/Council (16)

	<u>12/31/04</u>	<u>12/31/03</u>		<u>12/31/04</u>	<u>12/31/03</u>
Population	71,895	71,649	Public Library - Volumes	342,514	332,036
Area - Square Miles	24.16	23.67	City Employees	680	680
Altitude	780	780	Municipal Industrial Parks		
Miles of Streets			Northeast Industrial Park		
Open to Traffic	332.70	324.90	Total Acreage	663	660
Municipal Water Utility			Acreage Sold	530	511
Number of Customers	25,912	25,898	Acreage Optioned	56	62
Ave. Daily Consumption (000 gal)	8,135	8,385	Acreage Improved	76	83
Miles of Water Mains	348.90	341.10	Acreage Unimproved	1	4
Miles of Sewers			Year Started	1967	1967
Storm	272.80	251.2	Southeast Industrial Park		
Sanitary	292.70	287.10	Total Acreage	50	50
Building Permits			Developed Acreage	50	50
Permits Issued	854	906	Available Acreage	0	0
Est. Construction	\$68,499,393	\$109,632,856	Year Started	1977	1977
Parks and Recreation			Southwest Industrial Park		
Acres of Park Land ¹	496.14	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	26	24	Acreage Sold	0	0
Employees	1,775	1,775	Acreage Optioned	0	0
Students Registered	15,075	15,275	Acreage Improved	36	36
			Acreage Unimproved	313	313
			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	105	111

1. Includes USA Youth sports complex (80 acres of parkland developed and operated by USA Youth) and excludes various trails (12.82 acres) and the Reid Municipal Golf Course (107.6 acres).

SINGLE AUDIT SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS 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, 2004, which collectively comprise the City of Appleton's basic financial statements and have issued our report thereon dated March 23, 2005. 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.

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 reportable 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 caused by error or fraud 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 23, 2005.

Compliance and Other Matters

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

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.

Virchow, Krause & Company, LLP

Madison, Wisconsin
March 23, 2005

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133, THE STATE SINGLE AUDIT GUIDELINES, AND
THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

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, 2004. 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 \$3,047,411 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, 2004. 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, 2004.

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.

Schedule of Expenditures of Federal and State Awards

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, 2004, which collectively comprise the City of Appleton's basic financial statements and have issued our report thereon dated March 23, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Appleton's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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.

Virchow, Krause & Company, LLP

Madison, Wisconsin
March 23, 2005

CITY OF APPLETON

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2004**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	(Accrued) Deferred Revenue January 1, 2004	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2004
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Direct Programs					
Community Development Block Grant					
Entitlement Program	14.218	\$ 29,798	\$ 638,104	\$ 671,725	\$ 3,823
Passed Through State of Wisconsin Department of Commerce					
Emergency Shelter Grant	14.231	(49,457)	119,392	98,041	28,106
Supportive Housing Program (Continuum of Care)	14.235	(62,737)	209,490	152,817	6,064
Passed Through State of Wisconsin Department of Administration					
HOME Investment Partnership Program (Rental Rehab)	14.239	7,629	-	7,629	-
HOME Investment Partnership Program (Homeowner Rehab)	14.239	15,393	56,641	72,034	-
Total U.S. Department of Housing and Urban Development		<u>(59,374)</u>	<u>1,023,627</u>	<u>1,002,246</u>	<u>37,993</u>
U.S. DEPARTMENT OF JUSTICE					
Passed Through State of Wisconsin Department of Justice					
Victims of Crime Act	16.575	<u>(2,476)</u>	<u>33,033</u>	<u>35,882</u>	<u>5,325</u>
Total U.S. Department of Justice		<u>(2,476)</u>	<u>33,033</u>	<u>35,882</u>	<u>5,325</u>
U.S. DEPARTMENT OF TRANSPORTATION					
Federal Transit Cluster					
Direct Program					
Federal Transit Capital Improvement Grants	20.507	-	1,638,602	2,518,602	880,000
Passed Through State of Wisconsin Department of Transportation					
WI-03-0074	20.500	(30,282)	32,487	2,205	-
WI-03-0076	20.500	(16,480)	55,826	49,621	10,275
WI-03-0080	20.500	(8,234)	1,174,334	1,283,847	117,747
WI-03-0084	20.500	-	1,363,200	1,363,200	-
WI-03-0087	20.500	-	-	6,826	6,826
Total Federal Transit Cluster		<u>(54,996)</u>	<u>4,264,449</u>	<u>5,224,301</u>	<u>1,014,848</u>
State and Community Highway Safety	20.600	-	12,000	12,000	-
Total U.S. Department of Transportation		<u>(54,996)</u>	<u>4,276,449</u>	<u>5,236,301</u>	<u>1,014,848</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, 2004

