

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

Year Ended December 31, 2005

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT December 31, 2005

TABLE OF CONTENTS

I. INTRODUCTORY SECTION	<u>Page</u>
Letter of Transmittal from Director of Finance	vi – xi
Certificate of Achievement for Excellence in Financial Reporting	xii
Directory of Officials	xiii
Table of Organization	xiv – xv
II. FINANCIAL SECTION	
<i>INDEPENDENT AUDITORS' REPORT</i>	xvi – xvii
<i>MANAGEMENT'S DISCUSSION AND ANALYSIS</i>	xviii – xxxii
<i>BASIC FINANCIAL STATEMENTS</i>	
Government-Wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2 – 3
Fund Financial Statements	
Balance Sheet – Governmental Funds	4
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Assets – Proprietary Funds	7 – 10
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	11 – 12
Statement of Cash Flows – Proprietary Funds	13 – 16
Statement of Fiduciary Net Assets – Fiduciary Fund	17
Statement of Net Assets – Component Units	18 – 19
Statement of Revenues, Expenses and Changes in Fund Net Assets (Deficit) – Component Units	20

CITY OF APPLETON

COMPREHENSIVE ANNUAL FINANCIAL REPORT December 31, 2005

TABLE OF CONTENTS (cont.)

II. FINANCIAL SECTION (cont.)	<u>Page</u>
<i>BASIC FINANCIAL STATEMENTS</i> (cont.)	
Notes to Financial Statements	21 – 76
<i>REQUIRED SUPPLEMENTARY INFORMATION</i>	
<i>General Fund</i>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	77
<i>Special Revenue Funds</i>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) – Budget and Actual – Tax Increment District No. 1	78
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) – Budget and Actual – Tax Increment District No. 3	79
Notes to Required Supplementary Information	80
<i>SUPPLEMENTARY INFORMATION</i>	
<i>General Fund</i>	
Schedule of Revenues and Other Financing Sources – Budget and Actual	81 – 83
Schedule of Expenditures and Other Financing Uses – Budget and Actual	84
<i>Governmental Funds</i>	
Combining Balance Sheet – Nonmajor Governmental Funds	85 – 89
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) – Nonmajor Governmental Funds	90 – 95
Schedules of Revenues, Expenditures, and Changes in Fund Balances (Deficit) – Budget and Actual	
Debt Service (Major Fund)	96
Tax Increment District No. 2	97
Community Development Block Grant	98
Rental Rehabilitation Grants	99
Sanitation and Recycling Program	100
Health Grants	101
Police Grants	102
Hazardous Materials Level A	103
Forestry	104

CITY OF APPLETON

COMPREHENSIVE ANNUAL FINANCIAL REPORT December 31, 2005

TABLE OF CONTENTS (cont.)

II. FINANCIAL SECTION (cont.)	<u>Page</u>
<i>SUPPLEMENTARY INFORMATION</i> (cont.)	
<i>Governmental Funds</i> (cont.)	
Schedules of Revenues, Expenditures and Changes in Fund Balance (Deficit) – Budget and Actual (cont.)	
Room Tax	105
Emergency Shelter	106
Continuum of Care	107
Tuchscherer Disability	108
Peabody Estate	109
Balliet Locomotive	110
Lutz Park	111
Park Purpose Open Space	112
Union Spring Park	113
Universal Playground	114
Subdivision Development Projects	115
Industrial Park Land	116
Park and Recreation Projects	117
Tax Incremental District No. 4	118
Tax Incremental District No. 5	119
Tax Incremental District No. 6	120
Public Safety Facilities	121
Public Works Equipment	122
CEA Replacement	123
Riverfront Initiatives	124
Library Improvements	125
Technology	126
Residential Project	127
Frank P. Young Memorial	128
<i>Enterprise Funds</i>	
Combining Statement of Net Assets – Nonmajor Proprietary Funds	129
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Proprietary Funds	130
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	131 – 132
<i>Internal Service Funds</i>	
Combining Statement of Net Assets	133
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	134
Combining Statement of Cash Flows	135
<i>Agency Fund</i>	
Statement of Changes in Assets and Liabilities	136

CITY OF APPLETON

COMPREHENSIVE ANNUAL FINANCIAL REPORT December 31, 2005

TABLE OF CONTENTS (cont.)

III. STATISTICAL SECTION	<u>Page</u>
Schedule 1 – Net Assets by Component – Last Three Fiscal Years	137
Schedule 2 – Changes in Net Assets – Last Three Fiscal Years	138 – 139
Schedule 3 – Program Revenues by Function/Program – Last Three Fiscal Years	140
Schedule 4 – Fund Balances, Governmental Funds – Last Ten Fiscal Years	141
Schedule 5 – Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	142
Schedule 6 – Assessed Value and Estimated Actual Value (Equalized Value) of Taxable Property – Last Ten Fiscal Years	143
Schedule 7 – Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	144 – 147
Schedule 8 – Principal Taxpayers – Current Year and Nine Years Prior	148
Schedule 9 – Property Tax Levies and Collections – Last Ten Fiscal Years	149
Schedule 10 – Direct and Overlapping Sales Tax Rates – Last Ten Fiscal Years	150
Schedule 11 – Outstanding Debt by Type – Last Ten Fiscal Years	151
Schedule 12 – General Obligation Debt – Last Ten Fiscal Years	152
Schedule 13 – Computation of Direct and Overlapping General Obligation Debt – December 31, 2005	153
Schedule 14 – Legal Debt Margin Calculation – Last Ten Fiscal Years	154
Schedule 15 – Mortgage Revenue Bond Coverage – Water Utility – Last Ten Fiscal Years	155 – 157
Schedule 16 – Demographic Statistics – Last Ten Fiscal Years	158
Schedule 17 – Principal Employers – Current Year and Nine Years Prior	159
Schedule 18 – Budgeted Full-Time-Equivalent Personnel Positions – Last Ten Fiscal Years	160
Schedule 19 – Operating Indicators by Function/Program – Last Ten Fiscal Years	161
Schedule 20 – Capital Asset Statistics by Function/Program	162

CITY OF APPLETON

COMPREHENSIVE ANNUAL FINANCIAL REPORT December 31, 2005

TABLE OF CONTENTS (cont.)

IV. SINGLE AUDIT SECTION	<u>Page</u>
Report on Internal Control Over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	163 – 164
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	165 – 166
Schedule of Expenditures of Federal Awards	167 – 168
Schedule of Expenditures of State Awards	169
Notes to Schedules of Expenditures of Federal and State Awards	170
Schedule of Findings and Questioned Costs	171 – 173

INTRODUCTORY SECTION

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

May 19, 2006

The Honorable Mayor Hanna
Chairman Baranowski 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, 2005, 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.

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 (5.7% for 2005). The City does maintain an above average gross income per return (\$45,631 for 2004). 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 2005, total valuation of residential building construction was \$37,183,400. There were 121 single-family homes constructed with an average construction cost of \$293,342. In addition, there were 8 two-family residences. Additions or alterations to existing dwellings added \$6,792,133 in value.

Appleton's commercial industrial permits totaled 197 in 2005 with a valuation of \$80,992,285. The largest commercial building permits were Orthopedic and Sports Institute of the Fox Valley (\$8.3 million), AmericInn (\$4 million), CMD Corporation \$2.6 million) and C3 Corporation (\$1.8 million).

The rate of growth is expected to increase over the next year. The City of Appleton set a new record for business parkland sales in 2005. The City sold 91.06 acres of land in the Northeast Business Park, shattering the previous record of 44.34 acres set in 1988. It also sold its first lot in the Southpoint Commerce Park (3.25 acres). With the recent sales, the opening of Phase III of Apple Hill Farms (Purdy) and Clearwater Creek for residential housing, and as redevelopment continues downtown and on the riverfront, Appleton is well positioned to continue to grow and remain a leader in the Fox Cities.

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, 2005, the City had thirty-three debt issues outstanding. These issues included \$51,412,284 of general obligation bonds and notes and \$96,268,711 of revenue bonds. The City has maintained its “Aa1” rating from Moody’s Investors Service on general obligation debt its “Aa3” on its sewerage, water 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, 2005, the City’s net general obligation debt of \$47,470,506 was well below the legal limit of \$208,419,420 (22.78%) 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 3.14%. The City and its proprietary funds earned investment revenue of \$2,255,997 on all investments for the year ended December 31, 2005.

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 numerous 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, 2004. 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, 2005 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, 2004

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.



Carla E. Perry

President

Jeffrey R. Emery

Executive Director

CITY OF APPLETON

Directory of Officials

MAYOR

Timothy M. Hanna

PRESIDENT OF THE COUNCIL

Curt J. Konetzke

COUNCIL MEMBERS

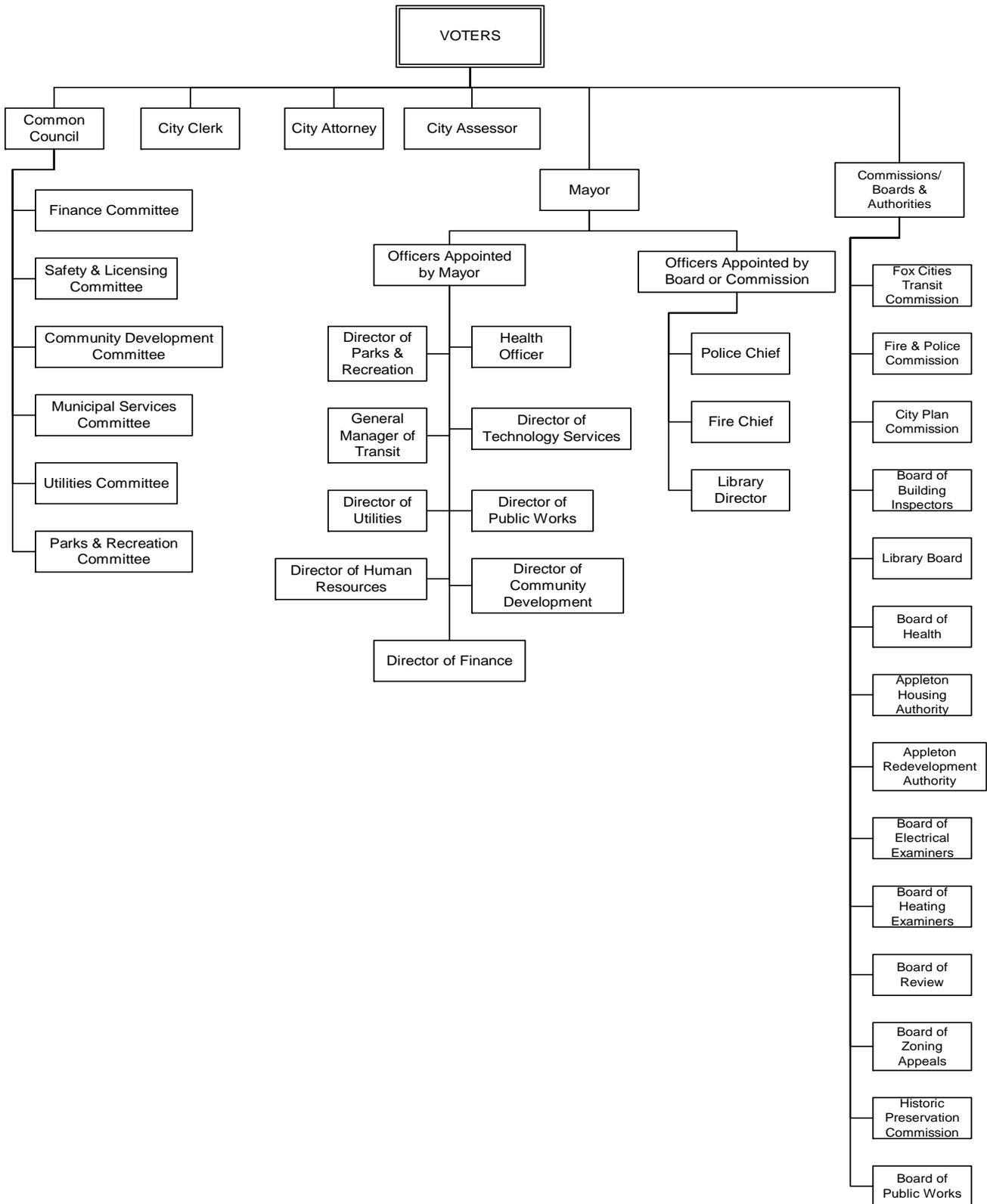
District 1:	Walter H. Kalata	District 9:	Peter J. Stueck
District 2:	Graeme P. Rattray	District 10:	Michael R. Smith
District 3:	Curt J. Konetzke	District 11:	Earl J. Brooker
District 4:	Jeffrey A. Lutz	District 12:	Cathy M. Spears
District 5:	Edward S. Baranowski	District 13:	James E. Clemons
District 6:	Thomas P. Brown	District 14:	Judith F. Lange
District 7:	John R. Mueller	District 15:	Jeffrey M. Jirschele
District 8:	Richard A. Thompson	District 16:	George W. Holz knecht

DEPARTMENT 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 Community Development	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	Michael W. Buettner
Director of Technology 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 Facilities & Construction	Dean R. Gazza
Director of Finance	Lisa A. Maertz

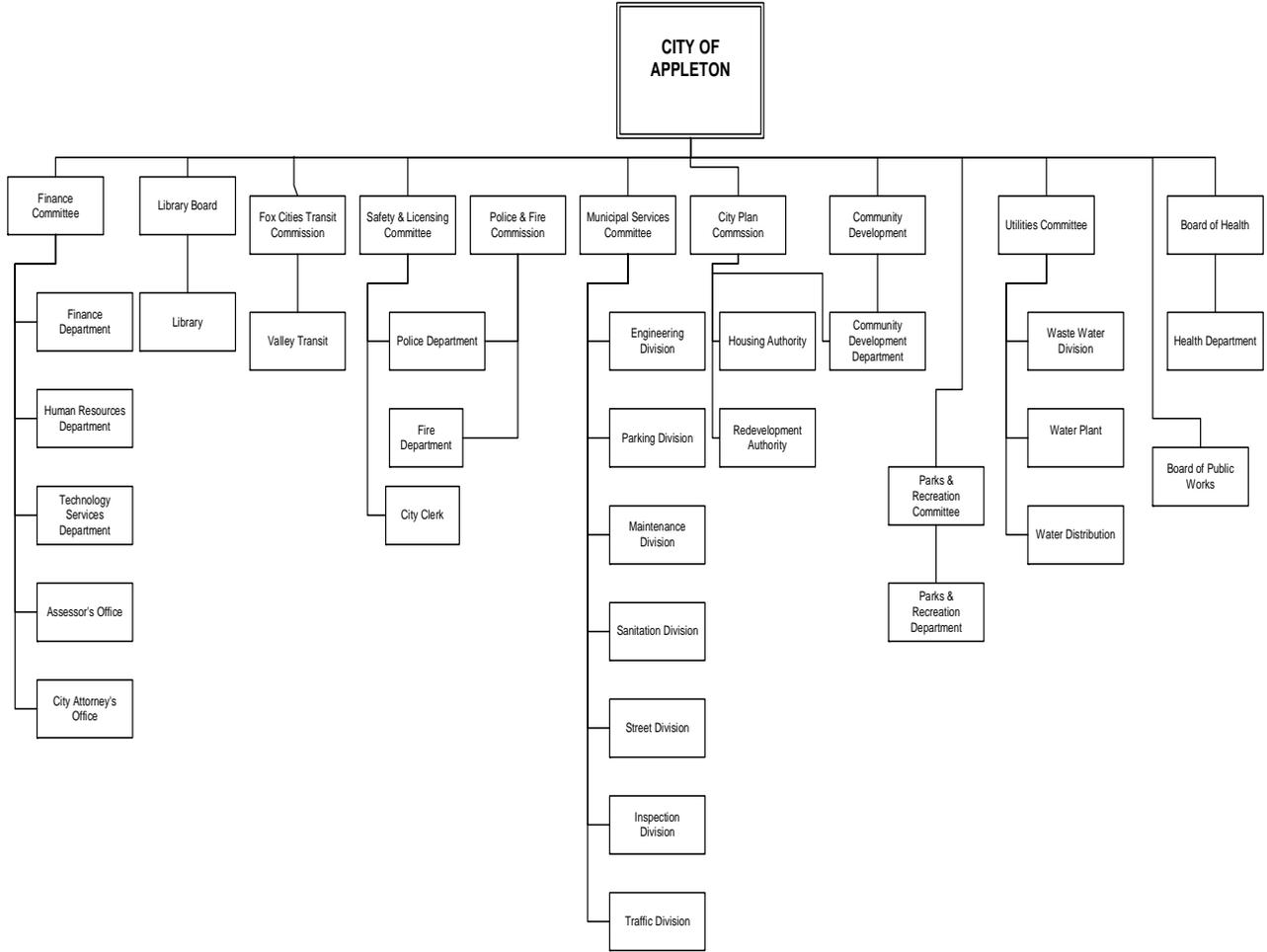
CITY OF APPLETON

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, 2005, 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 95 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, 2005, and the respective changes in financial position and, where applicable, cash flows, 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 also 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 77 through 80 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 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 accompanying schedule of expenditures of federal and state awards is presented for additional analysis as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the "State Single Audit Guidelines," and is also 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.

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, Wisconsin. The information has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such information.

Madison, Wisconsin
March 23, 2006

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2005

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, 2005. 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 \$448,331,579. Of this amount, \$15,319,883 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 \$12,880,497. Despite a sluggish economy, the City of Appleton continues to grow. 757 building permits were issued in 2005 valued at \$124,967,818 compared to 854 permits valued at \$68,499,393 in 2004. Our equalized value grew 6.95% from 2004 to 2005 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 \$35,926,512, an increase of \$25,021,409 in comparison with the prior year. \$17,084,445 of the change is due to reevaluation of estimates for the Tax Incremental Districts loans projection of available cash to repay advances before the districts close. Record-breaking sales of land in our industrial parks accounted for another \$1,860,621 of the increase.
 - At the end of the current fiscal year, the undesignated and unreserved balance in the general fund is \$162,863. The General Fund is in compliance with all of the City's reserve policies at December 31, 2005.
-

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, 2005

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, 2005

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 36 individual governmental funds. Three non-major funds were added since 2004 for capital projects: Public Safety, Technology Services and Library Improvements. 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. 3, and Debt Service, all of which are considered to be major funds. The City also chose to disclose TIF District No. 1 with the other 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

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2005

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

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.

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 76 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 77 to 80 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 81 to 136 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 \$448,331,579 as of December 31, 2005.

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, 2005

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

CITY OF APPLETON'S NET ASSETS

	Governmental Activities 2005	Business- Type Activities 2005	Totals
Current and Other Assets	\$ 97,257,101	\$ 38,686,808	\$ 135,943,909
Capital Assets	258,653,674	258,363,093	517,016,767
Total Assets	355,910,775	297,049,901	652,960,676
Long-term Liabilities	56,759,504	100,117,728	156,877,232
Other Liabilities	45,392,681	2,359,184	47,751,865
Total Liabilities	102,152,185	102,476,912	204,629,097
Net Assets:			
Invested in Capital Assets, Net of Related Debt	245,757,895	171,026,349	415,362,249
Restricted	6,796,749	10,852,698	17,649,447
Unrestricted (deficit)	1,203,946	12,693,942	15,319,883
Total Net Assets	\$ 253,758,590	\$ 194,572,989	\$ 448,331,579

	Governmental Activities 2004	Business- Type Activities 2004	Totals
Current and Other Assets	\$ 76,663,618	\$ 55,524,317	\$ 132,187,935
Capital Assets	248,701,235	251,992,515	500,693,750
Total Assets	325,364,853	307,516,832	632,881,685
Long-term Liabilities	55,484,136	99,989,226	155,473,362
Other Liabilities	43,831,824	7,502,039	51,333,863
Total Liabilities	99,315,960	107,491,265	206,807,225
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)	(13,022,089)	25,205,527	12,183,438
Total Net Assets	\$ 226,048,893	\$ 200,025,567	\$ 426,074,460

An additional portion of the City's net assets (approximately 3.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$15,319,883 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, 2005

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, 2005. Governmental activities increased the City of Appleton's net assets by \$21,060,998. Of this amount, \$4,523,414 was contributed from others. Business-type activities decreased the City's net assets by \$8,180,501. Capital contributions in the business-type activities were \$6,280,050. Due to recording an allowance of \$12,510,419 on the advance from the Parking Utility to Tax Incremental District #3, large shifts occurred in net assets between Governmental and Business activities.

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

	Governmental Activities 2005	Business- Type Activities 2005	Totals
Revenues:			
Program Revenues:			
Charges for services	\$ 4,195,931	\$ 29,704,640	\$ 33,900,571
Operating grants and contributions	2,984,118	4,401,611	7,385,729
Capital grants and contributions	6,861,161	4,995,504	11,856,665
General Revenues:			
Property taxes	34,909,951	-	34,909,951
Other taxes	1,060,335	-	1,060,335
Intergovernmental	16,015,538	-	16,015,538
Investment income	1,682,999	791,730	2,474,729
Gain (loss) on sale of assets	2,255,997	-	2,255,997
Miscellaneous	790,190	11,816	802,006
Total Revenues	<u>\$ 70,756,220</u>	<u>\$ 39,905,301</u>	<u>\$ 110,661,521</u>
Expenses:			
General government	\$ 6,945,784	\$ -	\$ 6,945,784
Public safety	24,424,002	-	24,424,002
Public works	16,935,291	-	16,935,291
Education and recreation	8,706,013	-	8,706,013
Community development	2,532,059	-	2,532,059
Interest and fiscal charges	2,070,103	-	2,070,103
Water Utility	-	12,075,437	12,075,437
Wastewater Utility	-	10,714,320	10,714,320
Valley Transit	-	6,576,352	6,576,352
Stormwater Utility	-	4,347,493	4,347,493
Other non-major proprietary funds	-	2,454,170	2,454,170
Total Expenses	<u>\$ 61,613,252</u>	<u>\$ 36,167,772</u>	<u>\$ 97,781,024</u>
Increases in net assets before transfers	\$ 9,142,968	\$ 3,737,529	\$ 12,880,497
Transfers	11,918,030	(11,918,030)	-
Increase (decrease) in net assets	21,060,998	(8,180,501)	12,880,497
Net Assets – January 1, 2005 (as restated)	<u>232,697,592</u>	<u>202,753,490</u>	<u>435,451,082</u>
Net Assets – December 31, 2005	<u>\$ 253,758,590</u>	<u>\$ 194,572,989</u>	<u>\$ 448,331,579</u>

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2005

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

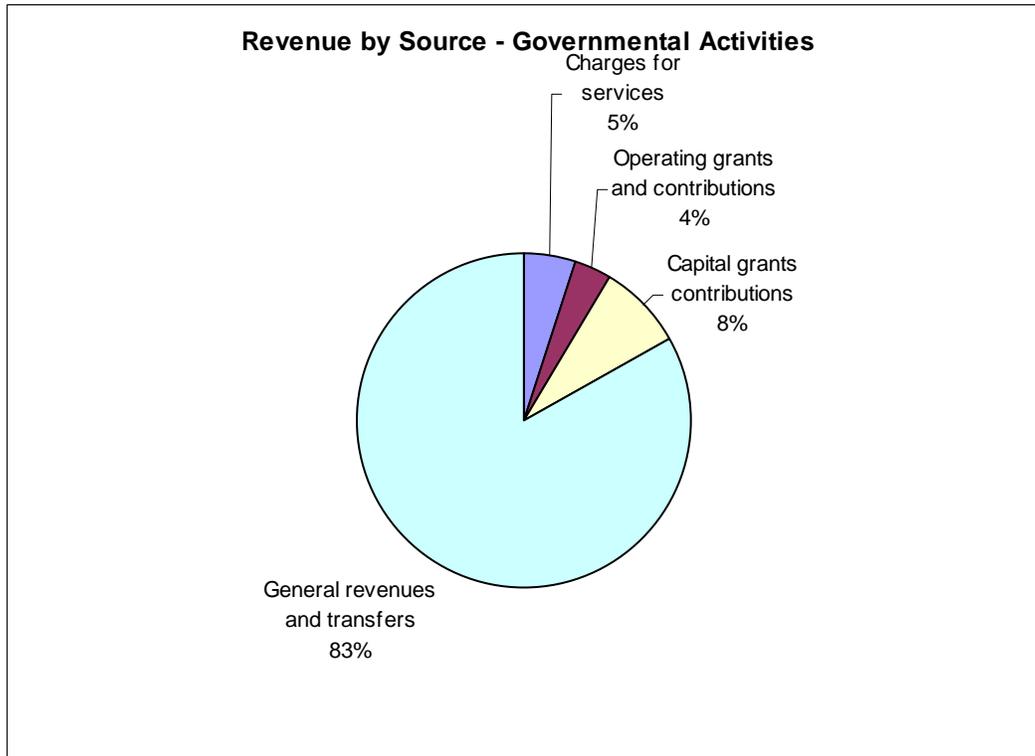
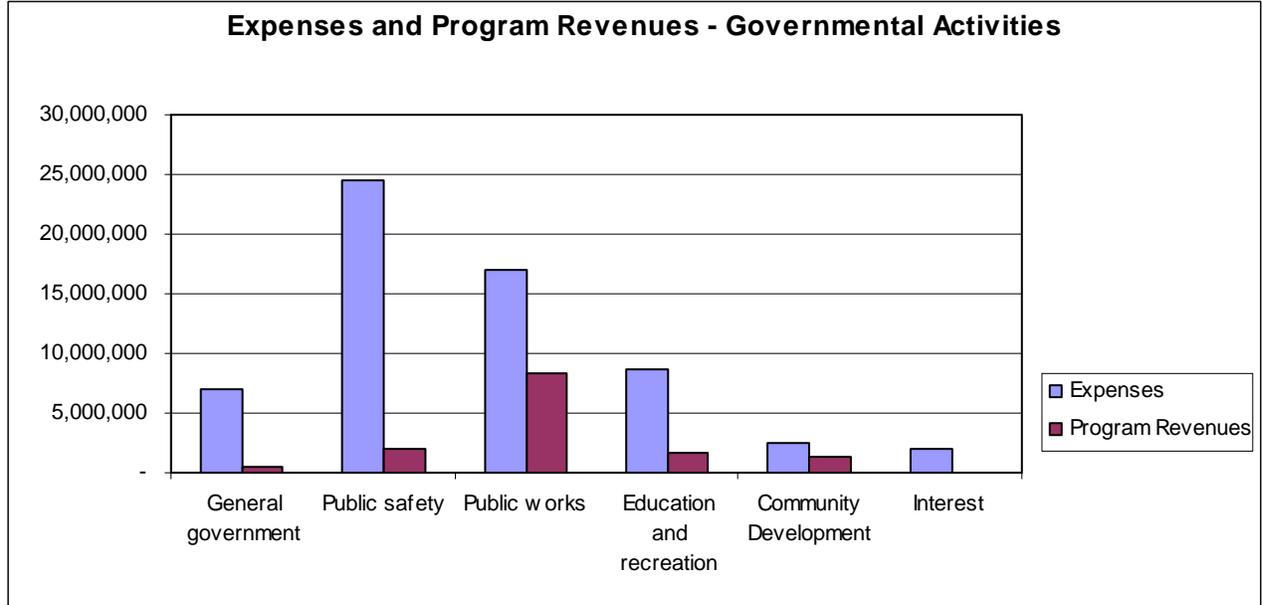
CITY OF APPLETON CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (cont.)

	Governmental Activities 2004	Business- Type Activities 2004	Totals
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	\$ 67,638,550	\$ 42,279,274	\$ 109,917,824
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	\$ 60,618,399	\$ 35,197,725	\$ 95,816,124
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	218,437,356	193,535,404	411,972,760
Net Assets – December 31, 2004	\$ 226,048,893	\$ 200,025,567	\$ 426,074,460

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2005

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

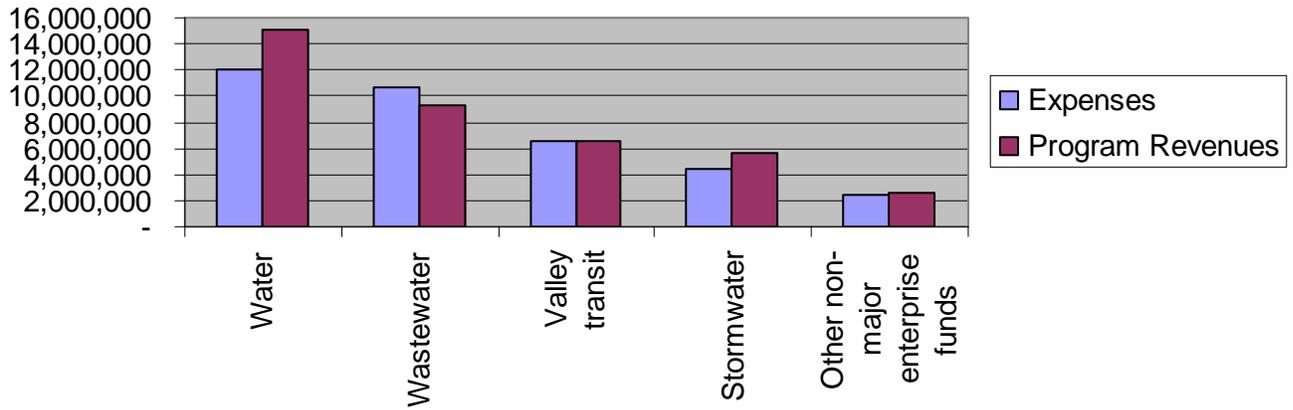


CITY OF APPLETON

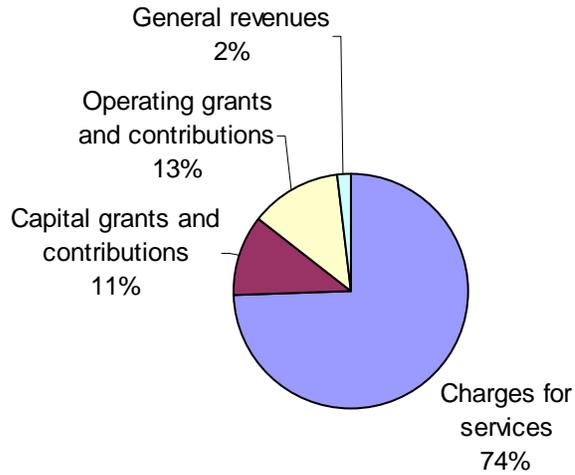
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2005

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, 2005

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 \$35,926,512. The fund balance that is reserved to indicate that it is not available for new spending because it has already been committed equals \$18,385,018. It includes: 1) \$5,340,513 to pay for encumbrances, 2) \$15,564 for prepaid items, 3) \$631,367 for inventories, 4) \$11,193,955 for loans receivable, 5) \$1,187,549 for debt retirement and 6) \$16,070 for trust purposes.

