

CITY OF APPLETON

Appleton, Wisconsin

FINANCIAL STATEMENTS

December 31, 2007

FINANCE DEPARTMENT

Lisa A. Maertz, CPA, CPFO, Director of Finance
Anthony D. Saucerman, CPA, Deputy Director of Finance
Stephanie Woodworth, CPA, Accounting Supervisor
Kelli K. Rindt, CPA, Enterprise Accounting Manager
John F. Hoft-March, CMA, Budget Manager

CITY OF APPLETON

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INTRODUCTORY SECTION

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

June 13, 2008

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, 2007, 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, 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 down 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 (135 full-time), fire protection (101 full time), public works (153 employees), administrative offices (77.7 employees), health services (17.4 employees), parks and recreation (36.2 employees), library services (45.5 employees), transportation (54.3 employees) and utilities (35 employees). Of the City's 655 employees, 471 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 (5.9% for 2007). The City does maintain an above average gross income per return (\$48,635 for 2006). 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 upscale housing market. The City's population has exceeded 70,000.

In 2007, total valuation of residential building construction was \$27,676,597. There were 77 single-family homes constructed with an average construction cost of \$299,976. In addition, there were 5 two-family residences and 8 (38 units) multiple unit dwellings. Additions or alterations to existing residences added \$4,710,221 in value. While the number of single-family units being built in Appleton has declined over the last five years from 203 units in 2003 to 77 units in 2007, the dollar value of the new homes being constructed has risen dramatically, increasing by 50% during the same five year time period. The average dollar value of a new single-family home increased from \$199,862 in 2003 to \$299,976 in 2007.

Appleton's commercial industrial permits totaled 200 in 2007 with a valuation of \$56,242,670. The largest commercial building permits included: Lawrence University Campus Center, Shopko Express, Grant Thornton/Menn Law Office, Festival Foods, Express Convenience Center, New Group Daycare Center, Seymour Plaza, English Pub Restaurant, Moto Mart and Virchow Krause Accounting Office. Activity was just below our ten-year average of \$57.97 million.

The City of Appleton continues to maintain its proportionate share of the region's growth. Appleton's total dollar value of construction in 2007 was \$88,629,488. This was slightly lower than the \$91,707,304 in 2006.

The interest by businesses to locate in the downtown remained strong in 2007. Over the year, 26 new businesses opened in the downtown, two are in the process of moving or opening in the downtown, and nine existing businesses moved within the downtown or expanded.

In the Southpoint Commerce Park, the City's newest industrial park, Time Warner Cable broke ground on its new 130,000 square foot Northern Wisconsin headquarters. The project will consist of a 100,000 square foot office building and a 30,000 square foot Technical Operations Center. Time Warner currently has over 500 employees in the Fox Cities located in nine separate facilities. The new headquarters building will consolidate those employees into one location and provide expansion room for as many as 400 additional positions.

With more than 100 acres of fully improved industrial sites in the Southpoint Commerce Park, the opening of Phase III of Apple Hill Farms (Purdy), Glacier Ridge 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 is 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, Stormwater Utility, Valley Transit, Parking 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, 2007, the City had thirty-three debt issues outstanding. These issues included \$43,670,325 of general obligation bonds and notes and \$109,669,989 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, 2007, the City's net general obligation debt of \$39,037,242 was well below the legal limit of \$228,782,100 (17.06%) and debt per capita equaled \$541.00. 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 5.20%. The City and its proprietary funds earned investment revenue of \$6,488,882 on all investments for the year ended December 31, 2007.

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,

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 twenty 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.