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	(Accrued) Deferred Revenue January 1, 2004	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2004
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
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	3,376	-	-	(3,376)
Childhood Immunization Grant - 1/1/04 - 12/31/04	93.268	-	23,004	25,371	2,367
Total Childhood Immunization Grant		<u>2,176</u>	<u>23,004</u>	<u>25,371</u>	<u>191</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	6,722	-	-	(6,722)
Preventative Health and Health Services Block Grant - 1/1/04- 12/31/04	93.991	-	9,737	6,375	(3,362)
Total Preventative Health and Health Services Block Grant		<u>12,849</u>	<u>9,737</u>	<u>6,375</u>	<u>(16,211)</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	(6,467)	-	-	6,467
Maternal and Child Health Services Block Grant - 1/1/04 - 12/31/04	93.994	-	35,646	43,524	7,878
Total Maternal and Child Health Services Block Grant		<u>9,697</u>	<u>35,646</u>	<u>43,524</u>	<u>(1,819)</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	(759)	759	-	-
Total General Medical Assistance Outreach		<u>(1,045)</u>	<u>1,045</u>	<u>-</u>	<u>-</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	1,181	-	-	(1,181)
CDC Investigations - Technical Assistance - 1/1/04 - 12/31/04	93.283	-	143	15	(128)
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	168,906	-	168,906	-
CDC Investigations - Bioterrorism Grant - 1/1/04 - 12/31/04	93.283	-	509,463	157,314	(352,149)
Total CDC Investigations - Technical Assistance		<u>196,785</u>	<u>509,606</u>	<u>348,703</u>	<u>(357,688)</u>
Project Grants Cooperative Agreement for Tuberculosis Control Programs - 1/1/02 - 12/31/02	93.116	(12,503)	15,354	762	(2,089)
Total U.S. Department of Health and Human Services		<u>207,959</u>	<u>594,392</u>	<u>424,735</u>	<u>(377,616)</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY					
Direct Programs					
Assistance to Firefighters Grant Program	86.554	70,000	59,500	129,500	-
Total Federal Emergency Management Agency		<u>70,000</u>	<u>59,500</u>	<u>129,500</u>	<u>-</u>

See accompanying notes to schedules of expenditures of federal and state awards.

CITY OF APPLETON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (cont.)
 Childhood Immunization Grant - 1/1/03 - 12/31/03

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	(Accrued) Deferred Revenue January 1, -	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, -
U.S. DEPARTMENT OF MILITARY AFFAIRS					
Passed through State of Wisconsin Department of Military Affairs State and Local Emergency Management Assistance	83.503	\$ -	\$ 10,249	\$ 10,249	\$ -
Total U.S. Department of Military Affairs		-	10,249	10,249	-
U.S. DEPARTMENT OF HOMELAND SECURITY					
Passed through State of Wisconsin Department of Administration - Office of Justice Assistance Homeland Security Regional Response Team Equipmen	97.004	-	322,578	38,208	(284,370)
Total U.S. Department of Military Affairs		-	322,578	38,208	(284,370)
TOTAL FEDERAL AWARDS		\$ 161,113	\$ 6,319,828	\$ 6,877,121	\$ 396,180

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, 2004

State Grantor/Program Title	State I.D. Number	(Accrued) Deferred Revenue January 1, 2004	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2004
WISCONSIN DEPARTMENT OF NATURAL RESOURCES					
Urban Forestry	370.572	\$ -	\$ 25,000	\$ 25,000	\$ -
Brownsfield Projects	370.687	-	21,673	21,673	-
Total Wisconsin Department of Natural Resources		-	46,673	46,673	-
WISCONSIN DEPARTMENT OF TRANSPORTATION					
Transit Operating Aids					
2003	395.104	(39,274)	39,274	-	-
2004	395.104	-	1,432,976	1,867,315	434,339
Total Wisconsin Department of Transportation		(39,274)	1,472,250	1,867,315	434,339
WISCONSIN DEPARTMENT OF HEALTH AND FAMILY SERVICES					
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)
TOTAL STATE AWARDS		\$ (36,572)	\$ 1,528,758	\$ 1,923,597	\$ 431,411

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, 2004

NOTE 1 – REPORTING ENTITY

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*.

NOTE 2 – BASIS OF PRESENTATION

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, 2004

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:

20.500/20.507	Federal Transit Cluster
93.283	CDC Investigations – Bioterrorism grant

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, 2004

SECTION I – SUMMARY OF AUDITORS’ RESULTS (cont.)

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AND STATE FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV – OTHER ISSUES

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 no
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	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Department of Natural Resources	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Department of Transportation	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

CITY OF APPLETON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2004

SECTION IV – OTHER ISSUES (cont.)

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

Carla A. Gogin, CPA, Partner

5. Date of report

3/23/05