\$17,541,494 constitutes the unreserved fund balance at year end. \$33,855,558 is designated for specific purposes (working capital and debt service for example), leaving a deficit of \$16,314,064 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 22.8% of the limit or a debt per capita of \$658.54. In 2005, the general fund received \$2,144,270 from the Industrial Park Fund repaying all prior funds received to assist with cash flow issues due to lag-time from purchase to resale of land for development. The City had a record-breaking year of 91 acres of land sold. The budget for 2005 planned for a net decrease in fund balance of \$479,316 with the actual resulting in an increase of \$2,764,833.

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. Therefore, in 2005, we recorded an allowance of \$4,574,026 and did not record any additional interest expense. Tax Incremental District 3 is estimated to close prior to paying any payments on principal or interest to the Parking Utility (meaning the Parking Utility paid for a portion of the ramps rather than tax increment). An allowance was set up for the full \$12,510,419 and as in TIF #1, no interest expense was recorded for 2005. Both of these projections are subject to change if more development occurs in the district than projected. In addition to the allowance, the change in Tax Incremental District No. 1 fund balance from (\$9,673,756) in 2004 to (\$3,465,955) in 2005 is the result of the payment of \$1.6 million 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 decreased by \$11,554,808 mainly due to recording the allowance. Also, 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 of \$800,000 in 2005.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2005

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 increased by \$68,808 related to the 2005 debt issue refunding. Funds transferred in to pay debt service not used in 2005 will be used in 2006.

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 \$5,545,378 in 2005, or a 5.48% rate of return on the net investment rate base. This compares to operating income of \$6,098,150 in 2004, or a 6.38% rate of return. The 2005 rate of return is below the 8% authorized by the Public Service Commission on August 20, 2002. The Water Plant continues to experience operational problems as it is not operating at its design capacity. The City has been working with its construction manager, design engineer and the membrane supplier to address the Plant's capacity short fall. While the net assets increased \$2,482,891, 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 \$2,070,016 in 2005 compared to an operating loss of \$2,041,695 in 2004. In 2005, the Utility lost a significant quantity/quality customer. This customer provided \$1.2 million of revenue in 2004, but only \$70,700 of variable operating and maintenance expense will be reduced as many costs remain even without the customer. Rates were increased October 1, 2005 to counteract this loss (average increase of 14.3% for residential customers). Net assets ultimately decreased by \$723,837.

Valley Transit: Operating revenues increased \$84,534 from 2004 to 2005 primarily the result of increased ridership and a fixed route fare increase. Operating expenses increased just \$100,752 despite surging diesel fuel costs. The increase in net assets of \$547,399 is largely due to the purchase of 4 new buses in 2005 with 80% of the funding coming from the Federal Transit Administration.

Stormwater Utility: The Stormwater Utility operating income was approximately \$592,720 in 2005 compared to an operating income of \$773,583 in 2004. The Department of Natural Resources regulates water run-off. Regulations will require the City to meet certain quantity and quality aspects thereby reducing the amount of suspended solids that discharge into our water systems (20% by 2008 and 40% by 2013). Significant capital projects and operational/maintenance expenses have increased resulting in a rate increase of 53.4% that went into effect March 1, 2006. Net assets increased \$2,323,601.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2005

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended General Fund budget had total appropriations (including transfers) of \$1,532,347 more than the original budget. The total original appropriations, including those for transfers out, were \$48,976,853, while the final appropriations were \$50,509,200. The majority of the difference was related to the carryover of \$1,386,837 of project costs from 2004 to 2005 for projects not completed or in process at the end of 2004. The remaining increase of approximately \$145,510 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 2005, the City had invested a total of \$517,016,767 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 District 6: Infrastructure (streets, water, sewer and stormwater) in our Southpoint Commerce Industrial Park was a significant project for 2005 accounting for approximately \$2.7 million of additions.

Wastewater: Significant additions included \$3.2 million in improvements to the wastewater collection system in addition to \$580,000 for pumping system upgrades and \$350,000 for Programmable Logic Controllers necessary for monitoring essential plant operations.

Water: Transmission and distribution capital outlay accounted for \$4.1 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 \$4.8 million in additions to mains and facilities in order to comply with regulations. There was also \$326,000 used to develop a ten-year stormwater management plan required to meet Department of Natural Resources regulations.

General: The City continued its efforts to maintain existing infrastructure. Approximately \$6.4 million was spent on various street and related infrastructure type projects. Renovations to Fire Station No. 1 were started in 2005 in the amount of \$232,000 and various technology improvements added another \$200,000. Additionally, some funds were used on quality of life projects for park improvements and Meade Swimming Pool upgrades.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2005

CAPITAL ASSETS (cont.)

CAPITAL ASSETS AT YEAR-END NET OF ACCUMULATED DEPRECIATION

	Governmental Activities 2005	Business- Type Activities 2005	Totals
Land	\$ 16,171,570	\$ 17,503,503	\$ 33,675,073
Right-of-ways	64,912,817	-	64,912,817
Land improvements	37,179,446	-	37,179,446
Improvements	3,525,786	-	3,525,786
Buildings	21,648,125	230,017,438	251,665,563
Equipment, furniture and fixtures	10,774,879	6,674,328	17,449,207
Streets	68,903,578	-	68,903,578
Sidewalks	16,142,704	-	16,142,704
Traffic signals	2,517,717	-	2,517,717
Bridges	15,436,914	-	15,436,914
Construction in progress	1,440,138	4,167,824	5,607,962
Totals	\$ 258,653,674	\$ 258,363,093	\$ 517,016,767

	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 ⁽¹⁾	3,510,568	-	3,510,568
Buildings ⁽¹⁾	22,060,141	223,926,670	245,986,811
Equipment, furniture and fixtures ⁽¹⁾	10,895,060	10,436,590	21,331,650
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	\$ 255,349,934	\$ 251,992,515	\$ 507,342,449

(1) Balances restated due to change in useful life of certain capital assets, resulting in a decrease of accumulated depreciation.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2005

LONG-TERM DEBT

During 2005, the City issued \$13,253,067 and retired \$12,147,347 of general obligation bonds and notes resulting in an outstanding balance of \$51,412,284 at December 31, 2005. This results in a per capita general obligation debt of \$658.54. Of the bonded debt, \$5,295,793 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 \$47,470,506 (\$51,412,284 less reserves on hand) which is considerably below the maximum of \$208,419,420.

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

	<u>Governmental Activity 2005</u>	<u>Business-Type Activity 2005</u>	<u>Totals</u>
General obligation bonds and notes payable	\$ 48,805,437	\$ 2,606,847	\$ 51,412,284
Revenue bonds	-	96,268,711	96,268,711
Total Outstanding General Obligation and Revenue Bonds	<u>\$ 48,805,437</u>	<u>\$ 98,875,558</u>	<u>\$ 147,680,995</u>
	<u>Governmental Activity 2004</u>	<u>Business-Type Activity 2004</u>	<u>Totals</u>
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	<u>\$ 47,591,564</u>	<u>\$ 101,098,237</u>	<u>\$ 148,689,801</u>

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 \$4.2 billion tax base (\$58,265 per capita) has experienced steady growth during recent years with equalized values growing at an average of 6.2% 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 5.7%. Building permits issued have decreased the past two years, especially in the housing area as the interest rates began to climb. However, the dollar value of the new homes being constructed has risen dramatically, increasing by 47% over those same two years.

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 15, 2006, the City approved the sale and issuance of \$7,855,000 of Storm Water Revenue Refunding Bonds Series 2006 to refinance \$4,250,000 of the 1999 and 2000 Revenue Bonds while the remainder was used for current projects and debt reserve requirements.

With recent record-breaking sales of commercial/industrial land, the opening of Phase III of Apple Hill Farms and Clearwater Creek for residential housing, and as redevelopment continues downtown and begins on the riverfront, Appleton is well positioned to remain a leader in the Fox Cities.

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, 2005

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
ASSETS				
Cash and investments	\$ 46,693,175	\$ 7,875,217	\$ 54,568,392	\$ 1,053,555
Receivables				
Taxes	38,443,095	-	38,443,095	-
Deferred loans	6,035,025	-	6,035,025	-
Accounts	249,488	5,535,988	5,785,476	-
Special assessments	1,659,319	505,481	2,164,800	-
Delinquent special assessments	11,209	-	11,209	-
Developer loans	602,738	-	602,738	1,826,651
Accrued interest	513,426	-	513,426	-
Other	1,418,597	99,194	1,517,791	310,972
Due from other governments	86,740	152,726	239,466	-
Internal balances -interfunds	(1,730,245)	1,730,245	-	-
Internal balances -advances	495,000	(495,000)	-	-
Inventories	671,116	556,529	1,227,645	205,936
Prepaid items	15,564	111,320	126,884	43,726
Restricted Assets				
Temporarily restricted:				
Cash and investments	-	21,704,900	21,704,900	175,929
Accrued interest	-	276,608	276,608	-
Investment in WMIC	2,020,950	-	2,020,950	-
Property held for future use	-	95,011	95,011	-
Other assets	71,904	538,589	610,493	-
Capital Assets				
Land	118,263,833	17,503,503	135,767,336	868,907
Construction in progress	1,440,138	4,167,824	5,607,962	18,468
Depreciable capital assets net of depreciation	138,949,703	236,691,766	375,641,469	12,947,000
Total Assets	<u>355,910,775</u>	<u>297,049,901</u>	<u>652,960,676</u>	<u>17,451,144</u>
LIABILITIES				
Accounts payable	2,002,023	1,144,420	3,146,443	59,964
Other accrued liabilities	2,113,692	499,101	2,612,793	90,782
Claims payable	4,000,000	-	4,000,000	-
Due to other governments	200	677,478	677,678	-
Unearned revenue	37,276,766	38,185	37,314,951	207,223
Security deposit	-	-	-	68,267
Tenant FSS escrow	-	-	-	53,627
Noncurrent Liabilities				
Due within one year	9,748,766	3,569,419	13,318,185	-
Due in more than one year	47,010,738	96,548,309	143,559,047	127,260
Total Liabilities	<u>102,152,185</u>	<u>102,476,912</u>	<u>204,629,097</u>	<u>607,123</u>
NET ASSETS				
Invested in capital assets, net of related debt	245,757,895	171,026,349	415,362,249	13,707,115
Restricted For				
Debt service	283,062	4,182,643	4,465,705	-
DNR replacement fund	-	6,388,470	6,388,470	-
Capital replacement fund	-	281,585	281,585	-
Housing programs	-	-	-	1,879,515
Grant programs	6,513,687	-	6,513,687	-
Unrestricted (deficit)	1,203,946	12,693,942	15,319,883	1,257,391
TOTAL NET ASSETS	<u>\$ 253,758,590</u>	<u>\$ 194,572,989</u>	<u>\$ 448,331,579</u>	<u>\$ 16,844,021</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2005

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 6,945,784	\$ 544,125	\$ 7,500	\$ -
Public safety	24,424,002	871,939	900,150	287,682
Public works	16,935,291	1,789,647	-	6,573,479
Education and recreation	8,706,013	906,492	784,342	-
Community development	2,532,059	83,728	1,292,126	-
Interest	2,070,103	-	-	-
Total Governmental Activities	<u>61,613,252</u>	<u>4,195,931</u>	<u>2,984,118</u>	<u>6,861,161</u>
Business-Type Activities				
Water	12,075,437	14,251,543	-	793,042
Wastewater	10,714,320	7,942,307	-	1,411,291
Valley transit	6,576,352	983,778	4,401,611	1,129,399
Stormwater	4,347,493	3,933,221	-	1,661,772
Other non-major enterprise funds	2,454,170	2,593,791	-	-
Total Business-Type Activities	<u>36,167,772</u>	<u>29,704,640</u>	<u>4,401,611</u>	<u>4,995,504</u>
Total Primary Government	<u>\$ 97,781,024</u>	<u>\$ 33,900,571</u>	<u>\$ 7,385,729</u>	<u>\$ 11,856,665</u>
Component Units				
Appleton Redevelopment Authority	\$ 10,540	\$ -	\$ -	\$ -
Housing Authority	4,077,676	832,840	2,977,446	75,082
Business Improvement District	183,647	180,069	-	-
Total Component Units	<u>\$ 4,271,863</u>	<u>\$ 1,012,909</u>	<u>\$ 2,977,446</u>	<u>\$ 75,082</u>

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			Component Units
Governmental Activities	Business-Type Activities	Totals	
\$ (6,394,159)	\$ -	\$ (6,394,159)	\$ -
(22,364,231)	-	(22,364,231)	-
(8,572,165)	-	(8,572,165)	-
(7,015,179)	-	(7,015,179)	-
(1,156,205)	-	(1,156,205)	-
(2,070,103)	-	(2,070,103)	-
<u>(47,572,042)</u>	<u>-</u>	<u>(47,572,042)</u>	<u>-</u>
-	2,969,148	2,969,148	-
-	(1,360,722)	(1,360,722)	-
-	(61,564)	(61,564)	-
-	1,247,500	1,247,500	-
-	139,621	139,621	-
<u>-</u>	<u>2,933,983</u>	<u>2,933,983</u>	<u>-</u>
(47,572,042)	2,933,983	(44,638,059)	-
-	-	-	(10,540)
-	-	-	(192,308)
-	-	-	(3,578)
32,006,926	-	32,006,926	-
2,903,025	-	2,903,025	-
1,060,335	-	1,060,335	-
16,015,538	-	16,015,538	-
1,682,999	791,730	2,474,729	29,610
2,255,997	-	2,255,997	-
790,190	11,816	802,006	(3,191)
<u>11,918,030</u>	<u>(11,918,030)</u>	<u>-</u>	<u>-</u>
<u>68,633,040</u>	<u>(11,114,484)</u>	<u>57,518,556</u>	<u>26,419</u>
21,060,998	(8,180,501)	12,880,497	(180,007)
<u>232,697,592</u>	<u>202,753,490</u>	<u>435,451,082</u>	<u>17,024,028</u>
<u>\$ 253,758,590</u>	<u>\$ 194,572,989</u>	<u>\$ 448,331,579</u>	<u>\$ 16,844,021</u>

See accompanying notes to financial statements.

CITY OF APPLETON

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2005

	General	Tax Incremental District No. 1	Tax Incremental District No. 3	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 22,276,227	\$ 34,045	\$ 302,882	\$ 69,933	\$ 21,816,368	\$ 44,499,455
Receivables						
Taxes	25,789,332	1,680,582	1,073,852	2,897,879	7,001,450	38,443,095
Deferred loans	-	-	-	-	6,035,025	6,035,025
Accounts	-	-	-	-	249,488	249,488
Special assessments	723,891	-	-	-	935,428	1,659,319
Delinquent special assessments	11,209	-	-	-	-	11,209
Developer loans	581,370	-	-	-	21,368	602,738
Accrued interest	513,396	-	-	-	30	513,426
Other	421,427	-	-	898,333	-	1,319,760
Due from other governments	22,932	-	-	-	63,808	86,740
Due from other funds	1,162,624	-	-	-	4,899	1,167,523
Inventories	631,367	-	-	-	-	631,367
Prepaid items	15,564	-	-	-	-	15,564
Advances to other funds	17,422,372	-	-	-	-	17,422,372
TOTAL ASSETS	\$ 69,571,711	\$ 1,714,627	\$ 1,376,734	\$ 3,866,145	\$ 36,127,864	\$112,657,081
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 750,207	\$ -	\$ -	\$ -	\$ 1,228,205	\$ 1,978,412
Other accrued liabilities	1,347,746	-	-	-	48,967	1,396,713
Claims payable	2,600,000	-	-	-	-	2,600,000
Due to other governments	200	-	-	-	-	200
Due to other funds	609,429	-	-	-	30,536	639,965
Deferred revenues	32,646,048	1,680,582	1,073,852	3,796,212	13,991,213	53,187,907
Advances from other funds	-	3,500,000	12,355,265	-	1,072,107	16,927,372
Total Liabilities	<u>37,953,630</u>	<u>5,180,582</u>	<u>13,429,117</u>	<u>3,796,212</u>	<u>16,371,028</u>	<u>76,730,569</u>
Fund Balances						
Reserved for						
Inventories	631,367	-	-	-	-	631,367
Prepaid items	15,564	-	-	-	-	15,564
Noncurrent receivables/advances	11,193,955	-	-	-	-	11,193,955
Debt service	-	-	-	69,933	1,117,616	1,187,549
Encumbrances	1,281,556	-	-	-	4,058,957	5,340,513
Trust purposes	-	-	-	-	16,070	16,070
Unreserved and designated, reported in						
General fund	18,332,776	-	-	-	-	18,332,776
Special revenue funds	-	-	-	-	2,194,218	2,194,218
Capital projects funds	-	-	-	-	13,328,564	13,328,564
Unreserved and undesignated (deficit), reported in						
General fund	162,863	-	-	-	-	162,863
Special revenue funds	-	(3,465,955)	(12,052,383)	-	(882,044)	(16,400,382)
Capital projects funds	-	-	-	-	(76,545)	(76,545)
Total Fund Balances	<u>31,618,081</u>	<u>(3,465,955)</u>	<u>(12,052,383)</u>	<u>69,933</u>	<u>19,756,836</u>	<u>35,926,512</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 69,571,711	\$ 1,714,627	\$ 1,376,734	\$ 3,866,145	\$ 36,127,864	

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.	249,460,553
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.	15,911,141
Internal service funds are reported in the statement of net assets as governmental funds	9,276,535
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>(56,816,151)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$253,758,590

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, 2005

	General	Tax Incremental District No. 1	Tax Incremental District No. 3	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 24,069,302	\$ 1,534,899	\$ 965,487	\$ 2,903,025	\$ 6,497,573	\$ 35,970,286
Intergovernmental	16,720,451	62,953	6,090	-	2,422,070	19,211,564
Licenses and permits	921,707	-	-	-	-	921,707
Fines and forfeitures	251,401	-	-	-	-	251,401
Special assessments	995,134	-	-	-	1,562,709	2,557,843
Investment income	2,608,647	37,053	13,061	15,096	627,847	3,301,704
Charges for services	1,194,513	-	-	-	1,043,793	2,238,306
Other	1,051,468	-	-	91,850	1,846,396	2,989,714
Total Revenues	47,812,623	1,634,905	984,638	3,009,971	14,000,388	67,442,525
EXPENDITURES						
Current						
General government	6,416,260	1,130	1,130	-	242,280	6,660,800
Public safety	22,539,409	-	-	-	999,627	23,539,036
Public works	9,728,987	-	-	-	3,757,358	13,486,345
Education and recreation	8,093,497	-	-	-	19,824	8,113,321
Community development	1,549,254	-	-	-	1,634,539	3,183,793
Capital Outlay	-	-	-	-	8,264,711	8,264,711
Debt Service						
Principal	-	-	-	5,708,427	-	5,708,427
Interest and fiscal charges	-	(4,574,026)	593,108	2,086,486	57,481	(1,836,951)
Total Expenditures	48,327,407	(4,572,896)	594,238	7,794,913	14,975,820	67,119,482
 Excess (deficiency) of revenues over (under) expenditures	 (514,784)	 6,207,801	 390,400	 (4,784,942)	 (975,432)	 323,043
OTHER FINANCING SOURCES (USES)						
Debt issued	-	-	-	5,167,482	7,078,738	12,246,220
Premium on debt issued	-	-	-	133,344	-	133,344
Payment to refunded bond escrow agent	-	-	-	(5,240,154)	-	(5,240,154)
Sale of city property	397,796	-	-	-	3,978,560	4,376,356
Transfers in	3,441,256	-	12,510,419	4,793,078	-	20,744,753
Transfers out	(559,435)	-	(1,346,011)	-	(5,656,707)	(7,562,153)
Total Other Financing Sources (Uses)	3,279,617	-	11,164,408	4,853,750	5,400,591	24,698,366
 Net Change in Fund Balances	 2,764,833	 6,207,801	 11,554,808	 68,808	 4,425,159	 25,021,409
FUND BALANCES (DEFICIT) - Beginning	28,853,248	(9,673,756)	(23,607,191)	1,125	15,331,677	10,905,103
 FUND BALANCES (DEFICIT) - ENDING	 \$ 31,618,081	 \$ (3,465,955)	 \$(12,052,383)	 \$ 69,933	 \$ 19,756,836	 \$ 35,926,512

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, 2005

Net change in fund balances - total governmental funds		\$ 25,021,409
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 asset additions - paid for with City funds	8,343,201	
Total capital asset additions - contributed to the City	4,523,414	
Less: capital outlay already capitalized in the internal service funds	(1,718,998)	
Less: close-out of prior year CWIP	(10,716)	11,136,901
Depreciation is reported in the government-wide statements		(4,863,466)
Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets.		(2,861,658)
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	(5,523,437)	
Developer loans	(21,432)	
Rehabilitation loans	401,131	
Accounts receivable/interest income	(78,106)	
Special assessments	(559,326)	(5,781,170)
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		(12,246,220)
Principal repaid		10,833,427
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		(122,928)
Disability benefits		9,174
Postclosure care cost		90,000
Accrued interest on debt		16,630
Governmental funds report debt premiums and issuance costs as other financing sources or expenditures. However, in the statement of net assets, these are deferred and reported as other assets or additions to long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense. The loss on refunding is also amortized on the statement of activities as amortization expense.		
Debt issuance costs paid		84,040
Premium received on debt		(133,344)
Loss on advance refunding		115,154
Amortization		(9,966)
Internal service funds are used by management to charge the costs of self insurance and central equipment agency costs to individual funds. The decrease in net assets of the internal service funds is reported with governmental activities.		<u>(226,985)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 21,060,998</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS December 31, 2005

ASSETS	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
Current Assets			
Cash and investments	\$ -	\$ 2,307,311	\$ 1,023,508
Accounts Receivable			
Customer accounts	3,085,995	1,698,414	-
Special assessments	31,576	337,761	-
Other	5,766	-	82,524
Due From Other Governments			
Federal government	-	-	10,881
State of Wisconsin	-	-	141,845
Due from other funds	200,456	271,292	-
Inventories	286,999	170,505	99,025
Prepaid items	-	-	111,320
Restricted Assets			
Cash and investments	-	2,076,365	-
Total Current Assets	3,610,792	6,861,648	1,469,103
Non-Current Assets			
Advance to other Funds	-	-	-
Restricted Assets			
Cash and investments	8,392,268	8,645,083	281,585
Accrued interest	111,107	133,270	-
Investment in WMIC	-	-	-
Receivable from mutual insurance company	-	-	-
Capital Assets			
Land	1,098,933	816,167	891,831
Construction in progress	830,159	1,276,255	8,593
Building and improvements	94,332,441	108,709,080	3,137,760
Equipment, furniture and vehicles	26,894,615	32,991,577	9,517,904
Less: Accumulated depreciation	(20,110,900)	(59,512,483)	(6,690,275)
Other Assets			
Property held for future use	95,011	-	-
Unamortized debt expense	196,783	45,323	-
Total Non-Current Assets	111,840,417	93,104,272	7,147,398
Total Assets	115,451,209	99,965,920	8,616,501

<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
<u>Stormwater Utility</u>	<u>Other Enterprise Funds</u>	<u>Totals Current Year</u>	
\$ 3,852,290	\$ 692,108	\$ 7,875,217	\$ 2,193,720
751,579	-	5,535,988	-
136,144	-	505,481	-
-	10,904	99,194	13,292
-	-	10,881	-
-	-	141,845	-
132,782	-	604,530	-
-	-	556,529	39,749
-	-	111,320	-
<u>589,552</u>	<u>-</u>	<u>2,665,917</u>	<u>-</u>
<u>5,462,347</u>	<u>703,012</u>	<u>18,106,902</u>	<u>2,246,761</u>
2,805,046	-	2,805,046	-
1,720,047	-	19,038,983	-
32,231	-	276,608	-
-	-	-	2,020,950
-	-	-	85,545
12,177,654	2,518,918	17,503,503	-
1,365,741	687,076	4,167,824	-
49,764,610	23,771,807	279,715,698	-
657	737,636	70,142,389	20,813,018
(14,352,849)	(12,499,814)	(113,166,321)	(11,619,897)
-	-	95,011	-
<u>296,483</u>	<u>-</u>	<u>538,589</u>	<u>-</u>
<u>53,809,620</u>	<u>15,215,623</u>	<u>281,117,330</u>	<u>11,299,616</u>
<u>59,271,967</u>	<u>15,918,635</u>	<u>299,224,232</u>	<u>13,546,377</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS December 31, 2005

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 316,691	\$ 366,027	\$ 136,482
Compensated absences	229,293	171,047	211,500
Accrued interest	5,206	-	-
Other accrued liabilities	42,808	40,417	50,135
Claims payable	-	-	-
Due to other governments	-	-	677,478
Due to other funds	1,073,370	-	58,718
Deferred revenues	-	-	38,185
Current portion of long-term debt	305,000	-	-
Current Liabilities Payables From Restricted Assets			
Revenue bonds payable	-	1,365,788	-
Accrued interest	34,189	69,762	-
Total Current Liabilities	2,006,557	2,013,041	1,172,498
Noncurrent Liabilities			
General obligation debt payable	175,000	-	-
Revenue bonds and notes payable	65,971,224	9,452,146	-
Advance from other funds	2,805,046	-	-
Compensated absences	138,324	153,268	205,325
Unamortized premium of debt issuance	140,398	45,406	-
Total Noncurrent Liabilities	69,229,992	9,650,820	205,325
Total Liabilities	71,236,549	11,663,861	1,377,823
NET ASSETS			
Invested in capital assets, net of related debt	44,580,224	74,719,192	6,865,813
Restricted for			
Debt service	634,382	3,139,873	-
DNR replacement fund	-	6,388,470	-
Capital replacement fund	-	-	281,585
Unrestricted (deficit)	(999,946)	4,054,524	91,280
TOTAL NET ASSETS	\$ 44,214,660	\$ 88,302,059	\$ 7,238,678

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>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>
\$ 254,100	\$ 71,120	\$ 1,144,420	\$ 23,611
63,229	38,562	713,631	51,801
16,562	-	21,768	-
13,812	12,816	159,988	31,775
-	-	-	1,400,000
-	-	677,478	-
-	-	1,132,088	-
-	-	38,185	-
470,000	-	775,000	216,899
715,000	-	2,080,788	-
213,394	-	317,345	-
<u>1,746,097</u>	<u>122,498</u>	<u>7,060,691</u>	<u>1,724,086</u>
1,020,000	636,847	1,831,847	236,791
18,485,000	-	93,908,370	-
-	495,000	3,300,046	-
49,930	75,441	622,288	51,162
-	-	185,804	-
<u>19,554,930</u>	<u>1,207,288</u>	<u>99,848,355</u>	<u>287,953</u>
<u>21,301,027</u>	<u>1,329,786</u>	<u>106,909,046</u>	<u>2,012,039</u>
30,282,344	14,578,776	171,026,349	9,193,121
408,388	-	4,182,643	-
-	-	6,388,470	-
-	-	281,585	-
<u>7,280,208</u>	<u>10,073</u>	<u>10,436,139</u>	<u>2,341,217</u>
<u>\$ 37,970,940</u>	<u>\$ 14,588,849</u>	<u>\$ 192,315,186</u>	<u>\$ 11,534,338</u>
		<u>2,257,803</u>	
		<u>\$ 194,572,989</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, 2005

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
OPERATING REVENUES			
Charges for services	\$ 13,964,892	\$ 7,431,053	\$ 895,551
Other	286,651	511,254	88,227
Total Operating Revenues	14,251,543	7,942,307	983,778
OPERATING EXPENSES			
Operation and maintenance	5,858,708	6,077,023	5,944,823
Depreciation	2,847,457	3,935,300	582,001
Total Operating Expenses	8,706,165	10,012,323	6,526,824
Operating Income (Loss)	5,545,378	(2,070,016)	(5,543,046)
NONOPERATING REVENUES (EXPENSES)			
Investment income	163,471	337,466	-
Interest expense	(3,140,766)	(476,384)	-
Amortization of debt expense	(23,424)	(9,265)	-
Gain on sale of capital assets	-	-	-
Amortization of prior losses on refunding of bonds	(39,592)	(46,926)	-
Amortization of premium on debt issuance	7,495	2,809	-
Subsidies from other governmental units	-	-	4,401,611
Loss on investment in WMIC	-	-	-
Other	11,786	-	-
Total Nonoperating Revenues (Expenses)	(3,021,030)	(192,300)	4,401,611
Income (Loss) Before contributions and transfers	2,524,348	(2,262,316)	(1,141,435)
Capital contributions	1,052,985	1,655,929	1,129,399
Transfers in	12,704	-	559,435
Transfers out - tax equivalent	(1,073,370)	-	-
Transfers out	(33,776)	(117,450)	-
Change in Net Assets	2,482,891	(723,837)	547,399
TOTAL NET ASSETS - Beginning (as restated)	41,731,769	89,025,896	6,691,279
TOTAL NET ASSETS - ENDING	\$ 44,214,660	\$ 88,302,059	\$ 7,238,678

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>
\$ 3,837,660	\$ 2,068,765	\$ 28,197,921	\$ 2,574,811
95,561	525,026	1,506,719	261,225
<u>3,933,221</u>	<u>2,593,791</u>	<u>29,704,640</u>	<u>2,836,036</u>
2,273,075	1,428,675	21,582,304	3,866,384
1,067,426	933,995	9,366,179	1,649,371
<u>3,340,501</u>	<u>2,362,670</u>	<u>30,948,483</u>	<u>5,515,755</u>
<u>592,720</u>	<u>231,121</u>	<u>(1,243,843)</u>	<u>(2,679,719)</u>
263,028	27,765	791,730	67,846
(928,254)	(28,180)	(4,573,584)	(43,798)
(33,130)	-	(65,819)	-
-	-	-	230,865
-	-	(86,518)	-
-	-	10,304	-
-	-	4,401,611	-
-	-	-	(30,523)
-	30	11,816	5,674
<u>(698,356)</u>	<u>(385)</u>	<u>489,540</u>	<u>230,064</u>
(105,636)	230,736	(754,303)	(2,449,655)
2,441,737	-	6,280,050	1,699,022
-	-	572,139	19,976
-	-	(1,073,370)	-
<u>(12,500)</u>	<u>(12,537,619)</u>	<u>(12,701,345)</u>	<u>-</u>
2,323,601	(12,306,883)	(7,676,829)	(730,657)
<u>35,647,339</u>	<u>26,895,732</u>		<u>12,264,995</u>
<u>\$ 37,970,940</u>	<u>\$ 14,588,849</u>		<u>\$ 11,534,338</u>
		<u>(503,672)</u>	
		<u>\$ (8,180,501)</u>	

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPES
 For the Year Ended December 31, 2005