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

CITY OF APPLETON

Directory of Officials

MAYOR

Timothy M. Hanna

PRESIDENT OF THE COUNCIL

Walter H. Kalata

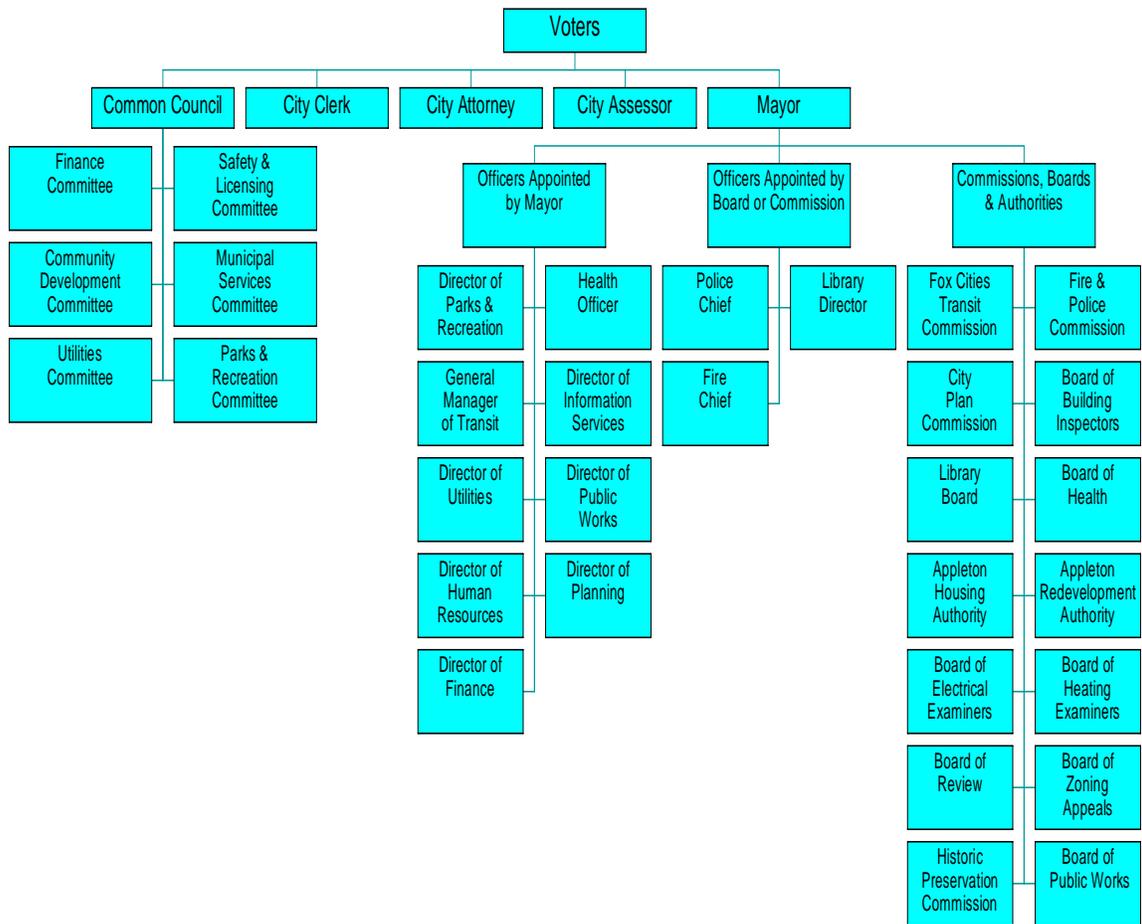
COUNCIL MEMBERS

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

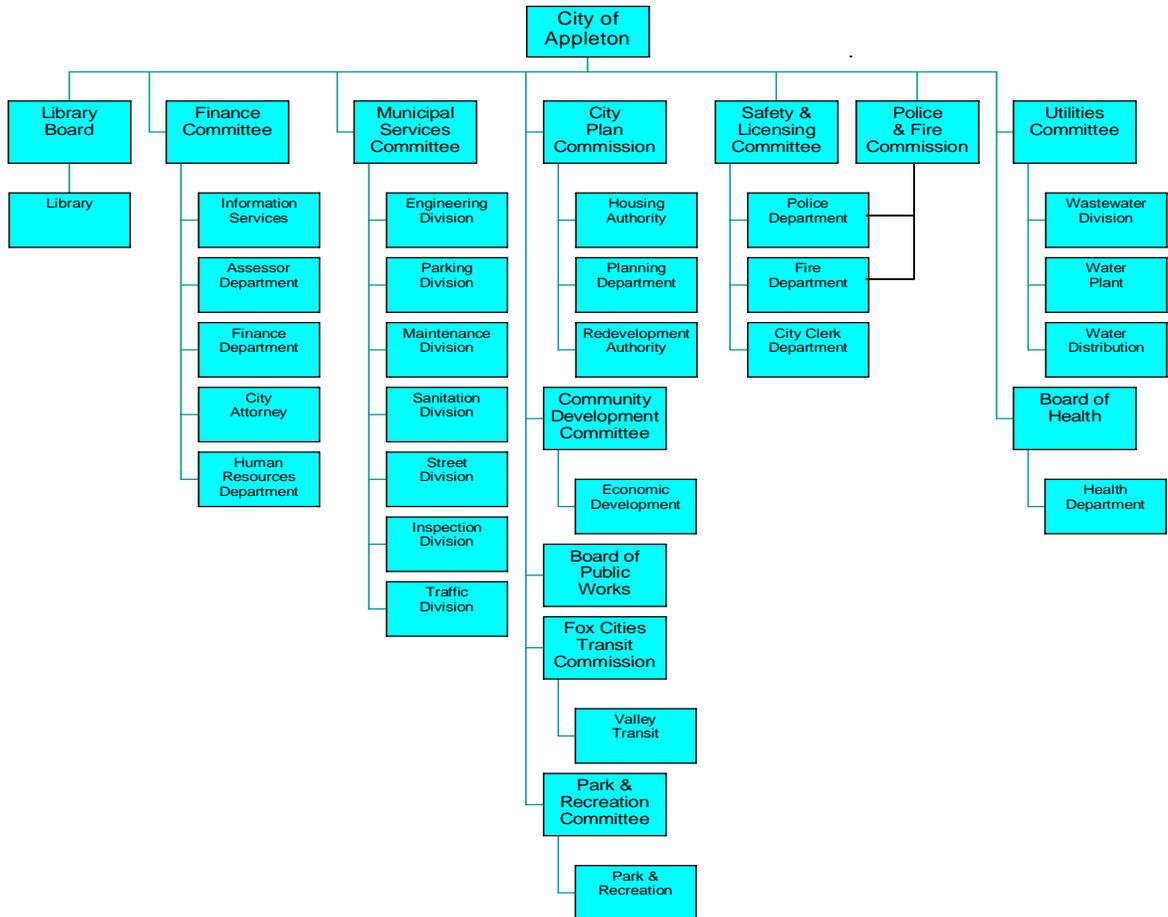
DEPARTMENT/DIVISION HEADS

Director of Human Resources	Sandra A. Neisen
City Attorney	James P. Walsh
Fire Chief	Neil A. Cameron
Director of Library	Terry P. Dawson
Director of Community Develop.	Peter A. Hensler
Director of Parks & Recreation	William N. Lecker
City Clerk	Cynthia I. Hesse
Valley Transit General Manager	Deborah S. Wetter
Director of Utilities	Michael W. Buettner
Director of Information Services	Scott J. Liske
Police Chief	David J. Walsh
Director of Public Works	Paula A. Vandehey
City Assessor	DeAnn L. Brosman
Health Officer	Kurt D. Eggebrecht
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, 2007, 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 98 percent, 99 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, 2007, 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 xvi through xxx and 75 through 78 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 detailed and combining 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 detailed and combining 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.

Virchow Krause & Company, LLP

Madison, Wisconsin
June 13, 2008

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2007

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, 2007. 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 \$482,453,121. Of this amount, \$37,109,995 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 \$19,717,249. Despite a sluggish economy, the City of Appleton continues to grow. 705 building permits were issued in 2007 valued at \$88,629,488 compared to 712 permits valued at \$91,707,304 in 2006. Our equalized value grew 5.18% from 2006 to 2007 with residential homes accounting for over half 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 \$39,859,444, an increase of \$4,677,479 in comparison to the prior year. Investment income accounted for a majority of the increase.
 - At the end of the current fiscal year, the undesignated and unreserved balance in the general fund is \$624,459. These funds will be held pending the uncertainty of the State budget, and potential increases in snow and ice removal, fuel, and public safety costs in 2008. The General Fund is in compliance with all of the City's reserve policies at December 31, 2007.
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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, 2007

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, 2007

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. 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, facilities management, 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 Water, Wastewater 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, 2007

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 City uses a fiduciary fund to account for its property tax collection activities.

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 74 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 District Nos. 1 and 3 to demonstrate compliance with the budget. These schedules and the related notes can be found on pages 75 to 78 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 79 to 101 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 \$482,453,121 as of December 31, 2007.