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 14,597,475	\$ 8,012,062	\$ 972,128
Paid to suppliers for goods and services	(4,404,058)	(4,331,088)	(3,751,054)
Paid to employees for services	<u>(1,506,835)</u>	<u>(1,627,462)</u>	<u>(2,300,581)</u>
Net Cash Flows From Operating Activities	<u>8,686,582</u>	<u>2,053,512</u>	<u>(5,079,507)</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	12,704	-	559,435
Transfers out	(33,776)	(117,450)	-
Operation subsidies received from other governmental units	-	-	4,919,347
Repayment of advances to other funds	(68,434)	68,434	-
Advance from other funds	-	2,805,046	-
Advance to other funds	-	-	-
Net Cash Flows From Noncapital Financing Activities	<u>(1,030,234)</u>	<u>2,756,030</u>	<u>5,478,782</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(3,822,399)	(3,094,628)	(1,612,421)
Transfer in - capital related	-	-	-
Proceeds from sale of capital assets	-	-	-
Revenue bonds issued	3,670,000	-	-
General obligation debt issued	-	-	-
Costs of issuing revenue bonds	(39,911)	(48,127)	-
Premium for debt refinancing	86,764	48,215	-
Principal paid on long-term debt	(3,805,000)	(1,709,525)	-
Interest paid on long-term debt	(3,192,318)	(516,231)	-
Capital contributed by others	36,309	58,644	2,133,367
Special assessments received	<u>19,907</u>	<u>365,506</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(7,046,648)</u>	<u>(4,896,146)</u>	<u>520,946</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	154,906	331,731	9,856
Proceeds from sale and maturities of investments	7,384,274	10,330,298	-
Purchases of investments	<u>(7,624,320)</u>	<u>(9,562,449)</u>	<u>-</u>
Net Cash Flows From Investing Activities	<u>(85,140)</u>	<u>1,099,580</u>	<u>9,856</u>
Net Increase (Decrease) in Cash and Cash Equivalents	524,560	1,012,976	930,077
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>243,388</u>	<u>2,453,334</u>	<u>375,016</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 767,948</u>	<u>\$ 3,466,310</u>	<u>\$ 1,305,093</u>

<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>
\$ 3,914,554	\$ 2,662,992	\$ 30,159,211	\$ 2,939,123
(2,078,266)	(562,513)	(15,126,979)	(2,636,588)
<u>(476,134)</u>	<u>(823,432)</u>	<u>(6,734,444)</u>	<u>(1,244,133)</u>
<u>1,360,154</u>	<u>1,277,047</u>	<u>8,297,788</u>	<u>(941,598)</u>
-	-	-	(198,920)
-	-	-	(48,124)
-	-	(940,728)	-
-	-	572,139	-
(12,500)	(27,200)	(190,926)	-
-	-	4,919,347	-
-	-	-	-
-	-	2,805,046	-
<u>(2,805,046)</u>	<u>(825,000)</u>	<u>(3,630,046)</u>	<u>-</u>
<u>(2,817,546)</u>	<u>(852,200)</u>	<u>3,534,832</u>	<u>(247,044)</u>
(2,426,411)	(800,449)	(11,756,308)	(19,976)
-	-	-	19,976
-	-	-	408,529
-	-	3,670,000	-
-	636,847	636,847	-
-	-	(88,038)	-
-	-	134,979	-
(1,015,000)	-	(6,529,525)	-
(936,379)	(28,005)	(4,672,933)	-
100,255	-	2,328,575	-
178,313	-	563,726	-
<u>(4,099,222)</u>	<u>(191,607)</u>	<u>(15,712,677)</u>	<u>408,529</u>
259,957	27,765	784,215	67,846
2,146,776	-	19,861,348	-
<u>(2,199,920)</u>	<u>-</u>	<u>(19,386,689)</u>	<u>-</u>
<u>206,813</u>	<u>27,765</u>	<u>1,258,874</u>	<u>67,846</u>
(5,349,801)	261,005	(2,621,183)	(712,267)
<u>9,311,770</u>	<u>431,103</u>	<u>12,814,611</u>	<u>2,905,987</u>
<u>\$ 3,961,969</u>	<u>\$ 692,108</u>	<u>\$ 10,193,428</u>	<u>\$ 2,193,720</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPES
 For the Year Ended December 31, 2005

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 5,545,378	\$ (2,070,016)	\$ (5,543,046)
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities			
Non-operating income	11,786	-	-
Depreciation expense	2,847,457	3,935,300	582,001
Depreciation charged to other funds	198,973	-	-
Changes in Noncash Components of Working Capital			
Customer accounts receivable	160,161	87,140	-
Other accounts receivable	7,764	-	(11,650)
Due from other funds	(32,752)	(17,385)	-
Inventories	(5,563)	(1,532)	(5,605)
Prepaid items	-	-	(103,454)
Accounts payable	(33,577)	100,813	(3,747)
Accrued liabilities	813	9,780	(5,222)
Accrued compensated absences	(13,858)	9,412	-
Claims payable	-	-	-
Due to other funds	-	-	-
Deferred revenues	-	-	11,216
	<u> </u>	<u> </u>	<u> </u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 8,686,582</u>	<u>\$ 2,053,512</u>	<u>\$ (5,079,507)</u>
 RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS			
Cash and investments - statement of net assets - proprietary fund	\$ -	\$ 2,307,311	\$ 1,023,508
Restricted cash and investments - statement of net assets - proprietary fund			
Current	-	2,076,365	-
Non-current	8,392,268	8,645,083	281,585
Less: Non-cash equivalents	<u>(7,624,320)</u>	<u>(9,562,449)</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 767,948</u>	<u>\$ 3,466,310</u>	<u>\$ 1,305,093</u>
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributed property and equipment	\$ 1,016,676	\$ 1,176,584	\$ -
New special assessments	-	420,701	-
Allowance on advance from the parking utility to TIF No. 3	-	-	-
General obligation debt refinanced	175,000	-	-
Revenue bonds refinanced	-	4,735,000	-

<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>
\$ 592,720	\$ 231,121	\$ (1,243,843)	\$ (2,679,719)
-	30	11,816	5,674
1,067,426	933,995	9,366,179	1,649,371
-	-	198,973	-
8,629	-	255,930	-
-	69,171	65,285	(2,587)
(27,296)	-	(77,433)	-
-	-	(12,700)	(15,719)
-	-	(103,454)	-
(399,005)	33,106	(302,410)	(10,786)
8,408	1,247	15,026	(4,568)
109,272	8,377	113,203	21,721
-	-	-	100,000
-	-	-	(4,985)
-	-	11,216	-
<u>\$ 1,360,154</u>	<u>\$ 1,277,047</u>	<u>\$ 8,297,788</u>	<u>\$ (941,598)</u>
\$ 3,852,290	\$ 692,108	\$ 7,875,217	\$ 2,193,720
589,552	-	2,665,917	-
1,720,047	-	19,038,983	-
<u>(2,199,920)</u>	<u>-</u>	<u>(19,386,689)</u>	<u>-</u>
<u>\$ 3,961,969</u>	<u>\$ 692,108</u>	<u>\$ 10,193,428</u>	<u>\$ 2,193,720</u>
\$ 2,198,848	\$ -	\$ 4,392,108	\$ 1,699,022
142,634	-	563,335	-
-	12,510,419	12,510,419	-
195,000	-	370,000	-
-	-	4,735,000	-

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
December 31, 2005

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 41,840,108
Property taxes receivable	<u>14,862,405</u>
TOTAL ASSETS	<u>\$ 56,702,513</u>
LIABILITIES	
Due to other taxing authorities	\$ 56,626,719
Accounts payable	<u>75,794</u>
TOTAL LIABILITIES	<u>\$ 56,702,513</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET ASSETS - COMPONENT UNITS
December 31, 2005

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 114,057	\$ 812,247	\$ 127,251	\$ 1,053,555
Other accounts receivable	-	235,178	75,794	310,972
Inventories	188,720	17,216	-	205,936
Prepaid items	-	43,726	-	43,726
Total Current Assets	<u>302,777</u>	<u>1,108,367</u>	<u>203,045</u>	<u>1,614,189</u>
Non-Current Assets				
Restricted Assets				
Cash and investments	1,171	174,758	-	175,929
Rehabilitation loans, net	-	1,826,651	-	1,826,651
Capital Assets				
Land	-	868,907	-	868,907
Construction in progress	-	18,468	-	18,468
Buildings and improvements	-	16,377,993	-	16,377,993
Equipment, furniture and vehicles	-	679,887	-	679,887
Less: Accumulated depreciation	-	(4,110,880)	-	(4,110,880)
Total Non-Current Assets	<u>1,171</u>	<u>15,835,784</u>	<u>-</u>	<u>15,836,955</u>
Total Assets	<u>303,948</u>	<u>16,944,151</u>	<u>203,045</u>	<u>17,451,144</u>

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ -	\$ 47,738	\$ 12,226	\$ 59,964
Other accrued liabilities	-	90,782	-	90,782
Security deposits	-	68,267	-	68,267
Tenant FSS escrow	-	53,627	-	53,627
Deferred revenue	-	16,570	190,653	207,223
Total Current Liabilities	-	276,984	202,879	479,863
Noncurrent Liabilities				
Mortgage payable	-	59,320	-	59,320
Commercial tenants credit	-	67,940	-	67,940
Total Noncurrent Liabilities	-	127,260	-	127,260
Total Liabilities	-	404,244	202,879	607,123
NET ASSETS				
Invested in capital assets, net of related debt	-	13,707,115	-	13,707,115
Restricted - housing programs	-	1,879,515	-	1,879,515
Unrestricted	303,948	953,277	166	1,257,391
TOTAL NET ASSETS	\$ 303,948	\$16,539,907	\$ 166	\$ 16,844,021

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, 2005

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
OPERATING REVENUES				
Charges for services	\$ -	\$ 832,840	\$ 180,069	\$ 1,012,909
Operating grants and contributions	-	2,977,446	-	2,977,446
Total Operating Revenues	<u>-</u>	<u>3,810,286</u>	<u>180,069</u>	<u>3,990,355</u>
OPERATING EXPENSES				
Operating expenses	10,540	3,500,522	183,647	3,694,709
Depreciation	-	575,154	-	575,154
Total Operating Expenses	<u>10,540</u>	<u>4,075,676</u>	<u>183,647</u>	<u>4,269,863</u>
Operating Income (Loss)	<u>(10,540)</u>	<u>(265,390)</u>	<u>(3,578)</u>	<u>(279,508)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	3,375	22,389	3,846	29,610
Capital grants	-	75,082	-	75,082
Interest expense	-	(2,000)	-	(2,000)
Other	-	(3,191)	-	(3,191)
Total Nonoperating Revenues (Expenses)	<u>3,375</u>	<u>92,280</u>	<u>3,846</u>	<u>99,501</u>
Change in Net Assets	<u>(7,165)</u>	<u>(173,110)</u>	<u>268</u>	<u>(180,007)</u>
TOTAL NET ASSETS - Beginning (Deficit) - as restated	<u>311,113</u>	<u>16,713,017</u>	<u>(102)</u>	<u>17,024,028</u>
TOTAL NET ASSETS - ENDING	<u>\$ 303,948</u>	<u>\$ 16,539,907</u>	<u>\$ 166</u>	<u>\$ 16,844,021</u>

See accompanying notes to financial statements.

CITY OF APPLETON

INDEX TO NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE	Page
I. Summary of Significant Accounting Policies	23
A. Reporting Entity	23
B. Government-Wide and Fund Financial Statements	24
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	28
D. Assets, Liabilities, and Net Assets or Equity	30
1. Deposits and Investments	30
2. Receivables	33
3. Inventories and Prepaid Items	34
4. Restricted Assets	34
5. Capital Assets	34
6. Other Assets	36
7. Compensated Absences	36
8. Long-Term Obligations/Conduit Debt	36
9. Claims and Judgments	37
10. Equity Classifications	37
11. Basis for Existing Rates – Proprietary Funds	38
II. Reconciliation of Government-Wide and Fund Financial Statements	38
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Assets	38
III. Stewardship, Compliance, and Accountability	39
A. Budgetary Information	39
B. Excess Expenditures Over Appropriations	40
C. Deficit Balances	40
IV. Detailed Notes on All Funds	41
A. Deposits and Investments	41
B. Receivables	44
C. Restricted Assets	44
D. Capital Assets	45
E. Interfund Receivables/Payables, Advances, and Transfers	48
F. Long-Term Obligations	53
G. Lease Disclosures	59
H. Closure and Postclosure Care Cost	60
I. Governmental Activities Net Assets/Fund Balances	60
J. Restatement of Net Assets	64
K. Component Units	64

CITY OF APPLETON

INDEX TO NOTES TO FINANCIAL STATEMENTS (cont.) December 31, 2005

NOTE	Page
V. Other Information	71
A. Employees' Retirement System	71
B. Risk Management (Commercial/Self Insurance)	72
C. Commitments and Contingencies	76
D. Subsequent Event	76

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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, 2005. 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, 2005

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, 2005. 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, 2005. 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, 2005

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, 2005

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, 2005

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

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	Public Works Equipment
Projects	CEA Replacement
Industrial Park Land	Riverfront Initiatives
Park and Recreation Projects	Library Improvements
Tax Incremental District No. 4	Technology
Tax Incremental District No. 5	Residential Project
Tax Incremental District No. 6	
Public Safety Facilities	

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, 2005

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, 2005

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, 2005

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. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

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. Special assessments are recorded as receivables and contribution revenue when levied. 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.

All Financial Statements

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, 2005

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

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

1. Deposits and Investments (cont.)

Investment of 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.

The City has adopted an investment policy. That policy contains the following guidelines for allowable investments:

Custodial Credit Risk

Securities will be held by an independent third-party custodian selected by the City as evidenced by safekeeping receipts in the City's name.

A custody agreement is required for all securities managed by the City's investment manager. The custody agreement must contain language that documents that all securities are held at a minimum of a category 2 level of custodial credit risk.

Credit Risk

The City will minimize credit risk by limiting the type of securities to U.S. treasury obligations, U.S. Government agency obligations, commercial paper rated by a nationally recognized rating agency, investment-grade bonds, money market mutual funds, repurchase agreements as part of a money market mutual fund, certificates of deposit, and local government investment pools. The City will also diversify its investment portfolio so that the losses from any one type of security or from any one individual issuer will be minimized.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

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

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

1. Deposits and Investments (cont.)

Concentration of Credit Risk

No single investment issuer, with the exception of the U.S. Government and its agencies, shall constitute more than 5% of the value of the fund. No single corporate industry group shall constitute more than 15% of the value of the fund.

Interest Rate Risk and Investments Highly Sensitive to Market Changes

The City will structure its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The City will also invest operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limit the average maturity of the portfolio.

Foreign Currency Risk

Investment in foreign currency is not allowed.

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 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, 2005, 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, 2005

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 – 2005 tax roll:

Lien date and levy date	November 2005
Tax bills mailed	December 9, 2005
Payment in full, or	January 31, 2006
First installment due	January 31, 2006
Second installment due	March 31, 2006
Third installment due	May 31, 2006
Fourth installment due	July 31, 2006
Final settlement with county	August 16, 2006
Personal property taxes in full	February 2, 2006
Tax sale – 2005 delinquent real estate taxes	October 2008

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 substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

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, 2005

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 or operation and maintenance expense when used.

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

4. *Restricted Assets*

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

5. *Capital Assets*

Government –Wide Statements

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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. The City has retroactively reported all major infrastructure networks of its governmental activities.

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. \$44,165 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	15-70 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, 2005

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 and proprietary 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. 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, 2005 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.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

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 \$15,613,000, made up of 6 issues.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

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

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.

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 less any unspent bond proceeds.
- 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.”

The net asset section includes an adjustment for capital assets owned by the business-type activities column but financed by debt of the governmental activities column. The amount is a reduction in “invested in capital assets, net of related debt,” and an increase in “unrestricted” net assets, shown only in the total column.

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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

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

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, effective for service beginning September 11, 2002. The utility intends to file for a rate increase and implement new rates in 2006.

Wastewater Utility

Current wastewater rates were approved by the Common Council on August 9, 2005, effective for service beginning October 1, 2005.

Stormwater Utility

Current stormwater rates were approved by Common Council on February 1, 2006, effective for service beginning March 1, 2006.

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 \$56,816,151 difference in liabilities is as follows:

Bonds and notes payable	\$ 48,351,747
Unamortized debt premium	113,901
Unamortized debt issuance costs	(71,904) ¹
Unamortized loss on refunding	(97,881)
Compensated absences	4,977,887
Accrued interest	685,204 ²
Disability benefits	157,197
Postclosure care cost	<u>2,700,000</u>
Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Assets – Governmental Activities	<u>\$ 56,816,151</u>

¹ This amount is included in other assets on the Statement of Net Assets.

² This amount is included in other accrued liabilities on the Statement of Net Assets.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

A comparison of budget and actual is included in the accompanying financial statements for all governmental fund types. The budget presentations are at the function level, whereas the legal level of control is at the total expenditures level.
- h. All budgets adopted conform to generally accepted accounting principles (GAAP). Budget amounts are as originally adopted or as amended. Individual amendments were legally authorized as described above. Supplemental appropriations for all governmental fund types during the year were \$11,070,502.
- i. Budgets for all governmental funds lapse at year end. Reappropriations of any funds are made by council action.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

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, 2005:

	<u>Excess</u>
Debt Service Fund	\$ 33,725
Special Revenue Fund Room tax	59,559
Capital Projects Funds Industrial Park Land	1,475
Tax Incremental District No. 5	2,623

C. DEFICIT BALANCES

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

As of December 31, 2005, 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	\$ 877,316	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	76,545	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, which is 27 years for districts created before October 1, 1995 and 23 years for districts created through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. The grant fund deficit is anticipated to be funded with grant revenues.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The City's cash and investments at year end were comprised of the following:

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Demand deposits	\$ 16,035,430	\$ 12,383,055	Custodial credit risk
Commercial paper	16,839,816	16,839,816	Custodial credit risk, credit risk, interest rate risk, investments highly sensitive to market changes
U.S. treasuries	31,983,574	31,983,574	Custodial credit risk, interest rate risk
U.S. agencies	33,277,069	33,277,069	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk, investments highly sensitive to market changes
Money market mutual funds	19,720,575	19,720,575	Credit risk, interest rate risk
LGIP	202,396	202,396	Credit risk, interest rate risk
Petty Cash	<u>54,540</u>	<u>-</u>	None
Total Cash and Investments	<u>\$ 118,113,400</u>	<u>\$ 114,406,485</u>	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 54,568,392		
Restricted cash and investments	21,704,900		
Per statement of net assets –			
Fiduciary Funds	<u>41,840,108</u>		
Total Cash and Investments	<u>\$ 118,113,400</u>		

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.

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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the City’s deposits may not be returned to the City.

As of December 31, 2005, \$12,283,055 of the City’s total bank balance of \$12,383,055 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,283,055
Total	<u>\$ 12,283,055</u>

Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City does not have any investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2005, the City’s investments were rated as follows:

Investment Type	Investment	Standard & Poor’s	Fitch Ratings	Moody’s Investor Service
Commercial Paper	Dexia Del LLC	A1+	F1+	P1
Commercial Paper	GE Cap Corp	A1+	N/A	P1
Commercial Paper	Nordea North America	A1+	F1+	P1
Commercial Paper	Societe Generale	A1+	N/A	P1
Commercial Paper	UBS Fin Del LLC	A1+	N/A	P1
Commercial Paper	ABN Amro North Amer Fin Corp	A1+	N/A	P1
Commercial Paper	American Gen Fin Corp	-A1	F1	P1
Commercial Paper	Goldman Sachs	A1	F1+	P1
Commercial Paper	International Lease Fin Corp	A1+	F1	P1
Commercial Paper	Siemens Cap Co LLC	A1+	N/A	P1
Commercial Paper	Societe Generale	A1+	N/A	P1
Money Market				
Mutual Funds	JP Morgan	AAAm	N/A	Aaa

The City also had investments in the following external pools which are not rated:

LGIP

In addition, the City held investments in U.S. agency securities that were not rated.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

At December 31, 2005, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal National Mortgage Association	U.S. agencies	12.4
Federal Home Loan Mortgage Corporation	U.S. agencies	9.1
Federal Home Loan Bank	U.S. agencies	8.7

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of December 31, 2005, the City's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than one year	1 – 5	6 – 29
Money market mutual funds	\$ 19,720,575	\$ 19,720,575	\$ -	\$ -
US treasuries	31,983,574	4,128,600	12,746,990	15,107,984
US agencies	33,277,069	16,507,447	4,052,632	12,716,990
Commercial paper	16,839,816	16,839,816	-	-
External investment pools	202,396	202,396	-	-
Totals	\$ 102,023,430	\$ 57,398,834	\$ 16,799,622	\$ 27,824,974

Investments Highly Sensitive to Market Changes

At December 31, 2005, the City held commercial paper which matures on February 21, 2006. The interest rate fluctuates with the one month LIBOR rate. The market value of this investment at December 31, 2005 was \$500,000.

The City also held various U.S. treasuries and agencies at December 31, 2005 where interest rates fluctuate with inflation. These securities mature on January 15, 2009, 2010, and 2019. The market value of these investments was \$415,879.

See Note I.D.1. for further information on deposit and investment policies.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

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	\$ -	\$ 36,843,733	\$ 36,843,733
Interest on advances	6,809,787	-	6,809,787
Interest income	113,841	-	113,841
Developer loans	1,202,301	-	1,202,301
Rehabilitation loans	6,035,025	-	6,035,025
Accounts receivable	81,769	-	81,769
Special assessments not yet due	1,668,418	-	1,668,418
Grant drawdowns prior to meeting all eligibility requirements	<u>-</u>	<u>433,033</u>	<u>433,033</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 15,911,141</u>	<u>\$ 37,276,766</u>	<u>\$ 53,187,907</u>

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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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

C. RESTRICTED ASSETS (cont.)

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 in the business-type activities as of December 31, 2005:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Assets
Bond redemption account	\$ 2,723,380	\$ 40,737	\$ 2,682,643
Bond reserve account	10,175,137	-	N/A
Bond depreciation account	1,500,000	-	1,500,000
Construction account	636,328	-	N/A
DNR equipment replacement account	6,388,470	-	6,388,470
Capital equipment replacement account	281,585	-	281,585
Accrued interest	<u>276,608</u>	<u>276,608</u>	<u>-</u>
 Total Restricted Assets	 <u>\$ 21,981,508</u>	 <u>\$ 317,345</u>	 <u>\$ 10,852,698</u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 18,365,344	\$ 133,842	\$ 2,327,616	\$ -	\$ 16,171,570
Right of ways	61,911,493	3,001,324	-	-	64,912,817
Land improvements ⁽¹⁾	36,878,014	301,432	-	-	37,179,446
Construction in progress	<u>109,765</u>	<u>1,341,089</u>	<u>10,716</u>	<u>-</u>	<u>1,440,138</u>
Total Capital Assets					
Not Being Depreciated	<u>117,264,616</u>	<u>4,777,687</u>	<u>2,338,332</u>	<u>-</u>	<u>119,703,971</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental Activities (cont.)					
Capital assets being depreciated					
Improvements	\$ 4,953,822	\$ 172,358	\$ -	\$ -	\$ 5,126,180
Buildings	31,039,717	169,101	121,900	(20,000)	31,066,918
Equipment, furniture and fixtures	23,973,181	1,974,484	1,663,254	20,000	24,304,411
Streets	105,251,427	4,755,875	565,746	-	109,441,556
Sidewalk	22,478,179	877,305	416,905	-	22,938,579
Traffic signals	3,384,048	139,805	48,772	-	3,475,081
Bridges	<u>21,255,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,255,731</u>
Total Capital Assets Being Depreciated	<u>212,336,105</u>	<u>8,088,928</u>	<u>2,816,577</u>	<u>-</u>	<u>217,608,456</u>
Less: Accumulated depreciation for					
Improvements	(1,443,254) ⁽²⁾	(157,140)	-	-	(1,600,394)
Buildings	(8,979,576) ⁽²⁾	(526,674)	87,457	-	(9,418,793)
Equipment, furniture and fixtures	(13,078,121) ⁽²⁾	(1,905,161)	1,453,750	-	(13,529,532)
Streets	(37,870,215)	(3,046,996)	379,233	-	(40,537,978)
Sidewalk	(6,388,485)	(572,921)	165,531	-	(6,795,875)
Traffic signals	(891,119)	(85,145)	18,900	-	(957,364)
Bridges	<u>(5,600,017)</u>	<u>(218,800)</u>	<u>-</u>	<u>-</u>	<u>(5,818,817)</u>
Total Accumulated Depreciation	<u>(74,250,787)</u>	<u>(6,512,837)</u>	<u>2,104,871</u>	<u>-</u>	<u>(78,658,753)</u>
Net Capital Assets Being Depreciated	<u>138,085,318</u>				<u>138,949,703</u>
Total Capital Assets, Net of Depreciation	<u>\$ 255,349,934</u>				<u>\$ 258,653,674</u>

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

⁽²⁾ These balances have been restated. See Note IV.J.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 194,662
Public safety	229,855
Public works, which includes the depreciation of roads, streets, signals, and bridges	4,032,314
Education and recreation	<u>406,635</u>
Sub-Total	4,863,466
Capital assets held by internal service funds charged to the various functions based on their usage of the assets	1,649,371
Total Governmental Activities Depreciation Expense	<u><u>\$ 6,512,837</u></u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 16,362,947	\$ 1,140,556	\$ -	\$ 17,503,503
Construction in progress	<u>1,266,308</u>	<u>7,993,237</u>	<u>5,091,721</u>	<u>4,167,824</u>
Total Capital Assets Not Being Depreciated	<u>17,629,255</u>	<u>9,133,793</u>	<u>5,091,721</u>	<u>21,671,327</u>
Capital assets being depreciated				
Buildings and improvements	269,326,170	11,012,154	622,626	279,715,698
Machinery and equipment	<u>70,094,726</u>	<u>1,505,544</u>	<u>1,457,881</u>	<u>70,142,389</u>
Total Capital Assets Being Depreciated	<u>339,420,896</u>	<u>12,517,698</u>	<u>2,080,507</u>	<u>349,858,087</u>
Less: Accumulated depreciation for				
Buildings and improvements	(45,399,500)	(4,579,978)	281,218	(49,698,260)
Machinery and equipment	<u>(59,658,136)</u>	<u>(4,841,208)</u>	<u>1,031,283</u>	<u>(63,468,061)</u>
Total Accumulated Depreciation	<u>(105,057,636)</u>	<u>(9,421,186)</u>	<u>1,312,501</u>	<u>(113,166,321)</u>
Net Capital Assets Being Depreciated	<u>234,363,260</u>			<u>236,691,766</u>
Capital Assets, Net of Depreciation	<u>\$ 251,992,515</u>			<u>\$ 258,363,093</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water	\$ 3,046,430
Wastewater	3,773,130
Valley Transit	600,205
Stormwater	1,067,426
Parking	877,749
Reid Municipal Golf Course	<u>56,246</u>
Total Business-Type Activities	
Depreciation Expense	<u>\$ 9,421,186</u>

The depreciation difference to the income statement of \$55,007 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:

Receivable Fund	Payable Fund	Amount
General	Special Revenue – Community Development Block Grant	\$ 8,285
General	Special Revenue – Emergency Shelter	19,383
General	Special Revenue – Continuum of Care	2,868
General	Enterprise – Water Utility	1,073,370
General	Enterprise – Valley Transit	58,718
Special Revenue – Sanitation and Recycling Programs	General	4,899
Enterprise – Water Utility	General	200,456
Enterprise – Wastewater Utility	General	271,292
Enterprise – Stormwater Utility	General	<u>132,782</u>
Sub-Total		1,772,053
Add: Internal service allocation		2,257,803
Less: Elimination to government-wide		<u>(35,435)</u>
Total – Fund Financial Statements		<u>\$ 3,994,421</u>
Governmental Activity	Business-type Activity	\$ (2,862,333)
Business-type Activity	Governmental Activity	<u>1,132,088</u>
Total		<u>\$ (1,730,245)</u>

All amounts are due within one year.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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 charged to expenditures annually in the payable fund. Interest is also being charged to the Reid Municipal Golf Course. No interest is being charged on the advance from the stormwater utility 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.

During 2005, the City prepared projections estimating the TIF districts ability to repay the interfund advances (principal and interest) from the general fund and the parking utility. As of result of this analysis, the following allowances have been established:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Allowance</u>
General	Special Revenue - Tax Incremental District No. 1	\$ -	\$ 4,574,026	\$ 4,574,026
Parking Utility	Special Revenue - Tax Incremental District No. 3	<u>9,782,496</u>	<u>2,727,923</u>	<u>12,510,419</u>
Totals		<u>\$ 9,782,496</u>	<u>\$ 7,301,949</u>	<u>\$ 17,084,445</u>

As a result of setting up the allowance, TIF No. 1 shows a credit to interest expense as of year end.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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

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

Advances (cont.)

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	\$ -	\$ 3,500,000	\$ 3,500,000*	\$ 1,800,000
General	Special Revenue – Tax Incremental District No. 2	380,922	604,063	984,985*	834,985
General	Special Revenue – Tax Incremental District No. 3	9,655,862	2,699,403	12,355,265*	11,955,265
General	Capital Projects – Tax Incremental District No.5	80,801	6,321	87,122*	87,122
General	Enterprise – Reid Municipal Golf Course	495,000	-	495,000	435,000
Enterprise – Stormwater Utility	Enterprise – Water Utility	<u>2,805,046</u>	<u>-</u>	<u>2,805,046*</u>	<u>2,805,046</u>
Sub-Total – Fund Financial Statements		<u>\$ 13,417,631</u>	<u>\$ 6,809,787</u>	20,227,418	<u>\$ 18,467,418</u>
Less: Fund eliminations*				<u>(19,732,418)</u>	
Total				<u>\$ 495,000</u>	

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Total</u>
Governmental Activity	Business-type Activity	\$ 495,000
Business-type Activity	Governmental Activity	<u>-</u>
Total – Interfund Advances		<u>\$ 495,000</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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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

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

Advances (cont.)

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>
2006	\$ 60,000	\$ 24,120	\$ 84,120
2007	50,000	21,225	71,225
2008	60,000	18,620	78,620
2009	65,000	15,568	80,568
2010	70,000	12,265	82,265
2011	75,000	8,713	83,713
2012	80,000	4,910	84,910
2013	<u>35,000</u>	<u>1,383</u>	<u>36,383</u>
Totals	<u>\$ 495,000</u>	<u>\$ 106,804</u>	<u>\$ 601,804</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	\$ 24,285	2005 administrative fees
	Enterprise – Water Utility	13,800	2005 administrative fees
	Enterprise – Water Utility	1,073,370	Payment in lieu of taxes
	Enterprise – Wastewater Utility	117,450	2005 administrative fees
	Enterprise – Parking Utility	9,300	2005 administrative fees
	Enterprise – Stormwater Utility	12,500	2005 administrative fees
	Enterprise – Reid Municipal Golf Course	17,900	2005 administrative fees
	Capital Project – Industrial Park Land	2,144,270	Policy transfer
	Capital Project – CEA Replacement	28,381	Policy transfer

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

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

Transfers (cont.)

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Debt Service	Special Revenue – Tax Incremental District No. 2	\$ 84,855	Debt payments
	Capital Project – Industrial Park Land	189,630	Debt payments
	Capital Project – Tax Incremental District No. 3	1,346,011	Debt payments
	Capital Project – Tax Incremental District No. 4	1,996,689	Debt payments
	Capital Project – Tax Incremental District No. 5	94,727	Debt payments
	Capital Project – Tax Incremental District No. 6	1,081,166	Debt payments
Special Revenue Funds			
Tax Incremental District No. 3	Enterprise – Parking Utility	12,510,419	Set up allowance for Advance from parking utility
Enterprise			
Valley Transit	General	\$ 559,435	Local share of deficit
Water Utility	Capital Projects – CEA replacement	12,704	Return vehicle funds
Internal Service			
CEA	Enterprise – Water utility	19,976	Contribution toward new CEA vehicles
Sub-Total – Fund Financial Statements		21,336,868	
Add: Utility capital assets financed by Tax Incremental Districts		1,284,546	
Less: Fund Eliminations		(6,990,014)	
Total – Government-Wide Statement of Activities		\$ 15,631,400	
Governmental Activity	Business-Type Activity	\$ 13,774,715	
Business-type Activity	Governmental Activity	(1,856,685)	
Total		\$ 11,918,030	

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

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

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

Transfers (cont.)

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.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General Obligation Debt					
General	\$ 46,938,954	\$ 12,246,220	\$ 10,833,427	\$ 48,351,747	\$ 6,988,847
Internal service	652,610	-	198,920	453,690	216,899
Add/(Subtract) Deferred Amounts For					
Premiums	-	133,344	19,443	113,901	-
Loss on refunding	-	(115,154)	(17,273)	(97,881)	-
Total Bonds and Notes Payable	<u>47,591,564</u>	<u>12,264,410</u>	<u>11,034,517</u>	<u>48,821,457</u>	<u>7,025,746</u>
Other Liabilities					
Vested compensated absences					
General	4,854,959	2,538,209	2,415,281	4,977,887	2,381,785
Internal service	81,242	69,645	47,924	102,963	51,800
Landfill liability	2,790,000	-	90,000	2,700,000	90,000
Disability benefits	166,371	-	9,174	157,197	19,435
Total Other Liabilities	<u>7,892,572</u>	<u>2,607,854</u>	<u>2,562,379</u>	<u>7,938,047</u>	<u>2,543,020</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 55,484,136</u>	<u>\$ 14,872,264</u>	<u>\$ 13,596,896</u>	<u>\$ 56,759,504</u>	<u>\$ 9,748,766</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 2,715,000	\$ 1,006,847	\$ 1,115,000	\$ 2,606,847	\$ 775,000
Revenue bonds	98,383,237	8,405,000	10,519,526	96,268,711	2,080,788
Add/(Subtract) Deferred Amounts For					
Refundings – Gains/(Losses)	(340,678)	(25,393)	(86,518)	(279,553)	-
Premiums	61,129	134,979	10,304	185,804	-
Sub-totals	<u>100,818,688</u>	<u>9,521,433</u>	<u>11,558,312</u>	<u>98,781,809</u>	<u>2,855,788</u>
Other Liabilities					
Vested compensated absences	<u>1,161,192</u>	<u>787,105</u>	<u>612,378</u>	<u>1,335,919</u>	<u>713,631</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 101,979,880</u>	<u>\$ 10,308,538</u>	<u>\$ 12,170,690</u>	<u>\$ 100,117,728</u>	<u>\$ 3,569,419</u>

¹ 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, 2005.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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, 2005, was \$208,419,420. Total general obligation debt outstanding at year end was \$51,412,284.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-05</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	\$ 453,690
General Obligation Bonds,					
Series 1993A	8/1/93	4/1/13	5.25 – 5.60%	7,200,000	125,000
General Obligation Notes,					
Series 1996A	8/1/96	4/1/06	4.90 – 5.05%	2,515,000	855,000
General Obligation Notes,					
Series 1997A	9/1/97	4/1/07	3.75 – 4.625%	6,320,000	1,220,000
General Obligation					
Refunding Bonds,					
Series 1998A	7/1/88	4/1/13	4.00 – 4.75%	9,570,000	3,385,000
General Obligation Notes,					
Series 1998B	7/1/98	4/1/08	3.80 – 4.50%	7,945,000	2,830,000
General Obligation Notes,					
Series 1999A	7/15/99	4/1/09	4.00 – 4.90%	1,275,000	580,000
General Obligation Notes,					
Series 1999B	7/15/99	4/1/09	6.50 – 6.60%	2,555,000	1,590,000
General Obligation Notes,					
Series 2000A	8/3/00	4/10/10	4.35 – 5.00%	10,465,000	4,470,000
General Obligation Notes,					
Series 2001A	8/1/01	10/1/11	4.00 – 4.44%	4,070,000	3,200,000

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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 12-31-05</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	\$ 3,170,000
2001 State Trust Fund Loan	8/24/01	3/15/11	5.00%	2,812,341	2,483,639
General Obligation Notes, Series 2002A	7/1/02	4/1/12	3.00 – 4.10%	8,535,000	5,695,000
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	1,848,801
General Obligation Notes, Series 2003A	9/3/03	4/1/13	1.25 – 3.70%	1,610,000	1,205,000
2003 State Trust Fund Loan	7/23/03	3/15/20	5.00%	2,344,613	2,324,307
General Obligation Refunding Bonds, Series 2005 A	3/15/05	4/1/13	3.00 – 4.00%	5,165,000	5,165,000
General Obligation Notes, Series 2005B	10/12/05	4/1/15	3.00 – 4.00%	6,210,000	<u>6,210,000</u>
Total Governmental Activities – General Obligation Debt					<u>\$ 48,805,437</u>

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-05</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	\$ 325,000
General Obligation Notes, Series 1997A	9/1/97	4/1/07	3.75 – 4.625%	3,020,000	350,000
General Obligation Notes, Series 1998B	7/1/98	4/1/08	3.80 – 4.50%	1,515,000	925,000
General Obligation Refunding Bonds, Series 2005A	3/15/05	4/1/07	3.50%	370,000	370,000
2005 State Trust Fund Loan	12/30/05	3/15/25	5.00%	636,847	<u>636,847</u>
Total Business-Type Activities General Obligation Debt					<u>\$ 2,606,847</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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
2006	\$ 7,205,746	\$ 2,014,797	\$ 775,000	\$ 68,575
2007	7,926,538	1,705,613	475,000	79,623
2008	7,234,591	1,356,196	720,000	48,130
2009	5,560,239	1,074,852	-	31,842
2010	4,736,001	855,139	-	31,842
2011 – 2015	14,694,531	1,560,410	60,000	158,549
2016 – 2020	1,447,791	171,842	261,000	120,143
2021 – 2025	-	-	315,847	42,475
Totals	<u>\$ 48,805,437</u>	<u>\$ 8,738,849</u>	<u>\$ 2,606,847</u>	<u>\$ 581,179</u>

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

General Fund – general obligation debt	\$ 2,754,229
General Fund – compensated absences	4,069,841
Debt Service Fund – general obligation debt	69,933
Special Revenue Fund – Tuchscherer disability	80,863
Capital Projects Fund – general obligation debt	<u>1,117,616</u>
Total	<u>\$ 8,092,482</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, 2005

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2005 consists of the following:

Business-Type Activities Revenue Debt

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-05</u>
<u>Water Utility</u>					
Water System Revenue Bonds, Series 1998	12/1/98	1/1/14	3.80 – 4.85%	\$ 5,250,000	\$ 3,010,000
Water System Revenue Bonds, Series 2000	10/15/00	1/1/20	5.00 – 5.70%	3,445,000	2,730,000
Water System Revenue Refunding Bonds, Series 2001	10/1/01	1/1/22	3.00 – 5.375%	60,400,000	48,355,000
Water System Revenue Bonds, Series 2002	12/20/02	1/1/18	2.00 – 4.70%	5,560,000	4,690,000
Water System Revenue Bonds, Series 2004	10/15/04	1/1/24	3.00 – 4.25%	3,775,000	3,635,000
Water System Revenue Bonds, Series 2005	10/15/05	1/1/25	3.50 – 5.00%	3,670,000	<u>3,670,000</u>
			Total Water Utility		<u>66,090,000</u>
<u>Wastewater Utility</u>					
Sewerage System Mortgage Revenue Bonds, Series 1993B	3/24/93	5/1/12	3.369%	12,989,595	6,243,711
Sewerage System Mortgage Revenue Refunding Bonds, Series 2005	10/15/05	5/1/10	3.50%	4,735,000	<u>4,735,000</u>
			Total Wastewater Utility		<u>10,978,711</u>
<u>Stormwater Utility</u>					
Stormwater System Revenue Bonds, Series 1999	8/1/99	4/1/19	3.75 – 5.26%	3,080,000	2,500,000
Stormwater System Revenue Bonds, Series 2000	9/1/00	4/1/20	4.35 – 5.65%	3,255,000	2,755,000
Stormwater System Revenue Bonds, Series 2001	9/1/01	4/1/21	4.00 – 5.00%	4,810,000	4,470,000
Stormwater System Revenue Bonds, Series 2002	8/23/02	4/1/22	3.00 – 5.00%	2,340,000	2,250,000
Stormwater System Revenue Bonds, Series 2003	10/9/03	4/1/23	2.00 – 4.55%	3,835,000	3,690,000
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>19,200,000</u>
Total Business-Type Activities Revenue Debt					<u>\$ 96,268,711</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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>
2006	\$ 5,875,788	\$ 4,210,951
2007	6,137,935	3,974,166
2008	7,060,996	3,755,012
2009	6,450,003	3,508,854
2010	6,709,987	3,277,349
2011 – 2015	27,119,002	12,932,817
2016 – 2020	28,385,000	6,260,738
2021 – 2025	<u>8,530,000</u>	<u>592,677</u>
Totals	<u>\$ 96,268,711</u>	<u>\$ 38,512,564</u>

Advance and Current Refunding

On March 15, 2005, the City issued \$5,535,000 in general obligation bonds with an average interest rate of 3.58% to current refund: \$1,460,000 of the 1993 G.O. bonds with rates of 5.25% – 5.60% and \$2,095,000 of the 1997 G.O. notes with rates of 3.75% – 4.63% and to advance refund \$1,940,000 of the 2000 G.O. notes with rates of 4.35% – 5.00%. The net proceeds of \$5,637,609 (after payment of \$55,730 in underwriting fees, insurance, and issuance costs) plus an additional \$78,939 of sinking funds monies were used to prepay the outstanding debt service requirements on the old 1993 and 1997 bonds and notes and to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the 2000 notes. As a result, the 2000 notes are considered to be defeased and the liability for these bonds has been removed from these financial statements.

The cash flow requirements on the refunded bonds and notes prior to the advance refunding was \$15,284,308 from 2005 - 2013. The cash flow requirements on the 2005 refunding bonds are \$14,958,188 from 2005 - 2013. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$241,784.

On October 15, 2005, the City issued \$4,735,000 in revenue refunding bonds with an average interest rate of 3.50% to current refund \$4,735,000 of 1995 revenue refunding bonds with rates of 3.90 – 5.15%. The net proceeds of \$4,742,695 (after receipt of \$7,695 in premium, accrued interest less underwriter discount and issuance costs) were used to pay off the 1995 revenue refunding bond debt service requirements.

Capital Leases

Refer to Note IV. G.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

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.

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, 2005, are as follows:

	<u>Governmental Activities</u>
2006	\$ 90,025
2007	92,688
2008	<u>828,224</u>
Sub-Total	1,010,937
Less: Amount representing interest	<u>(95,937)</u>
Present Value of Minimum Lease Payments	<u>\$ 915,000</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

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, 2005, a \$2,700,000 liability was estimated based on what it would cost to perform all postclosure care in 2005 and thereafter. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The City incurred approximately \$72,844 of closure costs in 2005.

I. GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2005 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land	\$ 118,263,833
Construction in progress	1,440,138
Other capital assets, net of accumulated depreciation	138,949,703
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(12,951,663)
Add: Unamortized debt issuance costs	71,904
Add: Unamortized loss on refunding	97,881
Less: Unamortized debt premium	<u>(113,901)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>245,757,895</u>
Restricted	
Debt service fund	283,062
Grant programs	<u>6,513,687</u>
Total Restricted	<u>6,796,749</u>
Unrestricted	<u>1,203,946</u>
Total Governmental Activities Net Assets	<u>\$ 253,758,590</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

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

Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2005 include the following:

Reserved	
Major Funds	
General Fund	
Inventories	\$ 631,367
Prepaid items	15,564
Advance to other fund	10,612,585
Developer loans	581,370
Encumbrances	<u>1,281,556</u>
Total	<u>\$ 13,122,442</u>
Debt Service Fund	
Reserved for debt service	<u>\$ 69,933</u>
Non-Major Funds	
Special Revenue Funds	
Police Grants – Grant Expenditures	\$ 5,065
Hazardous Material Level A – Grant Expenditures	<u>345,877</u>
Total	<u>\$ 350,942</u>
Capital Projects Funds	
Industrial Park Land – Debt Service	\$ 1,117,616
Industrial Park Land – Land Purchase	174,650
Park and Recreation Programs – Encumbrances	434,255
Tax Incremental District No. 6 – Encumbrances	11,925
Public Safety Facilities – Encumbrances	1,503,659
CEA Replacement – Encumbrances	350,000
Residential Project – Encumbrances	1,078,075
Public Works Equipment – Encumbrances	85,795
Technology – Encumbrances	<u>69,656</u>
Total	<u>\$ 4,825,631</u>
Permanent fund designated for:	
Frank P. Young memorial	<u>\$ 16,070</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

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

Governmental Activities (cont.)

Unreserved (deficit)

Major Funds

General fund	\$ 162,863
Tax Incremental District No. 1 special revenue fund	(3,465,955)
Tax Incremental District No. 3 special revenue fund	<u>(12,052,383)</u>
Total	<u><u>\$(15,355,475)</u></u>

Non-Major Funds

Special Revenue Funds

Tax Incremental District No. 2	\$ (877,316)
Community Development Block Grant	<u>(4,728)</u>
Total	<u><u>\$(882,044)</u></u>

Capital Projects Fund

Tax Incremental District No. 5	<u><u>\$ (76,545)</u></u>
--------------------------------	---------------------------

Unreserved (designated)

Major Funds

General fund designated for:

Water utility tax equivalent	\$ 1,073,370
Working capital	8,648,411
Compensated absences	4,069,841
Unfunded pension liability	498,506
Debt service	2,265,652
Health insurance	1,288,419
Defeasance	<u>488,577</u>

Total \$ 18,332,776

Nonmajor Funds

Special Revenue Funds

Rental Rehabilitation Grants	\$ 132,448
Sanitation and Recycling Program	728,532
Forestry	3,324
Room Tax	6,090
Tuchscherer Disability	80,863
Peabody Estate	88,984
Balliet Locomotive	8,637
Lutz Park	702,201
Park Purpose Open Space	418,678
Union Spring Park	3,229
Universal Playground Trust	<u>21,232</u>

Total \$ 2,194,218

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

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

Governmental Activities (cont.)

Capital Projects Fund	
Subdivision Development Projects	\$ 1,682,868
Industrial Park Land	1,226,869
Parks and Recreation Projects	42,926
Tax Incremental District No. 4	4,738,633
Tax Incremental District No. 6	2,034,024
Public Safety Facilities	9,425
Public Works Equipment	74,279
CEA Replacement	3,459,504
Riverfront Initiatives	52,048
Library Improvements	22
Technology	479
Residential Project	<u>7,487</u>
Total	<u>\$ 13,328,564</u>

Business-Type Activities

Invested in capital assets, net of related debt	
Land	\$ 17,503,503
Construction in progress	4,167,824
Other capital assets, net of accumulated depreciation	236,691,766
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(87,336,744)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>171,026,349</u>
Restricted	
Debt service	4,182,643
DNR replacement fund	6,388,470
Capital replacement fund	<u>281,585</u>
Total Restricted	<u>10,852,698</u>
Unrestricted	<u>12,693,942</u>
Total Business-Type Activities Net Assets	<u>\$ 194,572,989</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

J. RESTATEMENT OF NET ASSETS

Net assets have been restated due to the change in useful lives of certain capital assets, resulting in a decrease in accumulated depreciation.

Governmental Activities Net Assets – December 31, 2004 (as reported)	\$ 226,048,893
Add: Decrease in accumulated depreciation	<u>6,648,699</u>
Net Assets – January 1, 2005 (as restated)	<u>\$ 232,697,592</u>

Net assets in the Business-type activities have been restated to recognize interest on the TIF advance from the parking utility.

Business-type Activities Net Assets – December 31, 2004 (as reported)	\$ 200,025,567
Add: Interest on the TIF advance	<u>2,727,923</u>
Net Assets – January 1, 2005 (as restated)	<u>\$ 202,753,490</u>

Net assets have been restated in the parking utility to recognize interest on the TIF advance. This was previously reported as deferred revenue.

Other Enterprise Funds Net Assets – December 31, 2004 (as reported)	\$ 24,167,809
Add: Interest on the TIF advance	<u>2,727,923</u>
Net Assets – January 1, 2005 (as restated)	<u>\$ 26,895,732</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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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

K. COMPONENT UNITS (cont.)

Redevelopment Authority (cont.)

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 \$114,057. The Redevelopment Authority also has restricted cash of \$1,171.

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

The Authority maintains various cash and investment accounts. Each program's portion of these accounts is included on the statement of net assets as "Cash," "Investments" and "Restricted Deposits."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state, and local government entities; statutorily authorized commercial paper and corporate securities; and Wisconsin local government investment pool.

The carrying amount of the Authority's cash and investments totaled \$987,005 on December 31, 2005 as summarized below:

Petty cash funds	\$	150
Deposits with financial institutions		<u>986,855</u>
Total	\$	<u>987,005</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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

K. COMPONENT UNITS (cont.)

Housing Authority (cont.)

b. Cash and Investments (cont.)

Additional information on the above deposits and investments follows:

Deposits – At year end, the carrying amount of the Authority’s deposits was \$986,855 and the bank balance was \$1,032,480. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$100,000 for interest bearing accounts and \$100,000 for non-interest bearing accounts.

The Authority’s bank balance of \$1,032,480 on December 31, 2005 is categorized below in accordance with GASB Statement No. 40.

<u>Deposit Accounts</u>	<u>Bank Balance</u>
Insured	\$ 100,000
Collateralized:	
Collateral held by the pledging institutions trust department or agent not in the Authority’s name	<u>932,480</u>
Total Deposits	<u>\$ 1,032,480</u>

Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The deposit policy of the Authority requires that if deposits exceed federal insurance levels the institution shall set aside collateral in the amount equal to the total of the deposits exceeding the insurance limits. The collateral must be of a type authorized by the Authority’s investment policy. All of the Authority’s investments that exceed the amount of federal insurance are backed by collateral of the type required by HUD. However, the collateral is not held in the Authority’s name but in the name of the financial institution. Under GASB 40, investments backed by collateral not held in the name of the depositor must be disclosed as exposed to custodial credit risk. As of December 31, 2005 \$932,480 of the Authority’s bank balance of \$1,032,480 was exposed to custodial credit risk because it was backed by collateral held by the pledging institution’s trust department or agent not in the Authority’s name.

c. Restricted Assets

Restricted assets at December 31, 2005 consist of the following:

Cash and cash equivalents	<u>\$ 174,758</u>
---------------------------	-------------------

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

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

K. COMPONENT UNITS (cont.)

Housing Authority (cont.)

d. Receivables

Tenant accounts receivable are recorded net of an allowance for uncollectible accounts. Allowances for bad debts of \$3,400 have been set up.

The Authority has a number of rehabilitation and down payment loans to homebuyers extended under the Homebuyer Program. The loans are originally made with grant proceeds. Some loans are forgiven over a five-year period and others are to be paid in full upon transfer of the property secured by the loans. When the loans are repaid, the funds become property of the Authority and are restricted for future loan projects and administrative expenses to operate this program.

The total of deferred loans outstanding at December 31, 2005 is as follows:

Deferred loans receivable	\$ 1,961,651
Allowance for uncollectible loans	<u>(135,000)</u>
Net Deferred Loans Receivable	<u>\$ 1,826,651</u>

The entire balance is considered long-term as repayment of an outstanding loan occurs at an undeterminable future time.

e. Inventory

Inventory is priced at the lower of cost (first-in, first-out) or market.

f. 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, 2005

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

K. COMPONENT UNITS (cont.)

Housing Authority (cont.)

f. Capital Assets (cont.)

The capital asset activity for the year ended December 31, 2005 was as follows:

	Balance <u>1/1/05</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/05</u>
Capital assets, not being depreciated				
Land	\$ 844,907	\$ 24,000	\$ -	\$ 868,907
Construction in progress	-	18,468	-	18,468
Total Capital Assets, Not Being Depreciated	<u>844,907</u>	<u>42,468</u>	<u>-</u>	<u>887,375</u>
Capital assets, being depreciated				
Buildings and improvements	15,774,189	251,052	-	16,025,241
Land improvements	352,752	-	-	352,752
Equipment – dwelling	391,226	27,815	102,118	316,923
Equipment – administration	<u>348,720</u>	<u>51,573</u>	<u>37,329</u>	<u>362,964</u>
Total Capital Assets, Being Depreciated	<u>16,866,887</u>	<u>330,440</u>	<u>139,447</u>	<u>17,057,880</u>
Less: Accumulated depreciation for				
Buildings and improvements	(3,098,749)	(474,721)	-	(3,573,470)
Land improvements	(79,227)	(10,758)	-	(89,985)
Equipment – dwelling	(326,926)	(26,731)	102,118	(251,539)
Equipment – administration	<u>(167,080)</u>	<u>(62,944)</u>	<u>34,138</u>	<u>(195,886)</u>
Total Accumulated Depreciation	<u>(3,671,982)</u>	<u>(575,154)</u>	<u>136,256</u>	<u>(4,110,880)</u>
 Total Capital Assets Being Depreciated, Net	 <u>13,194,905</u>			 <u>12,947,000</u>
 Total Capital Assets, Net	 <u>\$ 14,039,812</u>			 <u>\$ 13,834,375</u>

g. 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, 2005 was \$459,695; the Housing Authority's total payroll was \$470,386. The total required contribution for the year ended December 31, 2005 was \$46,889 which consisted of \$23,904 or 5.2 percent of payroll from the employer and \$22,985 or 5 percent of payroll from employees. Total contributions for the years ending December 31, 2004 and 2003 were \$45,232 and \$39,432, respectively, equal to the required contributions for each year.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

K. COMPONENT UNITS (cont.)

Housing Authority (cont.)

h. 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.

i. Prior Period Adjustment

During 2005, 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 2004. The effect of the adjustment was to increase net assets by \$3,069.

j. Conduit Debt Obligations

From time to time, the Authority, in cooperation with other governmental entities, has issued Revenue Bonds to provide financial assistance 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, 2005 of \$3,095,000. The Authority's representative portion is \$792,000. The Authority's portion of the proceeds from this Revenue Bond issue was used to construct the Authority's Public Housing project known as Oneida Heights. Payments on the bond issue come from HUD under an annual contributions contract.

k. Long-Term Liabilities

During 2005, the Authority purchased a home (Summit Street) to use as a rental property for disabled individuals. A portion of the purchase price came from proceeds of a first mortgage loan of \$60,000. The loan calls for monthly payments of \$335, bears interest at the rate of 5.25% for three years with a balloon payment at the end of three years. The loan will either be paid off or refinanced at that time. The balance of the loan at December 31, 2005 was \$59,320. Principal payments for the next three years (unless refinanced) are 2006 - \$884; 2007 - \$933; and 2008 - \$57,503.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

K. COMPONENT UNITS (cont.)

Housing Authority (cont.)

k. Long-Term Liabilities (cont.)

Certain commercial tenants leasing space in the Section 8 Substantial Rehab property have expended funds for leasehold improvements. The Authority agreed to pay for a portion of the leasehold improvements through rent credits over various periods of time, not to exceed five years. The carrying amount of the leasehold improvements in the capital assets as of December 31, 2005 was \$89,500 and accumulated depreciation for those assets was \$4,800. The total amount of future rent credits at December 31, 2005 was \$67,940 and is shown as Commercial Tenants Credit in the long-term liabilities. The amount of rent credits to be provided to the tenants by year for the next five years is 2006 - \$18,060; 2007 - \$14,860; 2008 - \$13,260; 2009 - \$13,260; and 2010 - \$8,500.

The Authority utilized funds from the City of Appleton's Housing Rehabilitation Program to assist its rehabilitating five residential units of the Section 8 Substantial Rehab program property to bring them to rentable statutes. The amount of the funds from the City was \$44,685 and is being treated as a grant in these financial statements. The City issued a mortgage note for this amount; however, the note does not bear interest and is not repayable unless and until the property is sold or the property is vacated by the Authority. Agreements with HUD contain various restrictions that would make disposition of the property difficult and inadvisable. The Authority has no expectation the property would ever be sold or vacated.

l. Leases

Portions of the property owned by the Authority are rented to five commercial tenants under leases for periods of one year and two tenants for periods of five years, each with renewal clauses. The one year leases are cancelable at the end of each year. The minimum future rental income under the two five year leases is \$175,000. Minimum future rentals under these two leases for each of the next five years are 2006 - \$33,800; 2007 - \$34,400; 2008 - \$35,000; 2009 - \$35,600; and 2010 - \$36,200.

m. Economic Dependency

The Housing Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. A majority of the Authority's funding comes from HUD and other Federal and State agencies and some of their funding could change with little notice.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

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

K. COMPONENT UNITS (cont.)

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 \$127,251.

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 5.8% of their salary (2.8% for Executives and Elected Officials, 4.9% for Protective Occupations with Social Security, and 3.3% 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, 2005 was \$33,297,368; the employer's total payroll was \$34,746,773. The total required contribution for the year ended December 31, 2005 was \$4,209,656 or 12.64 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, 2004 and 2003 were \$4,132,537 and \$3,703,445, respectively, equal to the required contributions for each year.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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, 2005, 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 2005 was approximately \$73,389. The total estimated unfunded pension benefit obligation of this plan is approximately \$498,506 as of December 31, 2005, all of which relates to retirees and beneficiaries currently receiving benefits. This amount is not material to the financial statement; therefore, it has not been reported in the government-wide financial statements. The City has designated fund balance of \$498,506 for the unfunded pension liability in the general fund. The rate of investment return is presently assumed to be 6.00%. The estimated remaining period of amortization is 13 years.

B. RISK MANAGEMENT (COMMERCIAL/SELF INSURANCE)

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Insurance Fund

All funds of the City participate in the insurance fund. For 2005, 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. 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, 2005 of \$1,400,000 has been recorded and is expected to be paid within one year. The reserve liability includes expenses and losses expected to arise from claims outstanding as of December 31, 2005 and amounts expected to arise from claims which have been incurred but have not been reported to the City as of December 31, 2005. The reserve is based on a 2004 actuarial study and actual claims activity in 2005. 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, 2005, the City has designated net assets of \$2,350,265 in the Insurance Fund for self-insured activities not covered by the reserves established. This amount is included in unrestricted net assets.

Changes in the claims payable follow:

	<u>Balance January 1</u>	<u>Incurred Claims</u>	<u>Claims Paid</u>	<u>Balance December 31</u>
2004	\$ 1,161,737	\$ 472,550	\$ 334,287	\$ 1,300,000
2005	1,300,000	781,585	681,585	1,400,000

Health Care

The City provides health and dental care benefits to employees through a self-funded 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, 2005

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Health Care (cont.)

Under this program, the City pays up to a maximum of \$150,000 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 2005 totaled approximately \$357,872.

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, which is expected to be paid within one year, consisted of the following at December 31, 2005:

Reported and Known Claims	\$ 746,344
Incurred but not Reported Claims	<u>1,853,656</u>
 Total	 <u>\$ 2,600,000</u>

Changes in the claims payable follow:

	Balance January 1	Incurred Claims	Claims Paid	Balance December 31
2004	\$ 2,300,000	\$ 7,795,916	\$ 7,495,916	\$ 2,600,000
2005	2,600,000	8,132,836	8,132,836	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 auto liability claims of its member municipalities' mass transit funds.

In 2005, 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, 2005 through January 1, 2006.

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, 2005

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 company is 4.52%. 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 1772, 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, 2005

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 \$453,690. The City has a receivable from WMIC of \$85,545 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 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.

During 2005, the city borrowed \$6,210,000 for the purpose of making various capital improvements. These monies, as well as other revenue sources, are reflected in various capital projects funds. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. The balance of contract amounts plus purchase orders is approx. \$3,086,000 at year end and is included in reserve for encumbrances.

D. SUBSEQUENT EVENT

In April 2006, the City issued \$7,790,000 of Stormwater System Revenue Refunding Bonds Series 2006 to refinance \$4,250,000 of the Stormwater System Revenue Bonds for 1999 and 2000.