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, 2007

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

CITY OF APPLETON'S NET ASSETS

	<u>Governmental Activities 2007</u>	<u>Business- Type Activities 2007</u>	<u>Totals</u>
Current and Other Assets	\$ 105,130,109	\$ 55,939,691	\$ 161,069,800
Capital Assets	<u>271,414,692</u>	<u>267,122,723</u>	<u>538,537,415</u>
Total Assets	<u>376,544,801</u>	<u>323,062,414</u>	<u>699,607,215</u>
Long-term Liabilities	50,780,797	113,536,967	164,317,764
Other Liabilities	<u>49,495,709</u>	<u>3,340,621</u>	<u>52,836,330</u>
Total Liabilities	<u>100,276,506</u>	<u>116,877,588</u>	<u>217,154,094</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	256,159,970	172,857,282	426,736,257
Restricted	6,825,544	11,781,325	18,606,869
Unrestricted (deficit)	<u>13,282,781</u>	<u>21,546,219</u>	<u>37,109,995</u>
Total Net Assets	<u>\$ 276,268,295</u>	<u>\$ 206,184,826</u>	<u>\$ 482,453,121</u>
	<u>Governmental Activities 2006</u>	<u>Business- Type Activities 2006</u>	<u>Totals</u>
Current and Other Assets	\$ 98,943,878	\$ 39,110,959	\$ 138,054,837
Capital Assets	<u>264,901,664</u>	<u>263,771,378</u>	<u>528,673,042</u>
Total Assets	<u>363,845,542</u>	<u>302,882,337</u>	<u>666,727,879</u>
Long-term Liabilities	52,587,850	100,680,047	153,267,897
Other Liabilities	<u>47,211,869</u>	<u>2,836,066</u>	<u>50,047,935</u>
Total Liabilities	<u>99,799,719</u>	<u>103,516,113</u>	<u>203,315,832</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	251,427,513	178,165,977	425,890,500
Restricted	6,868,633	9,249,057	16,117,690
Unrestricted (deficit)	<u>5,749,677</u>	<u>11,951,190</u>	<u>21,403,857</u>
Total Net Assets	<u>\$ 264,045,823</u>	<u>\$ 199,366,224</u>	<u>\$ 463,412,047</u>

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 \$37,109,995 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, 2007

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, 2007. Governmental activities increased the City of Appleton's net assets by \$12,222,472. Of this amount, \$3,190,092 was contributed from others. Business-type activities increased the City's net assets by \$7,494,777. Capital contributions in the business-type activities were \$2,815,072.

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

	Governmental Activities 2007	Business- Type Activities 2007	Totals
Revenues:			
Program Revenues:			
Charges for services	\$ 4,192,537	\$ 37,689,879	\$ 41,882,416
Operating grants and contributions	2,734,921	5,006,545	7,741,466
Capital grants and contributions	5,922,608	2,398,543	8,321,151
General Revenues:			
Property taxes	38,745,650	-	38,745,650
Other taxes	989,071	-	989,071
Intergovernmental	17,219,716	-	17,219,716
Investment income	4,877,181	3,098,764	7,975,945
Gain (loss) on sale of assets	432,440	338,957	771,397
Miscellaneous	51,861	159,557	211,418
Total Revenues	<u>\$ 75,165,985</u>	<u>\$ 48,692,245</u>	<u>\$ 123,858,230</u>
Expenses:			
General government	\$ 8,800,555	\$ -	\$ 8,800,555
Public safety	25,981,454	-	25,981,454
Public works	15,318,805	-	15,318,805
Education and recreation	8,977,181	-	8,977,181
Community development	1,982,044	-	1,982,044
Interest and fiscal charges	2,790,898	-	2,790,898
Water Utility	-	14,431,806	14,431,806
Wastewater Utility	-	10,919,223	10,919,223
Valley Transit	-	7,367,991	7,367,991
Stormwater Utility	-	5,036,135	5,036,135
Other non-major proprietary funds	-	2,534,889	2,534,889
Total Expenses	<u>\$ 63,850,937</u>	<u>\$ 40,290,044</u>	<u>\$ 104,140,981</u>
Increases in net assets before transfers	\$ 11,315,048	\$ 8,402,201	\$ 19,717,249
Transfers	907,424	(907,424)	-
Increase (decrease) in net assets	12,222,472	7,494,777	19,717,249
Net Assets – January 1, 2007 (as restated)	<u>264,045,823</u>	<u>198,690,049</u>	<u>462,735,872</u>
Net Assets – December 31, 2007	<u>\$ 276,268,295</u>	<u>\$ 206,184,826</u>	<u>\$ 482,453,121</u>