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 24,042,115	\$ 24,042,115	\$ 24,069,302	\$ 27,187
Intergovernmental	16,565,509	16,642,015	16,720,451	78,436
Licenses and permits	818,500	838,500	921,707	83,207
Fines and forfeitures	360,000	360,000	251,401	(108,599)
Special assessments	1,410,900	1,410,900	995,134	(415,766)
Investment income	1,127,000	1,127,000	2,608,647	1,481,647
Charges for services	1,480,410	1,406,368	1,194,513	(211,855)
Other	752,143	881,267	1,051,468	170,201
Total Revenues	<u>46,556,577</u>	<u>46,708,165</u>	<u>47,812,623</u>	<u>1,104,458</u>
EXPENDITURES				
Current				
General government	6,945,471	7,358,250	6,416,260	941,990
Public safety	22,417,433	22,611,128	22,539,409	71,719
Public works	9,505,389	10,255,281	9,728,987	526,294
Education and recreation	7,965,174	8,098,854	8,093,497	5,357
Community development	1,566,812	1,566,812	1,549,254	17,558
Total Expenditures	<u>48,400,279</u>	<u>49,890,325</u>	<u>48,327,407</u>	<u>1,562,918</u>
Excess (deficiency) of revenues over expenditures	<u>(1,843,702)</u>	<u>(3,182,160)</u>	<u>(514,784)</u>	<u>2,667,376</u>
OTHER FINANCING SOURCES (USES)				
Sale of city property	19,000	19,000	397,796	378,796
Transfers in	1,731,276	3,302,719	3,441,256	138,537
Transfers out	(576,574)	(618,875)	(559,435)	59,440
Total Other Financing Sources (Uses)	<u>1,173,702</u>	<u>2,702,844</u>	<u>3,279,617</u>	<u>576,773</u>
Net Change in Fund Balance	(670,000)	(479,316)	2,764,833	3,244,149
FUND BALANCE - Beginning	<u>28,853,248</u>	<u>28,853,248</u>	<u>28,853,248</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 28,183,248</u>	<u>\$ 28,373,932</u>	<u>\$ 31,618,081</u>	<u>\$ 3,244,149</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,574,054	\$ 1,574,054	\$ 1,534,899	\$ (39,155)
Intergovernmental	65,000	65,000	62,953	(2,047)
Investment income	35,000	35,000	37,053	2,053
Total Revenues	<u>1,674,054</u>	<u>1,674,054</u>	<u>1,634,905</u>	<u>(39,149)</u>
EXPENDITURES				
Current				
General government	1,400	1,400	1,130	270
Debt Service				
Interest	441,885	441,885	(4,574,026)	5,015,911
Total Expenditures	<u>443,285</u>	<u>443,285</u>	<u>(4,572,896)</u>	<u>5,016,181</u>
Excess of revenues over expenditures	1,230,769	1,230,769	6,207,801	4,977,032
FUND BALANCES (DEFICIT) - Beginning	<u>(9,673,756)</u>	<u>(9,673,756)</u>	<u>(9,673,756)</u>	-
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (8,442,987)</u>	<u>\$ (8,442,987)</u>	<u>\$ (3,465,955)</u>	<u>\$ 4,977,032</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 981,340	\$ 981,340	\$ 965,487	\$ (15,853)
Intergovernmental	7,000	7,000	6,090	(910)
Investment income	1,000	1,000	13,061	12,061
Total Revenues	<u>989,340</u>	<u>989,340</u>	<u>984,638</u>	<u>(4,702)</u>
EXPENDITURES				
Current				
General government	1,400	1,400	1,130	270
Debt Service				
Interest	<u>1,198,230</u>	<u>1,198,230</u>	<u>593,108</u>	<u>605,122</u>
Total Expenditures	<u>1,199,630</u>	<u>1,199,630</u>	<u>594,238</u>	<u>605,392</u>
Excess (deficiency) of revenues over expenditures	(210,290)	(210,290)	390,400	600,690
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	12,510,419	12,510,419
Transfers out	<u>(1,377,419)</u>	<u>(1,377,419)</u>	<u>(1,346,011)</u>	<u>31,408</u>
Total Other Financing Sources (Uses)	<u>(1,377,419)</u>	<u>(1,377,419)</u>	<u>11,164,408</u>	<u>12,541,827</u>
Net Change in Fund Balance	(1,587,709)	(1,587,709)	11,554,808	13,142,517
FUND BALANCE (DEFICIT) - Beginning	<u>(23,607,191)</u>	<u>(23,607,191)</u>	<u>(23,607,191)</u>	<u>-</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (25,194,900)</u>	<u>\$ (25,194,900)</u>	<u>\$ (12,052,383)</u>	<u>\$ 13,142,517</u>

See accompanying notes to required supplementary information.

CITY OF APPLETON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2005

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.

Supplemental appropriations for the general fund during the year were \$1,490,046.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
Property tax	\$ 23,626,615	\$ 23,626,615	\$ 23,626,927	\$ 312
Payment in lieu of taxes	415,500	415,500	442,375	26,875
Total Taxes	<u>24,042,115</u>	<u>24,042,115</u>	<u>24,069,302</u>	<u>27,187</u>
INTERGOVERNMENTAL REVENUES				
State shared revenues	11,440,184	11,440,184	11,444,538	4,354
State aid - exempt computers	275,000	275,000	344,009	69,009
Highway aid - connecting streets	215,338	215,338	215,338	-
State tax disparity act	1,303,330	1,303,330	1,309,800	6,470
State aid - local streets	2,470,640	2,470,640	2,469,844	(796)
Miscellaneous federal aids	6,090	6,090	5,249	(841)
Miscellaneous state aids	240,600	252,035	246,126	(5,909)
Miscellaneous local aids	7,500	10,750	10,750	-
Library grants and aids	606,827	606,827	606,827	-
Health grants	-	61,821	67,970	6,149
Total Intergovernmental Revenues	<u>16,565,509</u>	<u>16,642,015</u>	<u>16,720,451</u>	<u>78,436</u>
LICENSES AND PERMITS				
Licenses				
Amusement devices	8,000	8,000	11,290	3,290
Cigarette	10,000	10,000	8,320	(1,680)
Electricians	2,500	2,500	3,230	730
Health	88,000	88,000	100,406	12,406
Liquor and malt beverages	60,000	80,000	124,690	44,690
Operators	50,000	50,000	51,770	1,770
Heating	750	750	630	(120)
Sundry	19,100	19,100	22,006	2,906
Dog	30,000	30,000	21,531	(8,469)
Cat	10,000	10,000	11,455	1,455
Weights and measures	30,000	30,000	37,372	7,372
Permits				
Building	220,000	220,000	267,754	47,754
Electrical	102,000	102,000	98,306	(3,694)
Heating	58,000	58,000	53,647	(4,353)
Plumbing and sewer	75,000	75,000	52,287	(22,713)
Trailer parking	15,000	15,000	12,021	(2,979)
State building	6,500	6,500	3,840	(2,660)
Signs	2,900	2,900	2,680	(220)
Sidewalk	8,500	8,500	7,080	(1,420)
Street occupancy	1,000	1,000	1,535	535
Street excavating and patching	4,000	4,000	4,140	140
Sundry	17,250	17,250	25,717	8,467
Total Licenses and Permits	<u>818,500</u>	<u>838,500</u>	<u>921,707</u>	<u>83,207</u>
FINES AND FORFEITURES				
Court fines and costs	360,000	360,000	251,401	(108,599)
Total Fines and Forfeitures	<u>360,000</u>	<u>360,000</u>	<u>251,401</u>	<u>(108,599)</u>

CITY OF APPLETON

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
SPECIAL ASSESSMENTS				
Asphalt paving	\$ 495,000	\$ 495,000	\$ 437,721	\$ (57,279)
Concrete paving	637,500	637,500	376,428	(261,072)
Grade and gravel	115,400	115,400	(8,716)	(124,116)
Sewer mains and laterals	-	-	772	772
Sidewalks	50,000	50,000	56,902	6,902
Snow removal	60,000	60,000	56,565	(3,435)
Weed cutting	8,000	8,000	25,081	17,081
Street light revenue	25,000	25,000	902	(24,098)
Miscellaneous	20,000	20,000	49,479	29,479
Total Special Assessments	<u>1,410,900</u>	<u>1,410,900</u>	<u>995,134</u>	<u>(415,766)</u>
INVESTMENT INCOME				
Interest income	952,000	952,000	2,760,576	1,808,576
Interest on taxes	85,000	85,000	107,157	22,157
Interest - deferred special assessments	90,000	90,000	98,979	8,979
Net gain (loss) on investment	-	-	(358,065)	(358,065)
Total Investment Income	<u>1,127,000</u>	<u>1,127,000</u>	<u>2,608,647</u>	<u>1,481,647</u>
CHARGES FOR SERVICES				
City clerk	-	-	325	325
Assessor	1,800	1,800	1,707	(93)
Finance	4,000	4,000	5,675	1,675
Human resources	-	258	434	176
City attorney	3,000	3,000	1,303	(1,697)
Library	80,000	80,000	94,318	14,318
Other	18,750	18,750	349	(18,401)
Parks and Recreation				
Park administration	500	500	1,076	576
Recreation and administration	367,000	332,700	295,599	(37,101)
Aquatics	354,500	314,500	282,949	(31,551)
Public Works				
Street division	152,500	152,500	57,093	(95,407)
Traffic	52,000	52,000	35,677	(16,323)
Inspection department	55,000	55,000	42,805	(12,195)
Health department	46,432	46,432	51,750	5,318
Police department	280,928	280,928	259,836	(21,092)
Fire department	64,000	64,000	63,617	(383)
Total Charges for Services	<u>1,480,410</u>	<u>1,406,368</u>	<u>1,194,513</u>	<u>(211,855)</u>
OTHER				
Fees and commissions	430,500	447,325	456,899	9,574
Zoning and subdivision fees	40,000	40,000	49,922	9,922
Property inquiry fees	110,000	110,000	96,352	(13,648)
Reimbursement of prior years expenditures	-	-	10,795	10,795
Miscellaneous revenue	24,000	28,738	28,244	(494)
Rental of city property	49,350	49,350	52,025	2,675

CITY OF APPLETON

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OTHER (cont.)				
Donations and memorials	\$ 450	\$ 30,156	\$ 33,196	\$ 3,040
Damage to city property	38,000	38,000	42,708	4,708
Other reimbursements	58,343	82,933	210,647	127,714
Insurance proceeds	-	53,265	55,290	2,025
Leases	-	-	12,050	12,050
Board of appeals	1,500	1,500	3,340	1,840
Total Other	<u>752,143</u>	<u>881,267</u>	<u>1,051,468</u>	<u>170,201</u>
Total Revenues	<u>46,556,577</u>	<u>46,708,165</u>	<u>47,812,623</u>	<u>1,104,458</u>
OTHER FINANCING SOURCES				
Sale of City property	<u>19,000</u>	<u>19,000</u>	<u>397,796</u>	<u>378,796</u>
Transfers From				
Room tax fund	18,390	18,390	24,285	5,895
Industrial park fund	572,827	2,144,270	2,144,270	-
CEA	28,381	28,381	28,381	-
Water utility fund	-	-	13,800	13,800
Water utility fund - property tax equivalent	954,528	954,528	1,073,370	118,842
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>1,731,276</u>	<u>3,302,719</u>	<u>3,441,256</u>	<u>138,537</u>
Total Other Financing Sources	<u>1,750,276</u>	<u>3,321,719</u>	<u>3,839,052</u>	<u>517,333</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 48,306,853</u>	<u>\$ 50,029,884</u>	<u>\$ 51,651,675</u>	<u>\$ 1,621,791</u>

CITY OF APPLETON

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2005

CURRENT EXPENDITURES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
Common council	\$ 125,954	\$ 125,954	\$ 121,656	\$ 4,298
Mayor	298,260	305,760	244,695	61,065
City clerk	584,066	604,130	593,226	10,904
City assessor	475,669	490,769	490,576	193
Finance	832,216	861,716	854,075	7,641
Information services	1,690,552	1,747,246	1,744,552	2,694
Human resources	579,189	580,289	580,127	162
City attorney	370,312	373,312	373,127	185
Unclassified				
Severance pay	172,000	172,000	302,456	(130,456)
Insurance	316,712	316,712	316,716	(4)
Reserve for contingencies	749,706	958,499	-	958,499
City hall	601,662	601,662	620,607	(18,945)
Other	149,173	220,201	174,447	45,754
Total General Government	6,945,471	7,358,250	6,416,260	941,990
PUBLIC SAFETY				
Health services	1,035,083	1,098,157	1,091,861	6,296
Police	12,860,985	12,911,183	12,858,435	52,748
Fire	8,521,365	8,601,788	8,589,113	12,675
Total Public Safety	22,417,433	22,611,128	22,539,409	71,719
PUBLIC WORKS				
	9,505,389	10,255,281	9,728,987	526,294
EDUCATION AND RECREATION				
Library	3,831,298	3,908,681	3,903,483	5,198
Parks and recreation	4,133,876	4,190,173	4,190,014	159
Total Education and Recreation	7,965,174	8,098,854	8,093,497	5,357
COMMUNITY DEVELOPMENT				
	1,566,812	1,566,812	1,549,254	17,558
OTHER FINANCING USES				
Transfers Out To				
Valley transit fund	576,574	618,875	559,435	59,440
Total Other Financing Uses	576,574	618,875	559,435	59,440
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 48,976,853	\$ 50,509,200	\$ 48,886,842	\$ 1,622,358

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.

POLICE GRANTS

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

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

SPECIAL REVENUE FUNDS (CONTINUED)

HAZARDOUS MATERIALS LEVEL A

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

FORESTRY

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

ROOM TAX

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

EMERGENCY SHELTER GRANT

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

CONTINUUM OF CARE GRANT

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

TUCHSCHERER DISABILITY

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

PEABODY ESTATE

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

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

SPECIAL REVENUE FUNDS (CONTINUED)

BALLIET LOCOMOTIVE

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

LUTZ PARK RECREATIONAL

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

PARK PURPOSE OPEN SPACE

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

UNION SPRING PARK

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

UNIVERSAL PLAYGROUND

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

TAX INCREMENT DISTRICT NO. 4

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

NONMAJOR GOVERNMENTAL FUNDS AND BUDGETARY COMPARISONS

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.

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.

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

CAPITAL PROJECTS FUNDS (CONTINUED)

PUBLIC WORKS EQUIPMENT

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

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.

LIBRARY IMPROVEMENTS

To account for the financing and expenditures associated with capital improvements and equipment related to the Appleton Public Library.

TECHNOLOGY

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

RESIDENTIAL PROJECT

To account for the financing and expenditures associated with the City's contribution to the redevelopment of a former industrial site into an affordable residential apartment complex.

PERMANENT FUND

FRANK P. YOUNG MEMORIAL

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

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 BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
December 31, 2005

	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	\$ 107,669	\$ -	\$ 157,854	\$ 620,959	\$ 437,854	\$ 5,065
Taxes receivable	167,790	-	-	2,518,357	-	-
Deferred loans	-	5,231,509	803,516	-	-	-
Accounts receivable	-	245	-	181,972	-	-
Special assessments	-	-	-	-	-	-
Developer loans	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Due from other governments	-	32,333	-	-	-	-
Due from other funds	-	-	-	4,899	-	-
TOTAL ASSETS	\$ 275,459	\$ 5,264,087	\$ 961,370	\$ 3,326,187	\$ 437,854	\$ 5,065
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ -	\$ 25,023	\$ 25,359	\$ 43,911	\$ 2,228	\$ -
Other accrued liabilities	-	2,308	47	35,387	4,283	-
Due to other funds	-	8,285	-	-	-	-
Deferred revenues	167,790	5,233,199	803,516	2,518,357	431,343	-
Advances from other funds	984,985	-	-	-	-	-
Total Liabilities	1,152,775	5,268,815	828,922	2,597,655	437,854	-
Fund Balances						
Reserved for						
Debt service	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	5,065
Trust purposes	-	-	-	-	-	-
Unreserved						
Designated for subsequent year's expenditures	-	-	132,448	728,532	-	-
Undesignated (deficit)	(877,316)	(4,728)	-	-	-	-
Total Fund Balances	(877,316)	(4,728)	132,448	728,532	-	5,065
TOTAL LIABILITIES AND FUND BALANCES	\$ 275,459	\$ 5,264,087	\$ 961,370	\$ 3,326,187	\$ 437,854	\$ 5,065

Special Revenue Funds

Hazardous Materials Level A	Forestry	Room Tax	Emergency Shelter	Continuum of Care	Tuch- scherer Disability	Peabody Estate	Balliet Locomotive
\$ 358,879	\$ 3	\$ -	\$ -	\$ -	\$ 80,863	\$ 88,984	\$ 8,637
-	17,900	-	-	-	-	-	-
-	3,321	63,950	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	21,269	10,206	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 358,879</u>	<u>\$ 21,224</u>	<u>\$ 63,950</u>	<u>\$ 21,269</u>	<u>\$ 10,206</u>	<u>\$ 80,863</u>	<u>\$ 88,984</u>	<u>\$ 8,637</u>
\$ 13,002	\$ -	\$ 57,860	\$ 1,822	\$ 7,272	\$ -	\$ -	\$ -
-	-	-	64	66	-	-	-
-	-	-	19,383	2,868	-	-	-
-	17,900	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>13,002</u>	<u>17,900</u>	<u>57,860</u>	<u>21,269</u>	<u>10,206</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
345,877	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	3,324	6,090	-	-	80,863	88,984	8,637
-	-	-	-	-	-	-	-
<u>345,877</u>	<u>3,324</u>	<u>6,090</u>	<u>-</u>	<u>-</u>	<u>80,863</u>	<u>88,984</u>	<u>8,637</u>
<u>\$ 358,879</u>	<u>\$ 21,224</u>	<u>\$ 63,950</u>	<u>\$ 21,269</u>	<u>\$ 10,206</u>	<u>\$ 80,863</u>	<u>\$ 88,984</u>	<u>\$ 8,637</u>

CITY OF APPLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)
December 31, 2005

	Special Revenue Funds				
		Park Purpose	Union	Universal	Subdivision Development
	Lutz Park	Open Space	Spring Park	Playground	Projects
ASSETS					
Cash and investments	\$ 702,201	\$ 418,678	\$ 3,229	\$ 21,232	\$ 1,271,170
Taxes receivable	-	-	-	-	734,896
Deferred loans	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Special assessments	-	-	-	-	935,428
Developer loans	-	21,368	-	-	-
Accrued interest	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 702,201</u>	<u>\$ 440,046</u>	<u>\$ 3,229</u>	<u>\$ 21,232</u>	<u>\$ 2,941,494</u>
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 22,645
Other accrued liabilities	-	-	-	-	748
Due to other funds	-	-	-	-	-
Deferred revenues	-	21,368	-	-	1,235,233
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>21,368</u>	<u>-</u>	<u>-</u>	<u>1,258,626</u>
Fund Balances					
Reserved for					
Debt service	-	-	-	-	-
Encumbrances	-	-	-	-	-
Trust purposes	-	-	-	-	-
Unreserved					
Designated for subsequent year's expenditures	702,201	418,678	3,229	21,232	1,682,868
Undesignated (deficit)	-	-	-	-	-
Total Fund Balances	<u>702,201</u>	<u>418,678</u>	<u>3,229</u>	<u>21,232</u>	<u>1,682,868</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 702,201</u>	<u>\$ 440,046</u>	<u>\$ 3,229</u>	<u>\$ 21,232</u>	<u>\$ 2,941,494</u>

Capital Projects Funds							
Industrial Park Land	Parks and Recreation Projects	Tax Incremental District No. 4	Tax Incremental District No. 5	Tax Incremental District No. 6	Public Safety Facilities	Public Works Equipment	CEA Replacement
\$ 2,519,153	\$ 769,987	\$ 4,738,633	\$ 10,577	\$ 2,377,554	\$ 1,644,340	\$ 192,016	\$ 3,809,504
-	-	2,257,300	104,895	1,200,312	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 2,519,153</u>	<u>\$ 769,987</u>	<u>\$ 6,995,933</u>	<u>\$ 115,472</u>	<u>\$ 3,577,866</u>	<u>\$ 1,644,340</u>	<u>\$ 192,016</u>	<u>\$ 3,809,504</u>
\$ -	\$ 292,806	\$ -	\$ -	\$ 325,624	\$ 131,256	\$ 31,877	\$ -
18	-	-	-	5,981	-	65	-
-	-	-	-	-	-	-	-
-	-	2,257,300	104,895	1,200,312	-	-	-
-	-	-	87,122	-	-	-	-
<u>18</u>	<u>292,806</u>	<u>2,257,300</u>	<u>192,017</u>	<u>1,531,917</u>	<u>131,256</u>	<u>31,942</u>	<u>-</u>
1,117,616	-	-	-	-	-	-	-
174,650	434,255	-	-	11,925	1,503,659	85,795	350,000
-	-	-	-	-	-	-	-
1,226,869	42,926	4,738,633	-	2,034,024	9,425	74,279	3,459,504
-	-	-	(76,545)	-	-	-	-
<u>2,519,135</u>	<u>477,181</u>	<u>4,738,633</u>	<u>(76,545)</u>	<u>2,045,949</u>	<u>1,513,084</u>	<u>160,074</u>	<u>3,809,504</u>
<u>\$ 2,519,153</u>	<u>\$ 769,987</u>	<u>\$ 6,995,933</u>	<u>\$ 115,472</u>	<u>\$ 3,577,866</u>	<u>\$ 1,644,340</u>	<u>\$ 192,016</u>	<u>\$ 3,809,504</u>

CITY OF APPLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)
December 31, 2005

	Capital Projects Funds				Permanent Fund	Total Nonmajor Governmental Funds
	Riverfront Initiatives	Library Improvements	Technology	Residential Project	Frank P. Young Memorial	
ASSETS						
Cash and investments	\$ 52,048	\$ 22	\$ 95,730	\$ 1,307,487	\$ 16,040	\$ 21,816,368
Taxes receivable	-	-	-	-	-	7,001,450
Deferred loans	-	-	-	-	-	6,035,025
Accounts receivable	-	-	-	-	-	249,488
Special assessments	-	-	-	-	-	935,428
Developer loans	-	-	-	-	-	21,368
Accrued interest	-	-	-	-	30	30
Due from other governments	-	-	-	-	-	63,808
Due from other funds	-	-	-	-	-	4,899
TOTAL ASSETS	<u>\$ 52,048</u>	<u>\$ 22</u>	<u>\$ 95,730</u>	<u>\$ 1,307,487</u>	<u>\$ 16,070</u>	<u>\$ 36,127,864</u>
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ -	\$ -	\$ 25,595	\$ 221,925	\$ -	\$ 1,228,205
Other accrued liabilities	-	-	-	-	-	48,967
Due to other funds	-	-	-	-	-	30,536
Deferred revenues	-	-	-	-	-	13,991,213
Advances from other funds	-	-	-	-	-	1,072,107
Total Liabilities	<u>-</u>	<u>-</u>	<u>25,595</u>	<u>221,925</u>	<u>-</u>	<u>16,371,028</u>
Fund Balances						
Reserved for						
Debt service	-	-	-	-	-	1,117,616
Encumbrances	-	-	69,656	1,078,075	-	4,058,957
Trust purposes	-	-	-	-	16,070	16,070
Unreserved						
Designated for subsequent year's expenditures	52,048	22	479	7,487	-	15,522,782
Undesignated (deficit)	-	-	-	-	-	(958,589)
Total Fund Balances	<u>52,048</u>	<u>22</u>	<u>70,135</u>	<u>1,085,562</u>	<u>16,070</u>	<u>19,756,836</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 52,048</u>	<u>\$ 22</u>	<u>\$ 95,730</u>	<u>\$ 1,307,487</u>	<u>\$ 16,070</u>	<u>\$ 36,127,864</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2005

	Special Revenue Funds			
	Tax	Community	Rental	Sanitation & Recycling Program
	Incremental District No. 2	Development Block Grant	Rehabili- tation Grants	
REVENUES				
Taxes	\$ 96,032	\$ -	\$ -	\$ 2,619,536
Intergovernmental	186	1,011,343	-	-
Special assessments	-	-	-	-
Investment income	8,395	-	-	54,875
Charges for services	-	-	-	998,946
Other	-	199,538	83,602	-
Total Revenues	<u>104,613</u>	<u>1,210,881</u>	<u>83,602</u>	<u>3,673,357</u>
EXPENDITURES				
Current				
General government	1,130	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	3,757,358
Education and recreation	-	-	-	-
Community development	-	1,210,881	142,875	-
Capital Outlay	-	-	-	-
Debt Service				
Interest and fiscal charges	<u>54,047</u>	-	-	-
Total Expenditures	<u>55,177</u>	<u>1,210,881</u>	<u>142,875</u>	<u>3,757,358</u>
Excess (deficiency) of revenues over expenditures	<u>49,436</u>	<u>-</u>	<u>(59,273)</u>	<u>(84,001)</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	-
Sale of city property	200,000	-	-	-
Transfers out	<u>(84,855)</u>	-	-	-
Total Other Financing Sources (Uses)	<u>115,145</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	164,581	-	(59,273)	(84,001)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(1,041,897)</u>	<u>(4,728)</u>	<u>191,721</u>	<u>812,533</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (877,316)</u>	<u>\$ (4,728)</u>	<u>\$ 132,448</u>	<u>\$ 728,532</u>

Special Revenue Funds					
Health Grants	Police Grants	Hazardous Materials Level A	Forestry	Room Tax	Emergency Shelter
\$ -	\$ -	\$ -	\$ 17,900	\$ 258,920	\$ -
493,891	105,000	380,637	-	-	93,433
-	-	-	-	-	-
-	-	9,805	200	-	-
-	-	-	3,987	-	-
-	-	-	181	-	-
<u>493,891</u>	<u>105,000</u>	<u>390,442</u>	<u>22,268</u>	<u>258,920</u>	<u>93,433</u>
-	-	-	-	234,259	-
493,891	153,136	352,600	-	-	-
-	-	-	-	-	-
-	-	-	19,824	-	-
-	-	-	-	-	93,433
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>493,891</u>	<u>153,136</u>	<u>352,600</u>	<u>19,824</u>	<u>234,259</u>	<u>93,433</u>
-	(48,136)	37,842	2,444	24,661	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(24,285)	-
-	-	-	-	(24,285)	-
-	(48,136)	37,842	2,444	376	-
-	53,201	308,035	880	5,714	-
<u>\$ -</u>	<u>\$ 5,065</u>	<u>\$ 345,877</u>	<u>\$ 3,324</u>	<u>\$ 6,090</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, 2005

	Special Revenue Funds				
	Continuum of Care	Tuch- scherer Disability	Peabody Estate	Balliet Locomotive	Lutz Park
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	187,350	-	-	-	-
Special assessments	-	-	-	-	-
Investment income	-	2,180	2,303	223	18,175
Charges for services	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>187,350</u>	<u>2,180</u>	<u>2,303</u>	<u>223</u>	<u>18,175</u>
EXPENDITURES					
Current					
General government	-	6,391	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Education and recreation	-	-	-	-	-
Community development	187,350	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service					
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>187,350</u>	<u>6,391</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(4,211)</u>	<u>2,303</u>	<u>223</u>	<u>18,175</u>
OTHER FINANCING SOURCES (USES)					
Debt issued	-	-	-	-	-
Sale of city property	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	(4,211)	2,303	223	18,175
FUND BALANCES (DEFICIT) - Beginning of Year	<u>-</u>	<u>85,074</u>	<u>86,681</u>	<u>8,414</u>	<u>684,026</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ 80,863</u>	<u>\$ 88,984</u>	<u>\$ 8,637</u>	<u>\$ 702,201</u>

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
\$ -	\$ -	\$ -	\$ 365,731	\$ -	\$ -	\$ 1,966,055
-	-	-	-	-	-	133,771
-	-	-	1,562,709	-	-	-
10,172	84	549	110,831	72,690	14,042	138,008
40,860	-	-	-	-	-	-
-	-	-	47,236	6,000	-	154,161
<u>51,032</u>	<u>84</u>	<u>549</u>	<u>2,086,507</u>	<u>78,690</u>	<u>14,042</u>	<u>2,391,995</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,755,096	166,159	663,578	131,179
-	-	-	-	-	-	-
-	-	-	<u>1,755,096</u>	<u>166,159</u>	<u>663,578</u>	<u>131,179</u>
<u>51,032</u>	<u>84</u>	<u>549</u>	<u>331,411</u>	<u>(87,469)</u>	<u>(649,536)</u>	<u>2,260,816</u>
-	-	-	-	-	610,000	-
-	-	-	-	3,008,015	-	654,275
-	-	-	-	<u>(2,333,900)</u>	-	<u>(1,996,689)</u>
-	-	-	-	<u>674,115</u>	<u>610,000</u>	<u>(1,342,414)</u>
51,032	84	549	331,411	586,646	(39,536)	918,402
<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>
<u>\$ 418,678</u>	<u>\$ 3,229</u>	<u>\$ 21,232</u>	<u>\$ 1,682,868</u>	<u>\$ 2,519,135</u>	<u>\$ 477,181</u>	<u>\$ 4,738,633</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (cont.)
For the Year Ended December 31, 2005

	Capital Projects Funds				
	Tax	Tax	Public	Public	CEA
	Incremental District No. 5	Incremental District No. 6	Safety Facilities	Works Equipment	Replacement
REVENUES					
Taxes	\$ 77,671	\$ 1,095,728	\$ -	\$ -	\$ -
Intergovernmental	352	16,107	-	-	-
Special assessments	-	-	-	-	-
Investment income	1,132	59,995	9,425	4,479	100,591
Charges for services	-	-	-	-	-
Other	-	3,000	-	-	1,352,178
Total Revenues	<u>79,155</u>	<u>1,174,830</u>	<u>9,425</u>	<u>4,479</u>	<u>1,452,769</u>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Education and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital Outlay	134,774	2,754,099	244,859	282,214	1,702,506
Debt Service					
Interest and fiscal charges	3,434	-	-	-	-
Total Expenditures	<u>138,208</u>	<u>2,754,099</u>	<u>244,859</u>	<u>282,214</u>	<u>1,702,506</u>
Excess (deficiency) of revenues over expenditures	<u>(59,053)</u>	<u>(1,579,269)</u>	<u>(235,434)</u>	<u>(277,735)</u>	<u>(249,737)</u>
OTHER FINANCING SOURCES (USES)					
Debt issued	130,000	2,761,220	1,748,518	251,000	-
Sale of city property	-	116,270	-	-	-
Transfers out	(94,727)	(1,081,166)	-	-	(41,085)
Total Other Financing Sources (Uses)	<u>35,273</u>	<u>1,796,324</u>	<u>1,748,518</u>	<u>251,000</u>	<u>(41,085)</u>
Net Change in Fund Balances	(23,780)	217,055	1,513,084	(26,735)	(290,822)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(52,765)</u>	<u>1,828,894</u>	<u>-</u>	<u>186,809</u>	<u>4,100,326</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (76,545)</u>	<u>\$ 2,045,949</u>	<u>\$ 1,513,084</u>	<u>\$ 160,074</u>	<u>\$ 3,809,504</u>

Capital Projects Funds				Permanent Fund	
Riverfront Initiatives	Library Improvements	Technology	Residential Project	Frank P. Young Memorial	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,497,573
-	-	-	-	-	2,422,070
-	-	-	-	-	1,562,709
1,360	-	479	7,487	367	627,847
-	-	-	-	-	1,043,793
-	-	-	-	500	1,846,396
<u>1,360</u>	<u>-</u>	<u>479</u>	<u>7,487</u>	<u>867</u>	<u>14,000,388</u>
-	-	-	-	500	242,280
-	-	-	-	-	999,627
-	-	-	-	-	3,757,358
-	-	-	-	-	19,824
-	-	-	-	-	1,634,539
-	33,978	174,344	221,925	-	8,264,711
-	-	-	-	-	57,481
<u>-</u>	<u>33,978</u>	<u>174,344</u>	<u>221,925</u>	<u>500</u>	<u>14,975,820</u>
<u>1,360</u>	<u>(33,978)</u>	<u>(173,865)</u>	<u>(214,438)</u>	<u>367</u>	<u>(975,432)</u>
-	34,000	244,000	1,300,000	-	7,078,738
-	-	-	-	-	3,978,560
-	-	-	-	-	(5,656,707)
<u>-</u>	<u>34,000</u>	<u>244,000</u>	<u>1,300,000</u>	<u>-</u>	<u>5,400,591</u>
1,360	22	70,135	1,085,562	367	4,425,159
<u>50,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,703</u>	<u>15,331,677</u>
<u>\$ 52,048</u>	<u>\$ 22</u>	<u>\$ 70,135</u>	<u>\$ 1,085,562</u>	<u>\$ 16,070</u>	<u>\$ 19,756,836</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, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 2,903,025	\$ 2,903,025	\$ -
Investment income	5,000	15,096	10,096
Other	91,850	91,850	-
Total Revenues	<u>2,999,875</u>	<u>3,009,971</u>	<u>10,096</u>
EXPENDITURES			
Debt Service			
Principal	8,893,427	5,708,427	3,185,000
Interest and fees	2,052,761	2,086,486	(33,725)
Total Expenditures	<u>10,946,188</u>	<u>7,794,913</u>	<u>3,151,275</u>
Deficiency of Revenues Over Expenditures	<u>(7,946,313)</u>	<u>(4,784,942)</u>	<u>3,161,371</u>
OTHER FINANCING SOURCES (USES)			
Debt issued	5,215,000	5,167,482	(47,518)
Premium on debt issued	-	133,344	133,344
Payment to refunded bond escrow agent	(2,055,154)	(5,240,154)	(3,185,000)
Transfers in	4,761,105	4,793,078	31,973
Total Other Financing Sources (Uses)	<u>7,920,951</u>	<u>4,853,750</u>	<u>(3,067,201)</u>
Net Change in Fund Balance	(25,362)	68,808	94,170
FUND BALANCE - Beginning	<u>1,125</u>	<u>1,125</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ (24,237)</u>	<u>\$ 69,933</u>	<u>\$ 94,170</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TAX INCREMENT DISTRICT NO. 2
 For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 98,482	\$ 96,032	\$ (2,450)
Intergovernmental	400	186	(214)
Investment income	1,200	8,395	7,195
Total Revenues	<u>100,082</u>	<u>104,613</u>	<u>4,531</u>
EXPENDITURES			
Current			
General government	1,350	1,130	220
Debt Service			
Interest and fiscal charges	61,547	54,047	7,500
Total Expenditures	<u>62,897</u>	<u>55,177</u>	<u>7,720</u>
Excess of Revenues Over Expenditures	37,185	49,436	12,251
OTHER FINANCING SOURCES (USES)			
Sale of city property	-	200,000	200,000
Transfers out	(84,855)	(84,855)	-
Total Other Financing Sources (Uses)	<u>(84,855)</u>	<u>115,145</u>	<u>200,000</u>
Net Change in Fund Balance	(47,670)	164,581	212,251
FUND BALANCE (DEFICIT), Beginning	<u>(1,041,897)</u>	<u>(1,041,897)</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ (1,089,567)</u>	<u>\$ (877,316)</u>	<u>\$ 212,251</u>

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, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 845,881	\$ 1,011,343	\$ 165,462
Other	<u>365,000</u>	<u>199,538</u>	<u>(165,462)</u>
Total Revenues	<u>1,210,881</u>	<u>1,210,881</u>	<u>-</u>
EXPENDITURES			
Community development	<u>1,210,881</u>	<u>1,210,881</u>	<u>-</u>
Excess of Revenues Over Expenditures	-	-	-
FUND BALANCE (DEFICIT), Beginning	<u>(4,728)</u>	<u>(4,728)</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, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Other	\$ 83,603	\$ 83,602	\$ (1)
EXPENDITURES			
Community development	<u>142,875</u>	<u>142,875</u>	<u>-</u>
Deficiency of Revenues Over Expenditures	(59,272)	(59,273)	(1)
FUND BALANCE, Beginning	<u>191,721</u>	<u>191,721</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 132,449</u>	<u>\$ 132,448</u>	<u>\$ (1)</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, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 2,619,536	\$ 2,619,536	\$ -
Investment income	35,000	54,875	19,875
Charges for services	<u>926,556</u>	<u>998,946</u>	<u>72,390</u>
Total Revenues	<u>3,581,092</u>	<u>3,673,357</u>	<u>92,265</u>
EXPENDITURES			
Public works	<u>3,759,589</u>	<u>3,757,358</u>	<u>2,231</u>
Deficiency of Revenues Over Expenditures	(178,497)	(84,001)	94,496
FUND BALANCE, Beginning	<u>812,533</u>	<u>812,533</u>	<u>-</u>
FUND BALANCE, ENDING	<u><u>\$ 634,036</u></u>	<u><u>\$ 728,532</u></u>	<u><u>\$ 94,496</u></u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - HEALTH GRANTS
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 534,497	\$ 493,891	\$ (40,606)
EXPENDITURES			
Public safety	<u>534,497</u>	<u>493,891</u>	<u>40,606</u>
Excess of Revenues Over Expenditures	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - POLICE GRANTS
 For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 105,000	\$ 105,000	\$ -
EXPENDITURES			
Public safety	<u>158,201</u>	<u>153,136</u>	<u>5,065</u>
Deficiency of Revenues Over Expenditures	(53,201)	(48,136)	5,065
FUND BALANCE, Beginning	<u>53,201</u>	<u>53,201</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ 5,065</u>	<u>\$ 5,065</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, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 160,601	\$ 380,637	\$ 220,036
Investment income	<u>357,693</u>	<u>9,805</u>	<u>(347,888)</u>
Total Revenues	<u>518,294</u>	<u>390,442</u>	<u>(127,852)</u>
EXPENDITURES			
Public safety	<u>511,294</u>	<u>352,600</u>	<u>158,694</u>
Excess of Revenues Over Expenditures	7,000	37,842	30,842
FUND BALANCE, Beginning	<u>308,035</u>	<u>308,035</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 315,035</u>	<u>\$ 345,877</u>	<u>\$ 30,842</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - FORESTRY
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 17,900	\$ 17,900	\$ -
Investment income	200	200	-
Charges for services	4,400	3,987	(413)
Other	7,500	181	(7,319)
Total Revenues	<u>30,000</u>	<u>22,268</u>	<u>(7,732)</u>
EXPENDITURES			
Education and recreation	<u>30,000</u>	<u>19,824</u>	<u>10,176</u>
Excess of Revenues Over Expenditures	-	2,444	2,444
FUND BALANCE, Beginning	<u>880</u>	<u>880</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 880</u>	<u>\$ 3,324</u>	<u>\$ 2,444</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ROOM TAX For the Year Ended December 31, 2005

	Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 193,090	\$ 258,920	\$ 65,830
EXPENDITURES			
General government	174,700	234,259	(59,559)
Excess of Revenues Over Expenditures	18,390	24,661	6,271
OTHER FINANCING USES			
Transfers out	(18,390)	(24,285)	(5,895)
Net Change in Fund Balance	-	376	376
FUND BALANCE, Beginning	5,714	5,714	-
FUND BALANCE, ENDING	\$ 5,714	\$ 6,090	\$ 376

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - EMERGENCY SHELTER
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 129,560	\$ 93,433	\$ (36,127)
EXPENDITURES			
Community development	<u>129,560</u>	<u>93,433</u>	<u>36,127</u>
Excess of Revenues Over Expenditures	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - CONTINUUM OF CARE
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 276,684	\$ 187,350	\$ (89,334)
EXPENDITURES			
Community development	<u>276,684</u>	<u>187,350</u>	<u>89,334</u>
Excess of Revenues Over Expenditures	-	-	-
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - TUCHSCHERER DISABILITY
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 2,550	\$ 2,180	\$ (370)
EXPENDITURES			
General government	<u>6,391</u>	<u>6,391</u>	<u>-</u>
Deficiency of Revenues Over Expenditures	(3,841)	(4,211)	(370)
FUND BALANCE, Beginning	<u>85,074</u>	<u>85,074</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 81,233</u>	<u>\$ 80,863</u>	<u>\$ (370)</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - PEABODY ESTATE
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 1,000	\$ 2,303	\$ 1,303
EXPENDITURES			
General government	-	-	-
Excess of Revenues Over Expenditures	1,000	2,303	1,303
FUND BALANCE, Beginning	<u>86,681</u>	<u>86,681</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 87,681</u>	<u>\$ 88,984</u>	<u>\$ 1,303</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BALLIET LOCOMOTIVE
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 100	\$ 223	\$ 123
EXPENDITURES			
General government	<u>1,100</u>	<u>-</u>	<u>1,100</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,000)	223	1,223
FUND BALANCE, Beginning	<u>8,414</u>	<u>8,414</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 7,414</u>	<u>\$ 8,637</u>	<u>\$ 1,223</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - LUTZ PARK For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 7,000	\$ 18,175	\$ 11,175
EXPENDITURES			
General government	<u>180,000</u>	<u>-</u>	<u>180,000</u>
Excess (Deficiency) of Revenues Over Expenditures	(173,000)	18,175	191,175
FUND BALANCE, Beginning	<u>684,026</u>	<u>684,026</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 511,026</u>	<u>\$ 702,201</u>	<u>\$ 191,175</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, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 4,500	\$ 10,172	\$ 5,672
Charges for services	<u>38,000</u>	<u>40,860</u>	<u>2,860</u>
Total Revenues	<u>42,500</u>	<u>51,032</u>	<u>8,532</u>
 EXPENDITURES			
General government	<u>-</u>	<u>-</u>	<u>-</u>
 Excess of Revenues Over Expenditures	42,500	51,032	8,532
 FUND BALANCE, Beginning	<u>367,646</u>	<u>367,646</u>	<u>-</u>
 FUND BALANCE, ENDING	<u>\$ 410,146</u>	<u>\$ 418,678</u>	<u>\$ 8,532</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - UNION SPRING PARK
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 40	\$ 84	\$ 44
EXPENDITURES			
General government	<u>400</u>	<u>-</u>	<u>400</u>
Excess (Deficiency) of Revenues Over Expenditures	(360)	84	444
FUND BALANCE, Beginning	<u>3,145</u>	<u>3,145</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 2,785</u>	<u>\$ 3,229</u>	<u>\$ 444</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - UNIVERSAL PLAYGROUND
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 245	\$ 549	\$ 304
EXPENDITURES			
General government	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,255)	549	1,804
FUND BALANCE, Beginning	<u>20,683</u>	<u>20,683</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 19,428</u>	<u>\$ 21,232</u>	<u>\$ 1,804</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, 2005

	Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 365,731	\$ 365,731	\$ -
Special assessments	1,221,759	1,562,709	340,950
Investment income	67,500	110,831	43,331
Other	-	47,236	47,236
Total Revenues	1,654,990	2,086,507	431,517
EXPENDITURES			
Capital Outlay	1,871,399	1,755,096	116,303
Excess (Deficiency) of Revenues Over Expenditures	(216,409)	331,411	547,820
FUND BALANCE, Beginning	1,351,457	1,351,457	-
FUND BALANCE, ENDING	\$ 1,135,048	\$ 1,682,868	\$ 547,820

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - INDUSTRIAL PARK LAND For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 20,000	\$ 72,690	\$ 52,690
Other	6,030	6,000	(30)
Total Revenues	<u>26,030</u>	<u>78,690</u>	<u>52,660</u>
EXPENDITURES			
Capital Outlay	<u>164,684</u>	<u>166,159</u>	<u>(1,475)</u>
Deficiency of Revenues Over Expenditures	<u>(138,654)</u>	<u>(87,469)</u>	<u>51,185</u>
OTHER FINANCING SOURCES (USES)			
Sale of city property	1,934,862	3,008,015	1,073,153
Transfers out	<u>(2,333,900)</u>	<u>(2,333,900)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(399,038)</u>	<u>674,115</u>	<u>1,073,153</u>
Net Change in Fund Balances	(537,692)	586,646	1,124,338
FUND BALANCE, Beginning	<u>1,932,489</u>	<u>1,932,489</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 1,394,797</u>	<u>\$ 2,519,135</u>	<u>\$ 1,124,338</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - PARK AND RECREATION PROJECTS
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ -	\$ 14,042	\$ 14,042
EXPENDITURES			
Capital Outlay	<u>1,136,037</u>	<u>663,578</u>	<u>472,459</u>
Deficiency of Revenues Over Expenditures	(1,136,037)	(649,536)	486,501
OTHER FINANCING SOURCES			
Debt issued	<u>610,000</u>	<u>610,000</u>	<u>-</u>
Net Change in Fund Balances	(526,037)	(39,536)	486,501
FUND BALANCE, Beginning	<u>516,717</u>	<u>516,717</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ (9,320)</u>	<u>\$ 477,181</u>	<u>\$ 486,501</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - TAX INCREMENTAL DISTRICT NO. 4

For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance with <u>Final Budget</u>
REVENUES			
Taxes	\$ 2,016,209	\$ 1,966,055	\$ (50,154)
Intergovernmental	130,760	133,771	3,011
Investment income	60,000	138,008	78,008
Other	-	154,161	154,161
Total Revenues	<u>2,206,969</u>	<u>2,391,995</u>	<u>185,026</u>
 EXPENDITURES			
Capital Outlay	<u>140,073</u>	<u>131,179</u>	<u>8,894</u>
 Excess of Revenues Over Expenditures	<u>2,066,896</u>	<u>2,260,816</u>	<u>193,920</u>
 OTHER FINANCING SOURCES (USES)			
Sale of city property	9,873	654,275	644,402
Transfers out	<u>(2,012,910)</u>	<u>(1,996,689)</u>	<u>16,221</u>
Total Other Financing Sources (Uses)	<u>(2,003,037)</u>	<u>(1,342,414)</u>	<u>660,623</u>
 Net Change in Fund Balances	63,859	918,402	854,543
 FUND BALANCE, Beginning	<u>3,820,231</u>	<u>3,820,231</u>	<u>-</u>
 FUND BALANCE, ENDING	<u>\$ 3,884,090</u>	<u>\$ 4,738,633</u>	<u>\$ 854,543</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TAX INCREMENTAL DISTRICT NO. 5
 For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 70,553	\$ 77,671	\$ 7,118
Intergovernmental	378	352	(26)
Investment income	500	1,132	632
Total Revenues	<u>71,431</u>	<u>79,155</u>	<u>7,724</u>
EXPENDITURES			
Capital Outlay	131,400	134,774	(3,374)
Debt Service			
Interest	<u>4,184</u>	<u>3,434</u>	<u>750</u>
Total Expenditures	<u>135,584</u>	<u>138,208</u>	<u>(2,624)</u>
Deficiency of Revenues Over Expenditures	<u>(64,153)</u>	<u>(59,053)</u>	<u>5,100</u>
OTHER FINANCING SOURCES (USES)			
Debt issued	130,000	130,000	-
Transfers out	<u>(94,728)</u>	<u>(94,727)</u>	<u>1</u>
Total Other Financing Sources (Uses)	<u>35,272</u>	<u>35,273</u>	<u>1</u>
Net Change in Fund Balances	(28,881)	(23,780)	5,101
FUND BALANCE (DEFICIT), Beginning	<u>(52,765)</u>	<u>(52,765)</u>	<u>-</u>
FUND BALANCE (DEFICIT), ENDING	<u>\$ (81,646)</u>	<u>\$ (76,545)</u>	<u>\$ 5,101</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - TAX INCREMENTAL DISTRICT NO. 6
 For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 1,089,884	\$ 1,095,728	\$ 5,844
Intergovernmental	13,032	16,107	3,075
Investment income	15,000	59,995	44,995
Other	-	3,000	3,000
Total Revenues	<u>1,117,916</u>	<u>1,174,830</u>	<u>56,914</u>
EXPENDITURES			
Capital Outlay	<u>3,324,003</u>	<u>2,754,099</u>	<u>569,904</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,206,087)</u>	<u>(1,579,269)</u>	<u>626,818</u>
OTHER FINANCING SOURCES (USES)			
Debt issued	3,310,408	2,761,220	(549,188)
Sale of city property	175,000	116,270	(58,730)
Transfers out	<u>(1,001,563)</u>	<u>(1,081,166)</u>	<u>(79,603)</u>
Total Other Financing Sources (Uses)	<u>2,483,845</u>	<u>1,796,324</u>	<u>(687,521)</u>
Net Change in Fund Balances	277,758	217,055	(60,703)
FUND BALANCE, Beginning	<u>1,828,894</u>	<u>1,828,894</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 2,106,652</u>	<u>\$ 2,045,949</u>	<u>\$ (60,703)</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - PUBLIC SAFETY FACILITIES For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ -	\$ 9,425	\$ 9,425
EXPENDITURES			
Capital Outlay	<u>1,748,518</u>	<u>244,859</u>	<u>1,503,659</u>
Deficiency of Revenues Over Expenditures	(1,748,518)	(235,434)	1,513,084
OTHER FINANCING SOURCES			
Debt issued	<u>1,748,518</u>	<u>1,748,518</u>	<u>-</u>
Net Change in Fund Balances	-	1,513,084	1,513,084
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ 1,513,084</u>	<u>\$ 1,513,084</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - PUBLIC WORKS EQUIPMENT
 For the Year Ended December 31, 2005

	Budget	Actual	Variance with Final Budget
REVENUES			
Investment income	\$ -	\$ 4,479	\$ 4,479
EXPENDITURES			
Capital Outlay	434,040	282,214	151,826
Deficiency of Revenues Over Expenditures	(434,040)	(277,735)	156,305
OTHER FINANCING SOURCES			
Debt issued	254,150	251,000	(3,150)
Net Change in Fund Balances	(179,890)	(26,735)	153,155
FUND BALANCE, Beginning	186,809	186,809	-
FUND BALANCE, ENDING	\$ 6,919	\$ 160,074	\$ 153,155

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CEA REPLACEMENT For the Year Ended December 31, 2005

	Budget	Actual	Variance with Final Budget
REVENUES			
Investment income	\$ 120,000	\$ 100,591	\$ (19,409)
Other	1,396,534	1,352,178	(44,356)
Total Revenues	1,516,534	1,452,769	(63,765)
EXPENDITURES			
Capital Outlay	2,154,906	1,702,506	452,400
Deficiency of Revenues Over Expenditures	(638,372)	(249,737)	388,635
OTHER FINANCING SOURCES (USES)			
Sale of city property	210,000	-	(210,000)
Transfers out	(41,085)	(41,085)	-
Total Other Financing Sources (Uses)	168,915	(41,085)	(210,000)
Net Change in Fund Balances	(469,457)	(290,822)	178,635
FUND BALANCE, Beginning	4,100,326	4,100,326	-
FUND BALANCE, ENDING	\$ 3,630,869	\$ 3,809,504	\$ 178,635

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - RIVERFRONT INITIATIVES
For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ -	\$ 1,360	\$ 1,360
EXPENDITURES			
Capital Outlay	-	-	-
Excess of Revenues Over Expenditures	-	1,360	1,360
FUND BALANCE, Beginning	<u>50,688</u>	<u>50,688</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 50,688</u>	<u>\$ 52,048</u>	<u>\$ 1,360</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - LIBRARY IMPROVEMENTS
 For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ -	\$ -	\$ -
EXPENDITURES			
Capital Outlay	<u>34,000</u>	<u>33,978</u>	<u>22</u>
Deficiency of Revenues Over Expenditures	(34,000)	(33,978)	22
OTHER FINANCING SOURCES			
Debt issued	<u>34,000</u>	<u>34,000</u>	<u>-</u>
Net Change in Fund Balances	-	22	22
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ 22</u>	<u>\$ 22</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - TECHNOLOGY
 For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ -	\$ 479	\$ 479
EXPENDITURES			
Capital Outlay	<u>244,000</u>	<u>174,344</u>	<u>69,656</u>
Deficiency of Revenues Over Expenditures	(244,000)	(173,865)	70,135
OTHER FINANCING SOURCES			
Debt issued	<u>244,000</u>	<u>244,000</u>	<u>-</u>
Net Change in Fund Balances	-	70,135	70,135
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ 70,135</u>	<u>\$ 70,135</u>

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - RESIDENTIAL PROJECT
 For the Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ -	\$ 7,487	\$ 7,487
EXPENDITURES			
Capital Outlay	<u>1,300,000</u>	<u>221,925</u>	<u>1,078,075</u>
Deficiency of Revenues Over Expenditures	(1,300,000)	(214,438)	1,085,562
OTHER FINANCING SOURCES			
Debt issued	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>
Net Change in Fund Balances	-	1,085,562	1,085,562
FUND BALANCE, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ 1,085,562</u>	<u>\$ 1,085,562</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, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income	\$ 500	\$ 367	\$ (133)
Other	<u>500</u>	<u>500</u>	<u>-</u>
Total Revenues	<u>1,000</u>	<u>867</u>	<u>(133)</u>
EXPENDITURES			
General government	<u>500</u>	<u>500</u>	<u>-</u>
Excess of Revenues Over Expenditures	500	367	(133)
FUND BALANCE, Beginning	<u>15,703</u>	<u>15,703</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 16,203</u>	<u>\$ 16,070</u>	<u>\$ (133)</u>

CITY OF APPLETON

COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS December 31, 2005

	Enterprise Funds		Totals
	Parking Utility	Reid Municipal Golf Course	
ASSETS			
Current Assets			
Cash and investments	\$ 688,654	\$ 3,454	\$ 692,108
Other accounts receivable	10,885	19	10,904
Total Current Assets	699,539	3,473	703,012
Non-Current Assets			
Capital Assets			
Land	1,558,140	960,778	2,518,918
Construction work in progress	840	686,236	687,076
Building and improvements	22,689,043	1,082,764	23,771,807
Equipment, furniture and vehicles	607,493	130,143	737,636
Less: Accumulated depreciation	(11,405,598)	(1,094,216)	(12,499,814)
Total Non-Current Assets	13,449,918	1,765,705	15,215,623
Total Assets	14,149,457	1,769,178	15,918,635
LIABILITIES			
Current Liabilities			
Accounts payable	29,163	41,957	71,120
Compensated absences	26,317	12,245	38,562
Other accrued liabilities	9,158	3,658	12,816
Total Current Liabilities	64,638	57,860	122,498
Noncurrent Liabilities			
Advances from other funds	-	495,000	495,000
General obligation debt payable	-	636,847	636,847
Compensated absences	42,826	32,615	75,441
Total Noncurrent Liabilities	42,826	1,164,462	1,207,288
Total Liabilities	107,464	1,222,322	1,329,786
NET ASSETS			
Invested in capital assets, net of related debt	13,449,918	1,128,858	14,578,776
Unrestricted (deficit)	592,075	(582,002)	10,073
TOTAL NET ASSETS	\$ 14,041,993	\$ 546,856	\$ 14,588,849

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS - NONMAJOR PROPRIETARY FUNDS
For the Year Ended December 31, 2005

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
OPERATING REVENUES			
Charges for services	\$ 1,578,587	\$ 490,178	\$ 2,068,765
Other	508,317	16,709	525,026
Total Operating Revenues	2,086,904	506,887	2,593,791
OPERATING EXPENSES			
Operation and maintenance	964,477	464,198	1,428,675
Depreciation	877,749	56,246	933,995
Total Operating Expenses	1,842,226	520,444	2,362,670
Operating Income (Loss)	244,678	(13,557)	231,121
NONOPERATING REVENUES (EXPENSES)			
Investment income	27,022	743	27,765
Interest expense	-	(28,180)	(28,180)
Other	30	-	30
Total Nonoperating Revenues (Expenses)	27,052	(27,437)	(385)
Income Before Transfers	271,730	(40,994)	230,736
Transfers out	(12,519,719)	(17,900)	(12,537,619)
Change in Net Assets	(12,247,989)	(58,894)	(12,306,883)
TOTAL NET ASSETS - Beginning	26,289,982	605,750	26,895,732
TOTAL NET ASSETS - ENDING	\$ 14,041,993	\$ 546,856	\$ 14,588,849

CITY OF APPLETON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended December 31, 2005

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 2,156,105	\$ 506,887	\$ 2,662,992
Paid to suppliers for goods and services	(387,183)	(175,330)	(562,513)
Paid to employees for services	(574,892)	(248,540)	(823,432)
Net Cash Flows From Operating Activities	<u>1,194,030</u>	<u>83,017</u>	<u>1,277,047</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(9,300)	(17,900)	(27,200)
Advances to other funds	(800,000)	(25,000)	(825,000)
Net Cash Flows From Noncapital Financing Activities	<u>(809,300)</u>	<u>(42,900)</u>	<u>(852,200)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
General obligation debt issued	-	636,847	636,847
Acquisition and construction of capital assets	(121,213)	(679,236)	(800,449)
Interest paid on long-term debt	-	(28,005)	(28,005)
Net Cash Flows From Capital and Related Financing Activities	<u>(121,213)</u>	<u>(70,394)</u>	<u>(191,607)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	27,022	743	27,765
Net Cash Flows From Investing Activities	<u>27,022</u>	<u>743</u>	<u>27,765</u>
Net Increase (Decrease) in Cash and Cash Equivalents	290,539	(29,534)	261,005
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>398,115</u>	<u>32,988</u>	<u>431,103</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 688,654</u>	<u>\$ 3,454</u>	<u>\$ 692,108</u>

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 244,678	\$ (13,557)	\$ 231,121
Adjustments to reconcile operating income to net cash flows from operating activities			
Non-operating income	30	-	30
Depreciation	877,749	56,246	933,995
Change in assets and liabilities			
Other accounts receivable	69,171	-	69,171
Accounts payable	-	33,106	33,106
Accrued liabilities	338	909	1,247
Compensated absences	2,064	6,313	8,377
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,194,030</u>	<u>\$ 83,017</u>	<u>\$ 1,277,047</u>

NONCASH FINANCING ACTIVITIES

The parking utility transferred \$12,510,419 to Tax Incremental District No. 3 to set up an allowance for the advance from the parking utility to TIF No. 3.

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, 2005

	Central Equipment Agency	Insurance	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 69,898	\$ 2,123,822	\$ 2,193,720
Other receivable	11,360	1,932	13,292
Inventories	39,749	-	39,749
Total Current Assets	<u>121,007</u>	<u>2,125,754</u>	<u>2,246,761</u>
Non-Current Assets			
Restricted Assets			
Investment in WMIC	-	2,020,950	2,020,950
Receivable from mutual insurance company	-	85,545	85,545
Capital Assets			
Equipment	1,597,312	-	1,597,312
Vehicles	19,215,706	-	19,215,706
Less: Accumulated depreciation	<u>(11,619,897)</u>	<u>-</u>	<u>(11,619,897)</u>
Total Non-Current Assets	<u>9,193,121</u>	<u>2,106,495</u>	<u>11,299,616</u>
Total Assets	<u>9,314,128</u>	<u>4,232,249</u>	<u>13,546,377</u>
LIABILITIES			
Current Liabilities			
Accounts payable	21,918	1,693	23,611
Compensated absences	38,524	13,277	51,801
Other accrued liabilities	18,451	13,324	31,775
Claims payable	-	1,400,000	1,400,000
Current portion of long-term debt	-	216,899	216,899
Total Current Liabilities	<u>78,893</u>	<u>1,645,193</u>	<u>1,724,086</u>
Noncurrent Liabilities			
General obligation debt payable	-	236,791	236,791
Compensated absences	<u>51,162</u>	<u>-</u>	<u>51,162</u>
Total Noncurrent Liabilities	<u>51,162</u>	<u>236,791</u>	<u>287,953</u>
Total Liabilities	<u>130,055</u>	<u>1,881,984</u>	<u>2,012,039</u>
NET ASSETS			
Invested in capital assets	9,193,121	-	9,193,121
Unrestricted (deficit)	<u>(9,048)</u>	<u>2,350,265</u>	<u>2,341,217</u>
TOTAL NET ASSETS	<u>\$ 9,184,073</u>	<u>\$ 2,350,265</u>	<u>\$ 11,534,338</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - INTERNAL SERVICE FUNDS For the Year Ended December 31, 2005

	Central Equipment Agency	Insurance	Totals
OPERATING REVENUES			
Charges for services	\$ 1,992,199	\$ 582,612	\$ 2,574,811
Other	12,081	249,144	261,225
Total Operating Revenue	<u>2,004,280</u>	<u>831,756</u>	<u>2,836,036</u>
OPERATING EXPENSES			
Operation and maintenance	2,328,419	1,537,965	3,866,384
Depreciation	1,649,371	-	1,649,371
Total Operating Expenses	<u>3,977,790</u>	<u>1,537,965</u>	<u>5,515,755</u>
Operating Loss	<u>(1,973,510)</u>	<u>(706,209)</u>	<u>(2,679,719)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	259	67,587	67,846
Interest expense	-	(43,798)	(43,798)
Gain on the sale of capital assets	230,865	-	230,865
Loss on investment in WMIC	-	(30,523)	(30,523)
Other	2,521	3,153	5,674
Total Nonoperating Revenues (Expenses)	<u>233,645</u>	<u>(3,581)</u>	<u>230,064</u>
Income (Loss) Before contributions and transfers	<u>(1,739,865)</u>	<u>(709,790)</u>	<u>(2,449,655)</u>
Capital contributions	1,699,022	-	1,699,022
Transfers in	19,976	-	19,976
Change in Net Assets	<u>(20,867)</u>	<u>(709,790)</u>	<u>(730,657)</u>
TOTAL NET ASSETS - Beginning	<u>9,204,940</u>	<u>3,060,055</u>	<u>12,264,995</u>
TOTAL NET ASSETS - ENDING	<u>\$ 9,184,073</u>	<u>\$ 2,350,265</u>	<u>\$ 11,534,338</u>

CITY OF APPLETON

COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2005

	Central Equipment Agency	Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 2,004,692	\$ 934,431	\$ 2,939,123
Paid to suppliers for goods and services	(1,349,086)	(1,287,502)	(2,636,588)
Paid to employees for services	(994,496)	(249,637)	(1,244,133)
Net Cash Flows From Operating Activities	<u>(338,890)</u>	<u>(602,708)</u>	<u>(941,598)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Principal payments on note payable	-	(198,920)	(198,920)
Interest paid on note payable	-	(48,124)	(48,124)
Net Cash Flows From Noncapital Financing Activities	<u>-</u>	<u>(247,044)</u>	<u>(247,044)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(19,976)	-	(19,976)
Transfer in - capital related	19,976	-	19,976
Proceeds from sale of capital assets	408,529	-	408,529
Net Cash Flows From Capital and Related Financing Activities	<u>408,529</u>	<u>-</u>	<u>408,529</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	259	67,587	67,846
Net Cash Flows From Investing Activities	<u>259</u>	<u>67,587</u>	<u>67,846</u>
Net Decrease in Cash and Cash Equivalents	69,898	(782,165)	(712,267)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>-</u>	<u>2,905,987</u>	<u>2,905,987</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 69,898</u>	<u>\$ 2,123,822</u>	<u>\$ 2,193,720</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating loss	\$ (1,973,510)	\$ (706,209)	\$ (2,679,719)
Adjustments to reconcile income (loss) to net cash flows from operating activities:			
Non-operating income	2,521	3,153	5,674
Depreciation	1,649,371	-	1,649,371
Change in assets and liabilities:			
Other accounts receivable	(2,109)	(478)	(2,587)
Inventories	(15,719)	-	(15,719)
Accounts payable	(9,602)	(1,184)	(10,786)
Accrued liabilities	(5,331)	763	(4,568)
Accrued compensated absences	20,474	1,247	21,721
Claims payable	-	100,000	100,000
Due to other funds	(4,985)	-	(4,985)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (338,890)</u>	<u>\$ (602,708)</u>	<u>\$ (941,598)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Contributed property and equipment	<u>\$ 1,699,022</u>	<u>\$ -</u>	<u>\$ 1,699,022</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, 2005