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2007

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

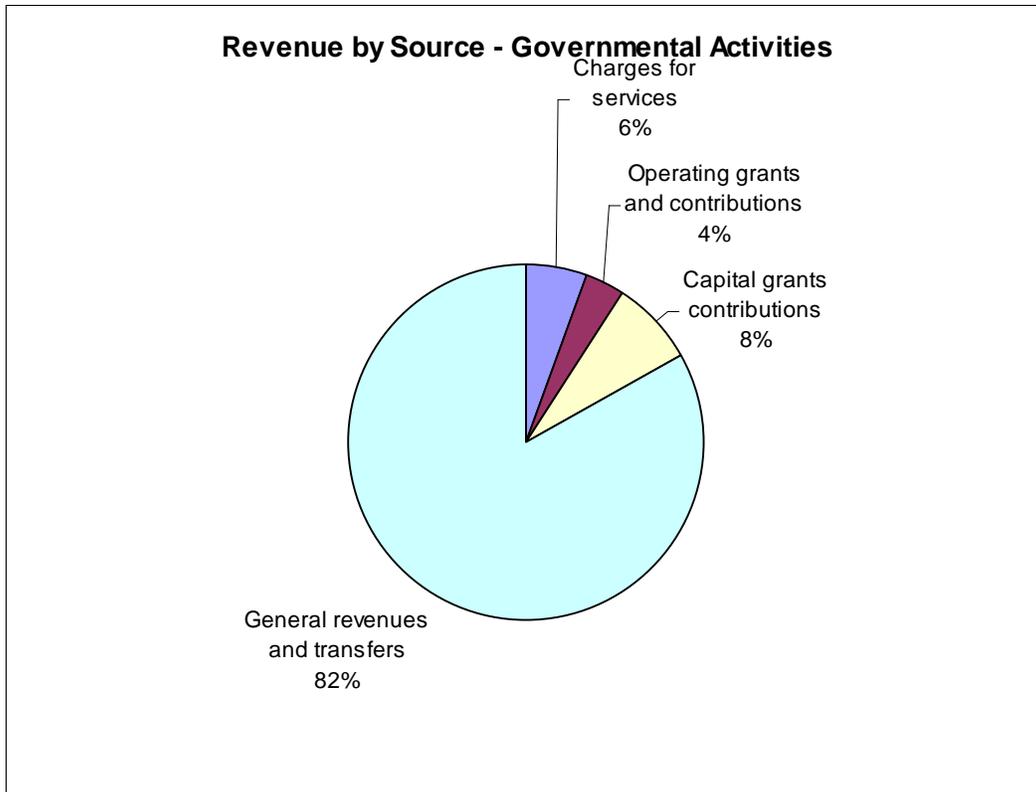
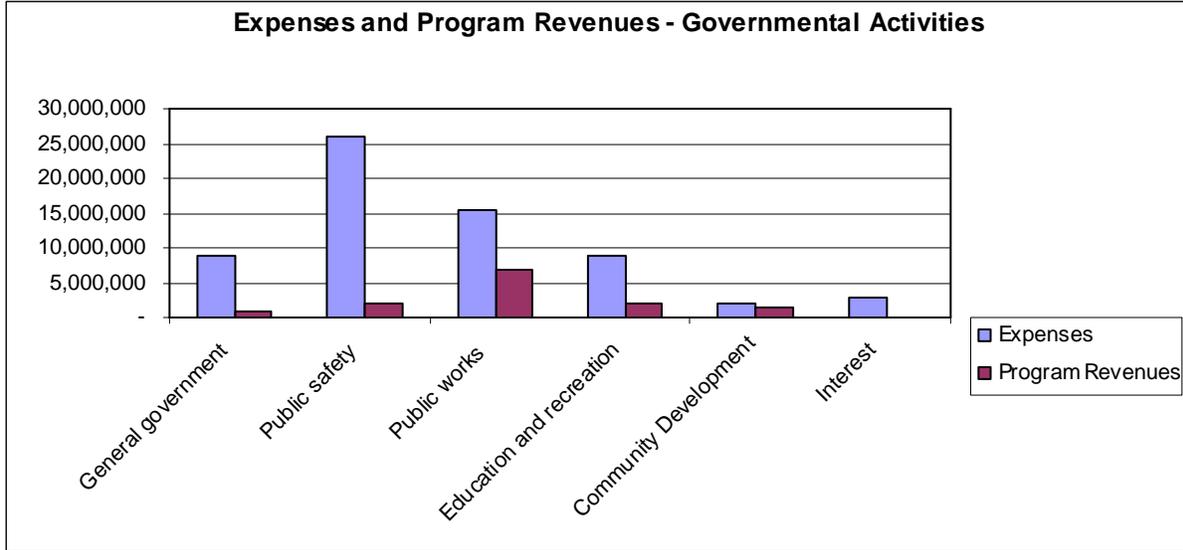
CITY OF APPLETON CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (cont.)