	Balance 1-1-05	Additions	Deductions	Balance 12-31-05
TAX COLLECTIONS				
Assets				
Cash and investments	\$ 40,879,183	\$ 41,840,108	\$ 40,879,183	\$ 41,840,108
Property taxes receivable	<u>13,771,065</u>	<u>14,862,405</u>	<u>13,771,065</u>	<u>14,862,405</u>
 TOTAL ASSETS	 <u>\$ 54,650,248</u>	 <u>\$ 56,702,513</u>	 <u>\$ 54,650,248</u>	 <u>\$ 56,702,513</u>
 Liabilities				
Due to other taxing authorities	\$ 54,574,626	\$ 56,626,719	\$ 54,574,626	\$ 56,626,719
Accounts payable	<u>75,622</u>	<u>75,794</u>	<u>75,622</u>	<u>75,794</u>
 TOTAL LIABILITIES	 <u>\$ 54,650,248</u>	 <u>\$ 56,702,513</u>	 <u>\$ 54,650,248</u>	 <u>\$ 56,702,513</u>

STATISTICAL
SECTION

Schedule 1
City of Appleton
Net Assets by Component
(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental Activities			
Invested in Capital Assets, net of related debt	\$ 222,306,765	\$ 232,641,235	\$ 245,757,895
Restricted	218,516	6,429,747	6,796,749
Unrestricted	<u>(4,087,925)</u>	<u>(13,022,089)</u>	<u>1,203,946</u>
Total Governmental Activities Net Assets	218,437,356	226,048,893	253,758,590
Business-type Activities			
Invested in Capital Assets, net of related debt	148,565,590	164,337,658	171,026,349
Restricted	9,927,016	10,482,382	10,852,698
Unrestricted	<u>35,042,798</u>	<u>25,205,527</u>	<u>12,693,942</u>
Total Business-type Activities Net Assets	193,535,404	200,025,567	194,572,989
Primary Government			
Invested in Capital Assets, net of related debt	370,872,355	396,978,893	415,362,249
Restricted	10,145,532	16,912,129	17,649,447
Unrestricted	<u>30,954,873</u>	<u>12,183,438</u>	<u>15,319,883</u>
Total Primary Government Net Assets	<u>\$ 411,972,760</u>	<u>\$ 426,074,460</u>	<u>\$ 448,331,579</u>

<p>Note: Appleton began to report accrual information with the implementation of GASB Statement # 34 in 2003.</p>

Schedule 2
City of Appleton
Changes in Net Assets, Last Three Fiscal Years
(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Expenses			
Governmental Activities:			
General Government	\$ 6,492,619	\$ 6,419,439	\$ 6,945,784
Public Safety	22,639,969	23,575,858	24,424,002
Public Works	15,379,335	15,521,570	16,935,291
Education & Recreation	8,820,286	8,667,868	8,706,013
Community Development	4,356,058	2,450,493	2,532,059
Interest	<u>4,080,710</u>	<u>3,983,171</u>	<u>2,070,103</u>
Total Governmental Activities	61,768,977	60,618,399	61,613,252
Business-type Activities			
Water	11,436,383	11,384,777	12,075,437
Wastewater	10,442,858	10,901,021	10,714,320
Valley Transit	5,951,388	6,454,888	6,576,352
Stormwater	3,032,606	3,974,123	4,347,493
Other non-major enterprise funds	<u>2,507,622</u>	<u>2,482,916</u>	<u>2,454,170</u>
Total Business-type Activities	<u>33,370,857</u>	<u>35,197,725</u>	<u>36,167,772</u>
Total - Primary Government	<u>\$ 95,139,834</u>	<u>\$ 95,816,124</u>	<u>\$ 97,781,024</u>
Program Revenues			
Governmental Activities:			
Charges for Service	\$ 4,945,020	\$ 4,285,207	\$ 4,195,931
Operating Grants & Contributions	2,320,915	2,470,595	2,984,118
Capital Grants & Contributions	<u>4,416,370</u>	<u>7,176,121</u>	<u>6,861,161</u>
Total Governmental Activities	11,682,305	13,931,923	14,041,210
Business-type Activities			
Charges for Service			
Water	14,503,814	14,143,690	14,251,543
Wastewater	8,381,938	8,153,375	7,942,307
Valley Transit	845,530	899,244	983,778
Stormwater	3,102,677	3,835,617	3,933,221
Other non-major enterprise funds	2,566,566	2,575,747	2,593,791
Operating Grants & Contributions	4,355,203	4,560,499	4,401,611
Capital Grants & Contributions	<u>4,345,345</u>	<u>7,303,800</u>	<u>4,995,504</u>
Total Business-type Activities	<u>38,101,073</u>	<u>41,471,972</u>	<u>39,101,755</u>
Total - Primary Government	<u>\$ 49,783,378</u>	<u>\$ 55,403,895</u>	<u>\$ 53,142,965</u>
Net (Expense)/Revenue			
Governmental Activities	(50,086,672)	(46,686,476)	(47,572,042)
Business-Type Activities	<u>4,730,216</u>	<u>6,274,247</u>	<u>2,933,983</u>
Total Primary Government Net Assets	<u>\$ (45,356,456)</u>	<u>\$ (40,412,229)</u>	<u>\$ (44,638,059)</u>

Schedule 2 (cont)
City of Appleton
Changes in Net Assets, Last Three Fiscal Years
(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Revenues & Other Changes in Net Assets			
Governmental Activities:			
Taxes			
Property Taxes	32,614,255	32,883,651	34,909,951
Other Taxes	866,069	1,195,606	1,060,335
Intergovernmental revenues not restricted to sp	17,271,606	16,084,242	16,015,538
Investment income	2,030,374	2,182,845	1,682,999
Gain (Loss) on the sale of assets	206,811	135,307	2,255,997
Miscellaneous	568,296	1,224,976	790,190
Transfers	<u>641,359</u>	<u>591,386</u>	<u>11,918,030</u>
Total general revenues and transfers	54,198,770	54,298,013	68,633,040
Business-type Activities			
Investment income	1,142,573	788,552	791,730
Gain (Loss) on the sale of assets	(3,206)	-	-
Miscellaneous	8,940	18,750	11,816
Transfers	<u>(641,359)</u>	<u>(591,386)</u>	<u>(11,918,030)</u>
Total Business-type Activities	506,948	215,916	(11,114,484)
Total Primary Government	<u>\$ 54,705,718</u>	<u>\$ 54,513,929</u>	<u>\$ 57,518,556</u>
Change in Net Assets			
Governmental Activities:	\$ 4,112,098	\$ 7,611,537	\$ 21,060,998
Business-type Activities	<u>5,237,164</u>	<u>6,490,163</u>	<u>(8,180,501)</u>
Total Primary Government	<u>\$ 9,349,262</u>	<u>\$ 14,101,700</u>	<u>\$ 12,880,497</u>

Note: Appleton began to report accrual information with the implementation of GASB Statement # 34 in 2003.
--

Schedule 3
City of Appleton
Program Revenues by Function/Program
(accrual basis of accounting)

Function/Program	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental Activities:			
General Government	\$ 252,984	\$ 560,841	\$ 551,625
Public Safety	1,719,607	1,869,967	2,059,771
Public Works	6,064,272	8,825,461	8,363,126
Education & Recreation	1,636,676	1,645,419	1,690,834
Community Development	<u>2,008,766</u>	<u>1,030,235</u>	<u>1,375,854</u>
Total Governmental Activities	11,682,305	13,931,923	14,041,210
Business-type Activities			
Water	15,516,139	15,087,868	15,044,585
Wastewater	9,227,688	9,273,617	9,353,598
Valley Transit	5,159,558	8,957,170	6,514,788
Stormwater	5,631,122	5,577,570	5,594,993
Other non-major enterprise funds	<u>2,566,566</u>	<u>2,575,747</u>	<u>2,593,791</u>
Total Business-type Activities	<u>38,101,073</u>	<u>41,471,972</u>	<u>39,101,755</u>
Total - Primary Government	<u>\$ 49,783,378</u>	<u>\$ 55,403,895</u>	<u>\$ 53,142,965</u>

Schedule 4
City of Appleton
Fund Balances, Governmental Funds
(modified accrual basis of accounting)

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund										
Reserved for:										
Inventories	\$ 462,894	\$ 507,439	\$ 465,231	\$ 385,886	\$ 355,214	\$ 434,194	\$ 443,632	\$ 730,647	\$ 624,307	\$ 631,367
Prepaid items ⁽¹⁾	73,665	233,040	211,069	76,069	37,832	18,098	40,342	231,697	37,156	15,564
Noncurrent receivables/advances	475,289	11,763,065	12,544,043	12,534,168	12,521,578	12,510,912	11,801,779	10,793,361	11,706,947	11,193,955
Encumbrances	1,381,746	856,887	1,262,590	1,202,854	1,477,769	1,521,057	2,269,780	2,665,155	1,386,837	1,281,556
Unreserved	<u>19,083,724</u>	<u>17,686,386</u>	<u>16,503,259</u>	<u>15,653,472</u>	<u>15,173,394</u>	<u>15,398,336</u>	<u>16,586,914</u>	<u>15,801,906</u>	<u>15,098,001</u>	<u>18,495,639</u>
Total General Fund	\$ <u>21,477,318</u>	\$ <u>31,046,817</u>	\$ <u>30,986,192</u>	\$ <u>29,852,449</u>	\$ <u>29,565,787</u>	\$ <u>29,882,597</u>	\$ <u>31,142,447</u>	\$ <u>30,222,766</u>	\$ <u>28,853,248</u>	\$ <u>31,618,081</u>
All Other Governmental Funds										
Reserved for:										
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,614	\$ -	\$ -
Debt service	12,490,749	3,459,712	2,549,859	1,571,943	899,984	152,081	250,865	218,516	1,308,374	1,187,549
Encumbrances	2,258,129	4,734,271	474,236	712	2,556,635	803,204	2,316,927	1,437,827	1,327,663	4,058,957
Trust purposes ⁽²⁾	13,144	13,133	11,376	12,419	13,231	15,423	15,650	15,922	15,703	16,070
Unreserved, reported in:										
Special revenue funds	1,171,343	(8,101,163)	(6,970,211)	(13,734,136)	(11,715,399)	(11,781,721)	(10,660,894)	(29,686,303)	(32,061,055)	(14,206,164)
Capital projects funds	<u>147,511</u>	<u>(2,556,029)</u>	<u>602,454</u>	<u>833,138</u>	<u>(3,319,324)</u>	<u>(2,974,667)</u>	<u>(8,387,804)</u>	<u>11,644,012</u>	<u>11,461,170</u>	<u>13,252,019</u>
Total All Other Governmental Funds	<u>16,080,876</u>	<u>(2,450,076)</u>	<u>(3,332,286)</u>	<u>(11,315,924)</u>	<u>(11,564,873)</u>	<u>(13,785,680)</u>	<u>(16,465,256)</u>	<u>(16,287,412)</u>	<u>(17,948,145)</u>	<u>4,308,431</u>
Total Governmental Funds	\$ <u>37,558,194</u>	\$ <u>28,596,741</u>	\$ <u>27,653,906</u>	\$ <u>18,536,525</u>	\$ <u>18,000,914</u>	\$ <u>16,096,917</u>	\$ <u>14,677,191</u>	\$ <u>13,935,354</u>	\$ <u>10,905,103</u>	\$ <u>35,926,512</u>

Notes:

¹. General Obligation debt issued for Reid Golf Course and the Water, Wastewater and Stormwater Utilities (enterprise funds) was recorded in the Long- Term Debt group in 1997 and 1996 in the amounts of \$6,799,521 and \$9,013,466, respectively.

². This presentation shows non-expendable fiduciary funds for all years as Trust Purposes. With the adoption of GASB # 34 in 2003, expendable fiduciary funds were re-classified as special revenue funds and, to be consistent, we have re-classified years 1996 - 2002.

Schedule 5
City of Appleton
Changes in Fund Balances, Governmental Funds
(modified accrual basis of accounting)

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
REVENUES										
Taxes	\$ 27,654,203	\$ 28,272,112	\$ 28,484,660	\$ 29,063,804	\$ 29,058,416	\$ 30,997,028	\$ 33,099,823	\$ 33,480,323	\$ 34,079,257	\$ 35,970,286
Intergovernmental	16,904,610	17,299,265	17,748,956	17,376,711	20,316,452	19,105,737	19,683,745	19,926,685	18,663,193	19,211,564
Licenses and permits	640,493	682,340	732,758	702,779	750,035	791,011	884,000	857,425	855,231	921,707
Fines and forfeitures	448,930	473,981	449,152	417,360	444,667	550,333	355,125	277,692	281,958	251,401
Special assessments	2,218,956	2,094,959	3,298,685	3,318,367	2,163,984	3,242,590	3,705,450	2,393,102	2,504,028	2,557,843
Investment income	2,935,823	2,688,001	2,872,649	2,010,886	3,523,432	2,820,965	2,382,965	788,177	2,635,922	3,301,704
Charges for services	1,512,046	1,911,250	2,116,351	1,957,681	2,073,791	2,373,079	2,317,445	2,541,086	2,329,281	2,238,306
Other	2,062,909	1,228,154	1,840,916	1,313,785	2,765,278	3,140,818	2,672,953	2,784,593	2,976,130	2,989,714
Total Revenues	54,377,970	54,650,062	57,544,127	56,161,373	61,096,055	63,021,561	65,101,506	63,049,083	64,325,000	67,442,525
EXPENDITURES										
Current:										
General government	4,963,470	10,405,428	7,722,163	5,478,419	5,784,192	5,845,365	6,251,609	6,126,494	6,168,655	6,660,800
Public safety	15,532,101	16,387,158	16,853,419	17,626,422	18,771,270	20,334,106	21,174,302	22,074,301	22,986,627	23,539,036
Public works	13,471,794	12,827,537	12,904,735	12,966,175	12,645,998	13,233,142	12,629,782	12,909,444	13,660,780	13,486,345
Education and recreation	6,043,950	6,342,352	6,449,693	6,680,548	7,250,491	7,888,695	8,027,742	8,374,430	8,040,579	8,113,321
Community development	1,981,137	2,343,603	2,844,169	2,584,193	3,172,604	2,631,857	2,757,170	2,987,427	3,072,314	3,183,793
Capital Outlay	5,139,002	8,813,506	10,274,001	5,995,217	15,952,220	11,208,473	15,056,988	8,467,483	7,000,266	8,264,711
Debt Service:										
Principal retirement	5,369,323	6,208,180	7,456,688	8,242,988	6,131,943	6,322,600	7,149,027	5,388,571	5,746,890	5,708,427
Interest and fiscal charges	2,655,597	2,280,669	2,328,895	11,448,484	3,247,678	3,617,391	3,692,094	4,076,244	3,939,715	(1,836,951)
Total Expenditures	55,156,374	65,608,433	66,833,763	71,022,446	72,956,396	71,081,629	76,738,714	70,404,394	70,615,826	67,119,482
Excess (deficiency) of revenues over (under) expenditures	(778,404)	(10,958,371)	(9,289,636)	(14,861,073)	(11,860,341)	(8,060,068)	(11,637,208)	(7,355,311)	(6,290,826)	323,043
OTHER FINANCING SOURCES (USES)										
Debt issued	5,155,000	7,070,000	8,125,716	4,780,000	10,465,000	9,823,639	10,530,000	4,312,743	1,099,352	12,246,220
Premium on debt issued	-	-	-	-	-	-	-	-	-	133,344
Refunding debt issued	-	-	9,570,105	-	-	-	-	-	-	-
Payments to escrow agents	-	-	(9,468,197)	-	-	-	-	-	-	(5,240,154)
Sale of city properties	1,023,128	145,075	413,341	1,124,747	382,082	740,827	1,741,379	683,294	1,683,147	4,376,356
Transfers in	9,145,675	9,350,207	6,237,517	7,535,326	13,416,867	6,894,729	7,400,967	27,505,734	7,399,121	20,744,753
Transfers out	(9,451,998)	(8,244,763)	(6,531,681)	(7,696,381)	(12,939,219)	(11,303,124)	(9,454,864)	(26,888,823)	(6,875,712)	(7,562,153)
Total Other Financing Sources (Uses)	5,871,805	8,320,519	8,346,801	5,743,692	11,324,730	6,156,071	10,217,482	5,612,948	3,305,908	24,698,366
Net Change in Fund Balances	5,093,401	(2,637,852)	(942,835)	(9,117,381)	(535,611)	(1,903,997)	(1,419,726)	(1,742,363)	(2,984,918)	25,021,409
FUND BALANCES (DEFICIT) - Beginning (as restated)										
	<u>32,464,793</u>	<u>31,234,593*</u>	<u>28,596,741</u>	<u>27,653,906</u>	<u>18,536,525</u>	<u>18,000,914</u>	<u>16,096,917</u>	<u>15,677,717</u>	<u>13,890,021</u>	<u>10,905,103</u>
FUND BALANCES (DEFICIT) - ENDING										
	<u>\$ 37,558,194</u>	<u>\$ 28,596,741</u>	<u>\$ 27,653,906</u>	<u>\$ 18,536,525</u>	<u>\$ 18,000,914</u>	<u>\$ 16,096,917</u>	<u>\$ 14,677,191</u>	<u>\$ 13,935,354</u>	<u>\$ 10,905,103</u>	<u>\$ 35,926,512</u>

* Balance restated

Debt service as a percent of non-capital expenditures ⁽¹⁾

21.9% 18.9% 22.4% 45.8% 21.1% 21.6% 23.4% 19.1% 20.7% 7.1%

¹ Prior to the implementation of GASB 34 in 2003, non-capital expenditures consist of current expenditures for General government, Public safety, Public works, Education and recreation, and Community development, less any assets recorded in the General Fixed Asset Account Group. Beginning in 2003, non-capital expenditures excludes all expenditures on infrastructure (streets, sidewalks, bridges, etc.) as well.

**Schedule 6
City of Appleton
Assessed Value and Estimated Actual Value (Equalized Value) of Taxable Property**

<u>Levy Year</u>	<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Agricultural Property</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u> ^A	<u>Total Direct Tax Rate</u> ^B	<u>Estimated Actual Taxable Value</u> ^C	<u>Assessed as Percent of Estimated Actual Value</u>
1995	1996	1,770,022,100	424,457,300	112,369,000	191,100	140,304,599	2,447,344,099	10.2826	2,460,320,400	99.47%
1996	1997	1,800,169,200	487,973,100	113,756,500	468,900	140,395,290	2,542,762,990	10.1481	2,573,762,200	98.80%
1997	1998	1,833,725,200	506,216,900	116,506,300	468,900	148,215,360	2,605,132,660	9.9245	2,710,599,200	96.11%
1998	1999	1,996,836,800	531,975,000	124,618,200	566,900	152,032,100	2,806,029,000	9.2911	2,810,931,700	99.83%
1999	2000	2,044,483,900	543,116,200	129,654,100	698,800	122,100,880	2,840,053,880	9.0590	2,922,765,600	97.17%
2000	2001	2,105,737,900	590,221,200	141,614,500	197,100	123,588,300	2,961,359,000	9.2553	3,085,147,000	95.99%
2001	2002	2,172,020,300	619,288,000	145,306,900	97,700	126,098,150	3,062,811,050	9.4367	3,257,173,800	94.03%
2002	2003	2,538,529,000	645,168,800	158,744,000	20,400	123,458,191	3,465,920,391	8.5695	3,484,190,400	99.48%
2003	2004	2,599,645,900	693,289,600	163,630,500	140,400	118,638,100	3,575,344,500	8.3167	3,640,419,000	98.21%
2004	2005	2,669,283,400	756,401,000	153,906,600	134,200	114,535,530	3,694,260,730	8.5035	3,897,467,400	94.79%
2005	2006	2,754,366,400	854,361,200	143,387,200	229,600	122,876,400	3,875,220,800	8.4351	4,168,388,400	92.97%

^{A.} Source: Wisconsin Department of Revenue, Final Statement of Assessment. Values include TIF districts.

^{B.} Source: City of Appleton Budget and Service Plan. The rate shown is for properties in Outagamie County and served by the Appleton Area School District.

^{C.} Source: Wisconsin Department of Revenue, County Equalization Report

Notes:

Property in the City of Appleton is reassessed every four to five years on average, with the goal of assessing it at 100% of market value. Between major reassessments, property values are updated based on sales of comparable properties.

**Schedule 7
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	Collection	Basic	G.O. Debt	City of Appleton	Appleton School	FVTC	Outagamie	Sanitary	State of Wisconsin	Gross Tax	State Tax	Net Tax
<u>Year</u>	<u>Year</u>	<u>Rate</u>	<u>Service</u>	<u>Direct Rate</u> ⁽²⁾	<u>District</u>		<u>County</u>	<u>District</u> ⁽¹⁾	<u>Wisconsin</u>	<u>Rate</u>	<u>Credits</u>	<u>Rate</u>
1996	1997	\$ 8.15	\$ 2.00	\$ 10.15	\$ 10.03	\$ 1.71	\$ 4.87	\$ -	\$ 0.20	\$ 26.96	\$ 2.21	\$ 24.75
1997	1998	8.37	1.55	9.92	9.57	1.76	4.91	-	0.21	26.37	1.99	24.38
1998	1999	8.09	1.20	9.29	10.36	1.82	4.69	-	0.20	26.36	1.70	24.66
1999	2000	8.19	0.87	9.06	10.07	1.87	4.76	-	0.21	25.97	1.60	24.37
2000	2001	8.22	1.03	9.25	10.12	1.94	5.03	-	0.21	26.55	1.54	25.01
2001	2002	8.41	1.03	9.44	9.52	2.01	5.36	-	0.21	26.54	1.52	25.02
2002	2003	7.68	0.89	8.57	8.63	1.89	4.85	-	0.20	24.14	1.29	22.85
2003	2004	7.46	0.86	8.32	8.83	1.83	4.72	-	0.20	23.90	1.21	22.69
2004	2005	7.66	0.84	8.50	8.92	1.82	4.73	-	0.21	24.18	1.13	23.05
2005	2006	7.63	0.81	8.44	8.94	1.83	4.74	-	0.20	24.15	1.06	23.09

OUTAGAMIE COUNTY/MENASHA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy	Collection	Basic	G.O. Debt	City of Appleton	Menasha School	FVTC	Outagamie	Sanitary	State of Wisconsin	Gross Tax	State Tax	Net Tax
<u>Year</u>	<u>Year</u>	<u>Rate</u>	<u>Service</u>	<u>Direct Rate</u> ⁽²⁾	<u>District</u>		<u>County</u>	<u>District</u> ⁽¹⁾	<u>Wisconsin</u>	<u>Rate</u>	<u>Credits</u>	<u>Rate</u>
1996	1997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1997	1998	8.37	1.56	9.93	10.04	1.76	4.91	1.30	0.21	28.15	1.99	26.16
1998	1999	8.09	1.20	9.29	5.98	1.82	4.69	1.62	0.20	23.60	1.70	21.90
1999	2000	8.19	0.87	9.06	9.48	1.87	4.76	-	0.21	25.38	1.60	23.78
2000	2001	8.22	1.03	9.25	9.79	1.94	5.03	-	0.21	26.22	1.54	24.68
2001	2002	8.41	1.03	9.44	10.27	2.01	5.36	-	0.21	27.29	1.52	25.77
2002	2003	7.68	0.89	8.57	9.50	1.89	4.85	-	0.20	25.01	1.29	23.72
2003	2004	7.46	0.86	8.32	9.70	1.83	4.72	-	0.20	24.77	1.21	23.56
2004	2005	7.66	0.84	8.50	9.98	1.82	4.73	-	0.21	25.24	1.13	24.11
2005	2006	7.63	0.81	8.44	9.37	1.83	4.74	-	0.20	24.58	1.06	23.52

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

(Continued)

**Schedule 7
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	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate ⁽²⁾	Freedom School District	FVTC	Outagamie County	Sanitary District ⁽¹⁾	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
1996	1997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1997	1998	-	-	-	-	-	-	-	-	-	-	-
1998	1999	-	-	-	-	-	-	-	-	-	-	-
1999	2000	-	-	-	-	-	-	-	-	-	-	-
2000	2001	-	-	-	-	-	-	-	-	-	-	-
2001	2002	-	-	-	-	-	-	-	-	-	-	-
2002	2003	-	-	-	-	-	-	-	-	-	-	-
2003	2004	7.46	0.86	8.32	9.47	1.83	4.72	-	0.20	24.54	1.21	23.33
2004	2005	7.66	0.84	8.50	9.62	1.82	4.73	-	0.21	24.88	1.13	23.75
2005	2006	7.63	0.81	8.44	9.01	1.83	4.74	-	0.20	24.22	1.06	23.16

CALUMET COUNTY/APPLETON AREA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate ⁽²⁾	Appleton School District	FVTC	Calumet County	Sanitary District ⁽¹⁾	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
1996	1997	\$ 8.00	\$ 1.96	\$ 9.96	\$ 9.84	\$ 1.67	\$ 4.79	\$ -	\$ 0.20	\$ 26.46	\$ 2.07	\$ 24.39
1997	1998	8.20	1.52	9.72	9.37	1.73	4.72	-	0.20	25.74	1.95	23.79
1998	1999	8.02	1.19	9.21	10.30	1.80	4.38	-	0.20	25.89	1.73	24.16
1999	2000	8.05	0.85	8.90	9.89	1.83	4.31	-	0.20	25.13	1.65	23.48
2000	2001	8.02	1.01	9.03	9.87	1.89	4.47	-	0.20	25.46	1.60	23.86
2001	2002	8.26	1.02	9.28	9.36	1.98	5.02	-	0.21	25.85	1.49	24.36
2002	2003	7.52	0.87	8.39	8.44	1.85	4.65	-	0.20	23.53	1.24	22.29
2003	2004	7.49	0.87	8.36	8.88	1.84	4.65	-	0.20	23.93	1.16	22.76
2004	2005	7.68	0.84	8.52	8.93	1.82	4.66	-	0.21	24.14	1.09	23.05
2005	2006	7.54	0.80	8.34	8.85	1.81	4.50	-	0.20	23.70	1.04	22.66

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

(Continued)

**Schedule 7
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	Collection	Basic	G.O. Debt	City of Appleton	Kimberly School	FVTC	Calumet	Sanitary	State of Wisconsin	Gross Tax	State Tax	Net Tax
<u>Year</u>	<u>Year</u>	<u>Rate</u>	<u>Service</u>	<u>Direct Rate ⁽²⁾</u>	<u>District</u>	<u>FVTC</u>	<u>County</u>	<u>District ⁽¹⁾</u>	<u>Wisconsin</u>	<u>Rate</u>	<u>Credits</u>	<u>Rate</u>
1996	1997	\$ 8.00	\$ 1.96	\$ 9.96	\$ 11.17	\$ 1.67	\$ 4.79	\$ -	\$ 0.20	\$ 27.79	\$ 2.07	\$ 25.72
1997	1998	8.20	1.52	9.72	10.62	1.73	4.72	-	0.20	26.99	1.95	25.04
1998	1999	8.02	1.19	9.21	7.83	1.80	4.38	-	0.20	23.42	1.73	21.69
1999	2000	8.05	0.85	8.90	11.88	1.83	4.31	-	0.20	27.12	1.65	25.47
2000	2001	8.02	1.01	9.03	11.12	1.89	4.47	-	0.20	26.71	1.60	25.11
2001	2002	8.26	1.02	9.28	10.75	1.98	5.02	-	0.21	27.24	1.49	25.75
2002	2003	7.52	0.87	8.39	9.97	1.85	4.65	-	0.20	25.06	1.24	23.82
2003	2004	7.49	0.87	8.36	9.87	1.84	4.65	-	0.20	24.92	1.16	23.76
2004	2005	7.68	0.84	8.52	10.10	1.82	4.66	-	0.21	25.31	1.09	24.22
2005	2006	7.54	0.80	8.34	9.68	1.81	4.50	-	0.20	24.53	1.04	23.49

WINNEBAGO COUNTY/APPLETON AREA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy	Collection	Basic	G.O. Debt	City of Appleton	Appleton School	FVTC	Winnebago	Sanitary	State of Wisconsin	Gross Tax	State Tax	Net Tax
<u>Year</u>	<u>Year</u>	<u>Rate</u>	<u>Service</u>	<u>Direct Rate ⁽²⁾</u>	<u>District</u>	<u>FVTC</u>	<u>County</u>	<u>District ⁽¹⁾</u>	<u>Wisconsin</u>	<u>Rate</u>	<u>Credits</u>	<u>Rate</u>
1996	1997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1997	1998	-	-	-	-	-	-	-	-	-	-	-
1998	1999	8.24	1.23	9.47	10.21	1.85	5.05	-	0.20	26.78	1.87	24.91
1999	2000	8.31	0.88	9.19	10.22	1.89	5.18	-	0.21	26.69	1.83	24.86
2000	2001	8.25	1.04	9.29	10.16	1.95	5.28	-	0.21	26.89	1.59	25.30
2001	2002	8.27	1.02	9.29	9.37	1.98	5.64	-	0.21	26.49	1.62	24.87
2002	2003	7.85	0.91	8.76	8.83	1.93	5.62	-	0.21	25.35	1.50	23.85
2003	2004	7.73	0.90	8.63	9.16	1.90	5.60	-	0.21	25.50	1.30	24.20
2004	2005	7.72	0.84	8.56	8.97	1.83	5.72	-	0.21	25.29	1.33	23.96
2005	2006	7.54	0.80	8.34	8.84	1.81	5.64	-	0.20	24.83	1.25	23.58

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

(Continued)

**Schedule 7
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	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate ⁽²⁾	Menasha School District	FVTC	Winnebago County	Sanitary District ⁽¹⁾	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
1996	1997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1997	1998	-	-	-	-	-	-	-	-	-	-	-
1998	1999	8.24	1.23	9.47	9.67	1.85	5.05	-	0.20	26.24	1.87	24.37
1999	2000	8.31	0.88	9.19	9.62	1.89	5.18	-	0.21	26.09	1.83	24.26
2000	2001	8.25	1.04	9.29	9.84	1.95	5.28	-	0.21	26.57	1.59	24.98
2001	2002	8.27	1.02	9.29	10.11	1.98	5.64	-	0.21	27.23	1.62	25.61
2002	2003	7.85	0.91	8.76	9.72	1.93	5.62	-	0.21	26.24	1.50	24.74
2003	2004	7.73	0.90	8.63	10.07	1.90	5.60	-	0.21	26.40	1.30	25.10
2004	2005	7.72	0.84	8.56	10.05	1.83	5.72	-	0.21	26.37	1.33	25.04
2005	2006	7.54	0.80	8.34	9.27	1.81	5.64	-	0.20	25.26	1.25	24.01

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 with the tax roll for the properties they served within the City limits. Since the 1999 Levy Year, those levies have been paid directly by the Appleton Utility and all City residents are billed at Appleton Utility rates.

⁽²⁾ In 1997, the City of Appleton enacted a local ordinance that imposes restraints on the total City levy. The Tax Levy Ordinance limits the increase in the City's tax levy to the rate of change in the Consumer Price Index plus an allowance for growth, adjusted for services transferred to other funding sources, new revenues and one time grant awards. In 2005, the State of Wisconsin imposed a two year limitation on all units of local government. This limit is similar in many respects to the Tax Levy Ordinance, though not identical. Furthermore, the State of Wisconsin, through its Expenditure Restraint Program, distributes a pool of money annually to local governments that meet certain restrictions on the growth of General Fund expenditures. In general, the Expenditure Restraint Program limits the growth of General Fund expenditures to 60% of the percentage of growth in equalized value, up to a maximum of 2%, plus the change in the Consumer Price Index.

Schedule 8
City of Appleton
Principal Taxpayers, Current Year and Nine Years Prior

<u>Name</u>	<u>Nature of Business</u>	<u>2005</u>			<u>1996</u>		
		<u>Taxable</u>	<u>Percent</u>	<u>Rank</u>	<u>Taxable</u>	<u>Percent</u>	<u>Rank</u>
		<u>Assessed</u>	<u>of Total</u>		<u>Assessed</u>	<u>of Total</u>	
		<u>Value ^(A)</u>	<u>Value ^(B)</u>		<u>Value ^(A)</u>	<u>Value ^(B)</u>	
Winter Properties	Real Estate Development	\$ 33,843,000	0.92	1	\$ 11,634,910	0.46	7
Thomas Wright, et al	Rental Properties	25,473,900	0.69	2			
PRDC Corp.		23,238,000	0.63	3			
Pfefferle/Hoffman/Evans	Real Estate Development	22,787,300	0.62	4	9,481,510	0.37	9
Thrivent/Northmeadows Inv.	Insurance ^(C)	22,706,800	0.61	5	19,766,600	0.78	2
Appleton, Inc. (Appleton Papers)	NCR Paper Products	22,222,400	0.60	6	29,193,800	1.15	1
Oly/Montclair Wis. Hotels	Hotel	17,351,500	0.47	7			
Voith, Inc./Voith Fabrics	Industrial Machines/Papermaker Felts	16,242,400	0.44	8			
Eisenhower Properties	Real Estate Development	15,621,300	0.42	9			
Wal-Mart	Retail Store	13,710,500	0.37	10			
VH Enterprises/Warehouse Specialists	Warehouse Storage				9,269,630	0.36	10
Secura Insurance	Insurance				13,616,480	0.53	4
Guardian Life Insurance	Insurance				12,995,500	0.51	5
Miller Electric Mfg.	Electric Arc Welders				14,841,500	0.58	3
Bergstrom	Hotel & Auto Dealership				12,414,523	0.49	6
NF (Nash Finch) Properties	Wholesale Foods				9,540,690	0.38	8
	TOTAL	\$ 213,197,100	5.77		\$ 142,755,143	5.61	

^(A) Per City Assessor's records.

^(B) Based on the city's total January 1, 2005 and 1996 assessed valuation of \$3,694,260,730 and \$2,542,740,790, respectively, 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.

**Schedule 9
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
1996	\$ 24,442,463	\$ 24,114,934	98.66	\$ 24,424,176	99.93 %	\$ 18,287	0.07 %
1997	25,030,908	24,730,537	98.80	25,025,054	99.98	5,854	0.02
1998	24,986,883	24,714,526	98.91	24,980,771	99.98	6,112	0.02
1999	25,158,220	24,806,005	98.60	25,147,165	99.96	11,055	0.04
2000	24,765,055	24,440,110	98.69	24,739,988	99.90	25,067	0.10
2001	26,257,639	25,892,728	98.61	26,234,319	99.91	23,320	0.09
2002	27,418,190	27,027,898	98.58	27,378,007	99.85	40,183	0.15
2003	28,004,767	27,639,769	98.70	27,975,008	99.89	29,759	0.11
2004	28,111,450	27,667,971	98.42	28,096,621	99.95	14,829	0.05
2005	29,532,807	29,109,910	98.57	29,504,923	99.91	27,884	0.09

^(A) The amount of outstanding taxes represents uncollected personal property taxes at the end of the year. The portion of the delinquent taxes attributable to overlapping jurisdictions is charged back to those jurisdictions in the subsequent year.

**Schedule 10
City of Appleton
Direct and Overlapping Sales Tax Rates**

	City Direct <u>Rate</u>	Outagamie County Direct <u>Rate</u>	Calumet County Direct <u>Rate</u>	Winnebago County Direct <u>Rate</u>	<u>Wisconsin</u>
1996	0.0 %	0.0 %	0.0 %	0.0 %	5.0 %
1997	0.0	0.0	0.0	0.0	5.0
1998	0.0	0.0	0.0	0.0	5.0
1999	0.0	0.0	0.0	0.0	5.0
2000	0.0	0.0	0.0	0.0	5.0
2001	0.0	0.0	0.0	0.0	5.0
2002	0.0	0.0	0.0	0.0	5.0
2003	0.0	0.0	0.0	0.0	5.0
2004	0.0	0.0	0.0	0.0	5.0
2005	0.0	0.0	0.0	0.0	5.0

Note: Counties in Wisconsin have the option of levying a 0.5% sales tax but, to date, none of the counties in which Appleton is located have chosen to do so. Cities do not have the option of levying any sales tax.

**Schedule 11
City of Appleton
Outstanding Debt by Type**

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	General Obligation Bonds for Business-type Activities	Capital Leases	Water Revenue Bonds	Wastewater Revenue Bonds	Stormwater Revenue Bonds			
1996	44,754,441	6,799,521	-	8,100,253	28,493,108	-	88,147,323	6.34%	1,272
1997	45,533,123	9,013,466	-	7,089,618	27,025,915	-	88,662,122	6.01%	1,270
1998	46,291,000	9,503,619	160,782	50,744,798	25,521,472	-	132,221,671	8.19%	1,900
1999	42,873,736	8,370,751	-	50,214,978	19,109,556	3,080,000	123,649,021	7.22%	1,769
2000	47,076,730	7,169,630	-	66,977,975	17,985,613	6,005,000	145,214,948	7.93%	2,070
2001	50,436,612	5,910,000	-	65,482,857	16,896,609	10,665,000	149,391,078	8.17%	2,115
2002	53,664,187	4,105,000	-	68,317,448	14,394,190	12,885,000	153,365,825	8.56%	2,150
2003	52,421,190	3,425,000	-	65,420,000	13,877,356	16,540,000	151,683,546	8.33%	2,117
2004	47,591,564	2,715,000	-	65,935,000	12,688,237	19,760,000	148,689,801	7.76%	2,068
2005	48,805,437	2,606,847	-	66,090,000	10,978,711	19,200,000	147,680,995	N/A	2,049

**Schedule 12
City of Appleton
General Obligation Debt**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u> ⁽¹⁾	<u>Less Assets Restricted for Debt Service</u>	<u>Total Net Debt</u>	<u>Percentage of Actual Taxable Value of Property</u> ⁽²⁾	<u>Per Capita</u> ⁽³⁾
1996	\$ 51,553,962	\$ (7,828,369)	43,725,593	1.78	631
1997	54,546,589	(7,086,522)	47,460,067	1.84	680
1998	55,794,619	(5,343,181)	50,451,438	1.86	725
1999	51,244,487	(3,706,496)	47,537,991	1.69	680
2000	54,246,360	(3,332,872)	50,913,488	1.74	726
2001	56,346,612	(3,373,131)	52,973,481	1.72	750
2002	57,769,187	(3,679,901)	54,089,286	1.66	758
2003	55,846,190	(3,230,500)	52,615,690	1.51	734
2004	50,306,564	(3,218,970)	47,087,594	1.29	655
2005	51,412,284	(3,941,778)	47,470,506	1.22	659

(1) Includes general obligation debt for business-type activities (see table 11). Details on the City's outstanding debt can be found in the notes to the financial statements.

(2) See Schedule 6 for property value data.

(3) See Schedule 16 for population data.

**Schedule 13
CITY OF APPLETON
COMPUTATION OF DIRECT AND OVERLAPPING
GENERAL OBLIGATION DEBT**

December 31, 2005

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Appleton	Amount Applicable to City of Appleton
City of Appleton ^(A)	\$ 47,470,506	100.00 %	<u>\$ 47,470,506</u>
<u>Overlapping Debt</u>			
Appleton Area School District	60,027,482	64.30	38,597,671
Menasha Joint School District	20,468,503	4.14	847,724
Kimberly Area School District	50,700,000	1.80	912,600
Freedom Area School District	12,205,000	1.10	134,255
Fox Valley Technical College	44,230,329	13.60	6,015,325
Outagamie County	40,138,435	29.69	11,915,456
Calumet County	1,325,000	19.80	262,350
Winnebago County	56,671,556	0.63	<u>357,994</u>
Total Overlapping Debt			<u>59,043,375</u>
Total Direct And Overlapping Debt			<u>\$ 106,513,881</u>

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

**Schedule 14
City of Appleton
Legal Debt Margin Calculation**

Legal Debt Margin Calculation for Fiscal Year 2005:

Equalized Value of Real & Personal Property	\$ 4,168,388,400
Outagamie County	3,518,555,600
Calumet County	585,882,700
Winnebago County	63,950,100
 Legal Debt Limit (5% of equalized value)	 208,419,420
 Amount of Debt Applicable to Debt Limitation:	
Total General Obligation Bonds and Notes Outstanding at December 31, 2005	 51,412,284
 Less: Assets in Government Fund Types Available for Debt Service	 <u>(3,941,778)</u>
 Amount of Debt Applicable to Debt Limit	 <u>47,470,506</u>
 Remaining Legal Debt Margin	 <u>\$ 160,948,914</u>

Fiscal Year

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt Limit	\$ 128,688,110	\$ 135,529,960	\$ 140,546,585	\$ 146,138,280	\$ 154,257,350	\$ 162,858,690	\$ 174,209,520	\$ 182,020,950	\$ 194,873,370	\$ 208,419,420
Total net debt applicable to limit	<u>43,725,593</u>	<u>47,460,067</u>	<u>50,451,438</u>	<u>47,537,991</u>	<u>50,913,488</u>	<u>52,973,481</u>	<u>54,089,286</u>	<u>52,615,690</u>	<u>47,087,594</u>	<u>47,470,506</u>
Legal Debt Margin	<u>\$ 84,962,517</u>	<u>\$ 88,069,893</u>	<u>\$ 90,095,147</u>	<u>\$ 98,600,289</u>	<u>\$ 103,343,862</u>	<u>\$ 109,885,209</u>	<u>\$ 120,120,234</u>	<u>\$ 129,405,260</u>	<u>\$ 147,785,776</u>	<u>\$ 160,948,914</u>
Total net debt applicable to limit as a percentage of debt limit	33.98%	35.02%	35.90%	32.53%	33.01%	32.53%	31.05%	28.91%	24.16%	22.78%

**Schedule 15
CITY OF APPLETON
MORTGAGE REVENUE BOND COVERAGE - WATER UTILITY**

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Revenues</u> ⁽¹⁾	<u>Direct Operating Expenses</u> ⁽²⁾	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
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	3,093,188	4,050,275	925,000	468,051	1,393,051	2.91
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	5,411,849	9,275,740	3,670,000	2,649,476	6,319,476	1.47
2004	14,333,414	5,292,495	9,040,919	3,820,000	2,786,904	6,606,904	1.37
2005 ⁽³⁾	14,415,014	5,858,708	8,556,306	4,115,000	2,778,618	6,893,618	1.24

(Continued)

⁽¹⁾ Includes total operating revenues and investment income.

⁽²⁾ Includes total operating expenses less depreciation and payment in lieu of taxes through 2002. In 2003, with the implementation of Governmental Accounting Standards Board Statement # 34 (GASB 34), the payment in lieu of taxes became a non-operating expense.

⁽³⁾ Includes Waterworks Mortgage Revenue Bonds, Series 1998, 2000, 2001, 2002, 2004, & 2005.

Schedule 15 (Continued)
CITY OF APPLETON
MORTGAGE REVENUE BOND COVERAGE - WASTEWATER UTILITY

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Revenues</u> ⁽¹⁾	<u>Direct Operating Expenses</u> ⁽²⁾	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
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	2,254,987	149,406	2,404,393	2.56
2000	11,144,474	5,231,277	5,913,196	2,254,987	149,406	2,404,393	2.46
2001	10,460,393	5,631,280	4,829,113	2,254,987	149,406	2,404,393	2.01
2002	9,746,238	5,065,104	4,681,134	2,254,987	149,406	2,404,393	1.95
2003	8,960,550	5,959,734	3,000,816	2,254,987	149,406	2,404,393	1.25
2004	8,553,064	6,476,793	2,076,271	2,254,987	149,406	2,404,393	0.86
2005 ⁽³⁾	8,279,773	6,077,023	2,202,750	2,154,987	102,266	2,257,253	0.98 ⁽⁴⁾

(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 and 1993 Clean Water Fund Loan.

⁽⁴⁾ Rate increase averaging 14.3% for residential customers approved, effective 10/1/05.

Schedule 15 (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			Coverage
				Principal	Interest	Total	
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	3,154,787	1,512,520	1,642,267	540,000	436,190	976,190	1.68
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	2,136,180	1,878,335	935,000	785,047	1,720,047	1.09
2005 ⁽³⁾	4,196,249	2,273,075	1,923,174	935,000	785,047	1,720,047	1.12 ⁽⁴⁾

⁽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, 2002, 2003, and 2004.

⁽⁴⁾ Rate increase of 53.4% approved, effective 3/1/06.

**Schedule 16
CITY OF APPLETON
DEMOGRAPHIC STATISTICS**

Last Ten Fiscal Years

Fiscal Year	Appleton Population ⁽¹⁾	Personal Income ⁽²⁾	AGI Per Return ⁽³⁾	School System Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
1996	69,279	\$ 1,389,590,347	\$ 36,083	14,316	3.4
1997	69,787	1,475,479,429	36,852	14,450	3.3
1998	69,607	1,615,120,314	39,529	14,538	3.1
1999	69,911	1,713,358,672	40,886	14,636	3.0
2000	70,167	1,830,974,907	43,159	14,793	3.0
2001	70,623	1,827,449,049	43,597	14,800	4.4
2002	71,348	1,792,395,580	43,228	14,948	6.5
2003	71,649	1,821,726,575	43,972	15,275	6.7
2004	71,895	1,914,976,268	45,631	15,075	6.0
2005	72,085	N/A	N/A	15,196	5.7

1. Wisconsin Dept. of Administration estimates.
2. Wisconsin Department of Revenue. Adjusted Gross Income for all returns filed for Appleton residents.
3. Wisconsin Department of Revenue. Adjusted Gross Income per return. Prior to 1998, measure shown is per capita income.
4. Wisconsin Department of Public Instruction.
5. Wisconsin Department of Workforce Development, annual rates for City of Appleton, not seasonally adjusted.

**Schedule 17
CITY OF APPLETON
PRINCIPAL EMPLOYERS
Current Year and Nine Years Prior**

<u>Company Name</u>	<u>Product or Service</u>	<u>2005</u>			<u>1996</u>		
		<u>Number of Employees *</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees *</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Thrivent Investment Management, Inc.	Insurance	1,893	1	5.0 %	1,753	1	4.2 %
Appleton Area School District	Education	1,775	2	4.7	1,383	5	3.3
Appleton Papers, Inc.	NCR Paper Products	1,321	3	3.5	1,450	3	3.5
Outagamie County	Government	1,262	4	3.4	1,100	7	2.6
Appleton Medical Center	Medical & Health Care Facility	1,230	5	3.3			
Miller Electric Manufacturing	Electric Arc Welders	1,200	6	3.2	1,400	4	3.3
St. Elizabeth Hospital	Medical & Health Care Facility	1,030	7	2.7	1,333	6	3.2
Valley Packaging Industries, Inc.	Hi-speed Packager	800	8	2.1	750	9	1.8
Guardian Life	Insurance	700	9	1.9	808	8	1.9
City of Appleton	Government	680	10	1.8			
United Health Group	Health Care Provider				1,650	2	3.9
Oscar J. Boldt	Construction				700	10	1.7
Total		<u>11,891</u>		<u>31.6 %</u>	<u>12,327</u>		<u>29.4 %</u>
Total Employment		37,488			41,807		

* Includes Full- and Part-Time employees

Source: Employer contacts and Wisconsin Manufacturers & Services Directory; total employment from Wisconsin Department of Workforce Development.

**Schedule 18
CITY OF APPLETON
Budgeted Full-Time-Equivalent Personnel Positions**

DEPARTMENT	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General Government										
Assessor's Office	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.00	7.00	7.00
Attorney's Office	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City Clerk's Office	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Finance Department	17.00	16.50	16.00	16.00	16.00	16.00	16.00	16.00	15.00	15.00
Human Resources	7.00	7.00	7.00	8.00	8.00	8.00	8.60	8.60	8.60	8.60
Information Services	7.00	8.00	9.00	10.00	13.00	14.00	15.40	15.40	15.40	15.40
Mayor's Office	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	3.00
Total - General Government	52.00	52.50	53.00	55.00	58.00	59.00	61.00	60.00	58.00	59.00
Community Development	10.00	10.50	11.00	12.00	12.50	12.50	12.50	12.50	11.00	11.00
Recreation/Library/Transit										
Parks & Recreation	41.50	40.50	40.50	40.50	40.50	40.50	39.50	39.50	36.17	36.17
Library	44.50	44.50	44.50	46.50	45.50	45.50	45.50	46.00	46.00	46.00
Valley Transit	64.00	62.00	62.00	62.50	62.50	56.10	56.50	56.50	55.50	55.30
Total - Recreation/ Library/Transit	150.00	147.00	147.00	149.50	148.50	142.10	141.50	142.00	137.67	137.47
Public Works	149.50	151.00	156.00	161.00	159.50	160.00	160.00	160.00	155.00	154.00
Public Health & Safety										
Health Department	12.00	12.00	12.00	12.75	12.75	13.55	14.10	14.05	16.55	17.55
Fire Department										
Firefighters and Officers	79.00	78.00	78.00	82.00	82.00	90.00	90.00	90.00	90.00	90.00
Civilian & Administrative	10.00	11.00	11.00	11.00	11.00	12.00	12.00	12.00	12.00	12.00
Police Department										
Sworn	99.00	103.00	106.00	106.00	110.00	106.00	107.00	107.00	102.00	102.00
Civilian	25.00	25.00	28.00	31.00	31.00	31.00	33.00	33.00	33.00	32.00
Total - Public Health & Safety	225.00	229.00	235.00	242.75	246.75	252.55	256.10	256.05	253.55	253.55
Water & Sewer Utilities	38.50	39.50	39.50	43.00	44.00	45.00	47.00	47.00	43.00	43.00
Total Regular Employees	625.00	629.50	641.50	663.25	669.25	671.15	678.10	677.55	658.22	658.02

Source: Finance and HR Departments.

Notes:

Full time employment is considered to be 2,080 hours per year. Full time equivalencies are calculated by dividing scheduled hours of work by 2,080. The increase in fire department staff in 1999 and 2000 was a phased addition to staff Station # 6, which was completed in 2001.

Schedule 19
City of Appleton
Operating Indicators by Function/Program

	Fiscal Year									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
General Government										
Building permits issued	776	814	968	1,043	939	858	916	906	854	757
Est. construction value (\$000)	63,229	70,116	82,121	129,997	95,626	124,785	116,999	109,633	68,499	124,968
School aged children vaccinated	98.5%	97.0%	99.0%	99.0%	98.0%	98.0%	98.0%	99.2%	99.6%	99.6%
Accurate weights & measures devices	92.2%	90.9%	91.0%	93.1%	93.1%	91.3%	88.1%	93.4%	95.9%	91.8%
Food-borne disease outbreaks	3	2	1	2	1	0	0	0	0	0
Police										
Calls for service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	55,570	51,926	52,154
Reported Part 1 crimes	N/A	N/A	N/A	1,917	1,961	2,340	2,046	2,139	2,554	2,487
Reported Part 2 crimes	N/A	N/A	N/A	9,888	10,840	10,722	9,615	10,320	10,886	11,089
Cases assigned to investigators	N/A	N/A	N/A	468	550	1,232	1,140	1,365	1,435	1,356
Arrests resulting in referral to DA	N/A	N/A	N/A	275	350	700	450	650	571	643
Fire										
Emergency response < 4 min.	N/A	N/A	N/A	N/A	76%	78%	80%	81%	72%	67%
Fire loss (\$000)	N/A	563.0	1,017.0	549.0	617.4	656.2	2,095.6	746.5	832.5	276.9
Fire-related deaths	N/A	0	0	0	1	0	0	0	0	0
Emergency calls	N/A	857	1,480	2,941	2,829	3,166	2,330	2,232	2,317	2,511
Public Works										
Tons of refuse collected	N/A	N/A	N/A	N/A	28,208	29,058	29,201	29,712	31,226	29,945
Tons of recycling collected	N/A	N/A	N/A	N/A	8,819	3,952	8,058	8,179	8,060	7,579
Cu. Yds. of debris - street sweeping	N/A	N/A	N/A	N/A	3,790	2,290	1,850	2,525	2,537	2,165
Cost/ton - residential auto pickup	N/A	N/A	N/A	N/A	\$ 50.67	\$ 54.39	\$ 54.51	\$ 56.86	\$ 52.35	\$ 57.67
Miles of street reconstructed	N/A	N/A	N/A	3.13	5.46	7.54	6.75	6.02	6.64	3.47
Parks & Recreation										
Sports league participants	N/A	N/A	11,538	10,844	10,105	9,951	8,437	8,348	8,425	6,709
Aquatics program participants ^{1, 2}	N/A	4,390	4,253	4,350	4,220	3,641	2,523	3,679	3,689	2,120
Open swim attendance ²	N/A	96,320	102,677	102,500	102,410	102,050	97,838	93,452	71,676	96,375
Rounds of golf played	N/A	51,100	52,700	45,000	47,850	46,409	45,576	46,320	44,342	39,313
Trees pruned	N/A	3,000	3,250	3,500	3,000	1,000	3,500	2,500	2,375	3,780
Public Library										
Volumes	259,195	263,845	292,172	282,646	303,663	315,741	318,898	342,514	332,036	350,256
Materials circulated	870,455	876,545	856,152	868,796	893,958	984,442	1,075,224	1,109,668	1,104,215	1,153,946
Annual door count	413,262	448,061	508,752	508,173	483,561	523,179	552,005	559,789	534,075	551,072
Water										
Avg. daily consumption (000 gal.)	8,022	7,989	8,245	9,341	8,273	8,708	8,397	8,385	8,135	8,108
Peak daily consumption (000 gal.)	13,650	13,071	16,836	14,473	14,746	17,255	15,126	13,222	13,153	14,635
Number of customers	23,840	24,195	23,975	24,331	24,588	24,849	25,161	24,849	25,161	26,530
Wastewater										
Avg. daily sewage treatment (000 gal.)	16,000.0	15,400.0	14,800.0	13,300.0	13,800.0	14,900.0	15,100.0	14,600.0	14,400.0	11,500.0
Valley Transit										
Total route miles	896,240	869,564	917,026	961,238	987,471	963,514	922,456	908,792	894,824	894,756
Passengers	1,022,448	1,008,526	1,022,286	986,403	966,291	971,692	970,417	909,197	937,410	954,725
Cost per trip	\$ 2.83	\$ 2.83	\$ 3.03	\$ 3.19	\$ 3.53	\$ 3.61	\$ 3.66	\$ 4.15	\$ 4.42	\$ 4.25
Cost per capita below state average	\$ 0.94	\$ 0.48	\$ 1.42	\$ 1.63	\$ 1.64	\$ 2.13	\$ 2.50	\$ 2.92	\$ 2.98	\$ 2.95

¹. Appleton residents only

². Not unduplicated

**Schedule 20
City of Appleton
Capital Asset Statistics by Function/Program**

	Fiscal Year									
	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	82	82	82	82	82	82	82	82	83	83
Fire										
Stations	5	5	5	5	5	6	6	6	6	6
Fire suppression units	8	8	9	10	12	9	9	10	11	11
Public Works										
Miles of streets	287.1	290.0	292.0	292.0	305.0	310.0	313.0	324.9	332.7	347.6
Refuse packers	N/A	N/A	N/A	N/A	N/A	10	10	10	10	10
Other heavy vehicles	N/A	N/A	N/A	N/A	N/A	34	34	34	34	34
Parks & Recreation										
Parks	26	26	26	26	26	26	32	32	32	32
Acreage	395.5	399.2	399.2	399.2	399.2	399.2	499.6	499.6	496.1	496.1
Swimming pools	3	5	5	5	5	5	5	5	5	5
Golf courses	1	1	1	1	1	1	1	1	1	1
Water										
Miles of mains	301.7	304.8	307.5	311.9	317.2	332.3	333.7	341.1	348.9	354.5
Storage capacity (000 gallons)	8,550	8,550	8,550	8,550	8,550	6,800	6,800	7,300	7,300	7,300
Wastewater										
Miles of mains	264.1	267.0	269.4	272.8	276.2	280.6	282.1	287.1	292.7	298.6
Stormwater										
Miles of mains	211.7	216.8	222.4	231.7	239.7	247.4	251.9	259.6	272.8	281.7

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, 2005, which collectively comprise the City of Appleton's basic financial statements and have issued our report thereon dated March 23, 2006. 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 opinions 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.

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.

Madison, Wisconsin
March 23, 2006

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, 2005. 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 \$2,953,610 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, 2005. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the *State Single Audit Guidelines*. 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, 2005.

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 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 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, 2005, which collectively comprise the City of Appleton's basic financial statements and have issued our report thereon dated March 23, 2006. 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.

Madison, Wisconsin
March 23, 2006

CITY OF APPLETON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	(Accrued) Deferred Revenue January 1, 2005	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2005
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Direct Programs					
Community Development Block Grant					
Entitlement Program	14.218	\$ (3,823)	\$ 990,387	\$ 1,011,343	\$ 24,779
Passed Through State of Wisconsin Department of Commerce					
Emergency Shelter Grant	14.231	(28,106)	100,269	93,433	21,270
Supportive Housing Program	14.235	<u>(6,064)</u>	<u>183,260</u>	<u>187,350</u>	<u>10,154</u>
Total U.S. Department of Housing and Urban Development		<u>(37,993)</u>	<u>1,273,916</u>	<u>1,292,126</u>	<u>56,203</u>
U.S. DEPARTMENT OF JUSTICE					
Passed Through State of Wisconsin Department of Justice					
Victims of Crime Act	16.575	<u>(5,325)</u>	<u>33,529</u>	<u>26,946</u>	<u>(1,258)</u>
Total U.S. Department of Justice		<u>(5,325)</u>	<u>33,529</u>	<u>26,946</u>	<u>(1,258)</u>
U.S. DEPARTMENT OF TRANSPORTATION					
Federal Transit Cluster					
Direct Program					
Federal Transit Capital Improvement Grants	20.507	(880,000)	2,609,718	1,734,775	5,057
Passed Through State of Wisconsin Department of Transportation					
WI-03-0076	20.500	(10,275)	17,974	7,699	-
WI-03-0080	20.500	(117,747)	138,325	20,578	-
WI-03-0087	20.500	<u>(6,826)</u>	<u>973,520</u>	<u>972,518</u>	<u>5,824</u>
Total Federal Transit Cluster		<u>(1,014,848)</u>	<u>3,739,537</u>	<u>2,735,570</u>	<u>10,881</u>
State and Community Highway Safety	20.600	<u>-</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>
Total U.S. Department of Transportation		<u>(1,014,848)</u>	<u>3,748,537</u>	<u>2,744,570</u>	<u>10,881</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, 2005

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	(Accrued) Deferred Revenue January 1, 2005	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2005
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed Through State of Wisconsin Department of Workforce Development Health Screening and Education (for Refugees)	93.576	-	51,704	62,130	10,426
Passed Through State of Wisconsin Department of Health and Family Services					
Childhood Immunization Grant - 1/1/04 - 12/31/04	93.268	2,209	-	2,209	-
Childhood Immunization Grant - 1/1/05 - 12/31/05	93.268	-	22,675	20,759	(1,916)
Total Childhood Immunization Grant		2,209	22,675	22,968	(1,916)
Preventative Health and Health Services Block Grant - 1/1/04- 12/31/04	93.991	17,142	-	11,409	(5,733)
Preventative Health and Health Services Block Grant - 1/1/05- 12/31/05	93.991	-	9,634	-	(9,634)
Total Preventative Health and Health Services Block Grant		17,142	9,634	11,409	(15,367)
Maternal and Child Health Services Block Grant - 1/1/04 - 12/31/04	93.994	1,819	-	1,819	-
Maternal and Child Health Services Block Grant - 1/1/05 - 12/31/05	93.994	-	32,019	29,614	(2,405)
Total Maternal and Child Health Services Block Grant		1,819	32,019	31,433	(2,405)
CDC Investigations - Technical Assistance - 1/1/04 - 12/31/04	93.283	5,539	-	1,354	(4,185)
CDC Investigations - Bioterrorism Grant - 1/1/04 - 12/31/04	93.283	351,125	-	351,125	-
CDC Investigations - Bioterrorism Grant - 1/1/05 - 12/31/05	93.283	-	455,919	52,530	(403,389)
Total CDC Investigations - Technical Assistance		356,664	455,919	405,009	(407,574)
Project Grants Cooperative Agreement for Tuberculosis Control Programs - 1/1/02 - 12/31/02	93.116	2,089	-	168	(1,921)
Total U.S. Department of Health and Human Services		379,923	571,951	533,117	(418,757)
U.S. DEPARTMENT OF HOMELAND SECURITY					
Passed through State of Wisconsin Department of Administration - Office of Justice Assistance					
Homeland Security Regional Response Team Equipment	97.004	284,370	3,312	299,582	11,900
Total U.S. Department of Military Affairs		284,370	3,312	299,582	11,900
TOTAL FEDERAL AWARDS		\$ (393,873)	\$ 5,631,245	\$ 4,896,341	\$ (341,031)

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, 2005

State Grantor/Program Title	State I.D. Number	(Accrued) Deferred Revenue January 1, 2005	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2005
WISCONSIN DEPARTMENT OF TRANSPORTATION					
Transit Operating Aids					
2004	395.104	\$ (434,339)	\$ 434,339	\$ -	\$ -
2005	395.104	<u>-</u>	<u>1,616,537</u>	<u>1,758,382</u>	<u>141,845</u>
Total Wisconsin Department of Transportation		<u>(434,339)</u>	<u>2,050,876</u>	<u>1,758,382</u>	<u>141,845</u>
WISCONSIN DEPARTMENT OF HEALTH AND FAMILY SERVICES					
T Melvin Public Education - 1/1/01 - 12/31/01	435.158853	930	-	-	(930)
Lead Poisoning - 1/1/04 - 12/31/04	435.157720	2,567	-	2,567	-
Lead Poisoning - 1/1/05- 12/31/05	435.157720	<u>-</u>	<u>9,575</u>	<u>8,118</u>	<u>(1,457)</u>
Total Wisconsin Department of Health and Family Services		<u>3,497</u>	<u>9,575</u>	<u>10,685</u>	<u>(2,387)</u>
TOTAL STATE AWARDS		<u>\$ (430,842)</u>	<u>\$ 2,060,451</u>	<u>\$ 1,769,067</u>	<u>\$ 139,458</u>

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, 2005

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, 2005

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

3/23/06