	<u>Governmental Activities 2006</u>	<u>Business- Type Activities 2006</u>	<u>Totals</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 4,629,519	\$ 33,755,814	\$ 38,385,333
Operating grants and contributions	2,986,715	4,599,362	7,586,077
Capital grants and contributions	6,332,043	4,094,711	10,426,754
General Revenues:			
Property taxes	36,843,733	-	36,843,733
Other taxes	790,509	-	790,509
Intergovernmental	16,833,670	-	16,833,670
Investment income	5,470,655	1,452,672	6,923,327
Gain (loss) on sale of assets	532,942	-	532,942
Miscellaneous	-	68,918	68,918
Total Revenues	<u>\$ 74,419,786</u>	<u>\$ 43,971,477</u>	<u>\$ 118,391,263</u>
Expenses:			
General government	\$ 6,791,974	\$ -	\$ 6,791,974
Public safety	24,478,781	-	24,478,781
Public works	16,394,553	-	16,394,553
Education and recreation	8,827,228	-	8,827,228
Community development	2,300,154	-	2,300,154
Interest and fiscal charges	4,731,390	-	4,731,390
Water Utility	-	13,734,286	13,734,286
Wastewater Utility	-	10,527,573	10,527,573
Valley Transit	-	6,884,932	6,884,932
Stormwater Utility	-	4,711,912	4,711,912
Other non-major proprietary funds	-	2,482,848	2,482,848
Total Expenses	<u>\$ 63,524,080</u>	<u>\$ 38,341,551</u>	<u>\$ 101,865,631</u>
Increases in net assets before transfers	\$ 10,895,706	\$ 5,629,926	\$ 16,525,632
Transfers	<u>836,691</u>	<u>(836,691)</u>	<u>-</u>
Increase (decrease) in net assets	11,732,397	4,793,2357	16,525,632
Net Assets – January 1, 2006 (as restated)	<u>252,313,426</u>	<u>194,572,989</u>	<u>446,886,415</u>
Net Assets – December 31, 2006	<u>\$ 264,045,823</u>	<u>\$ 199,366,224</u>	<u>\$ 463,412,047</u>

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2007

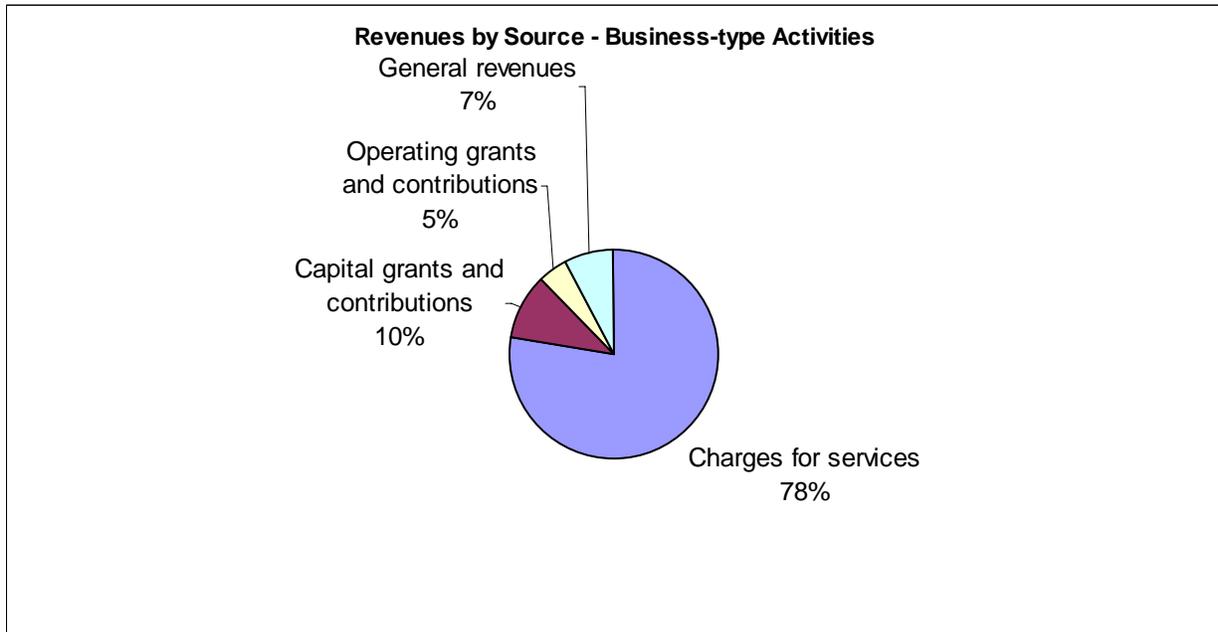
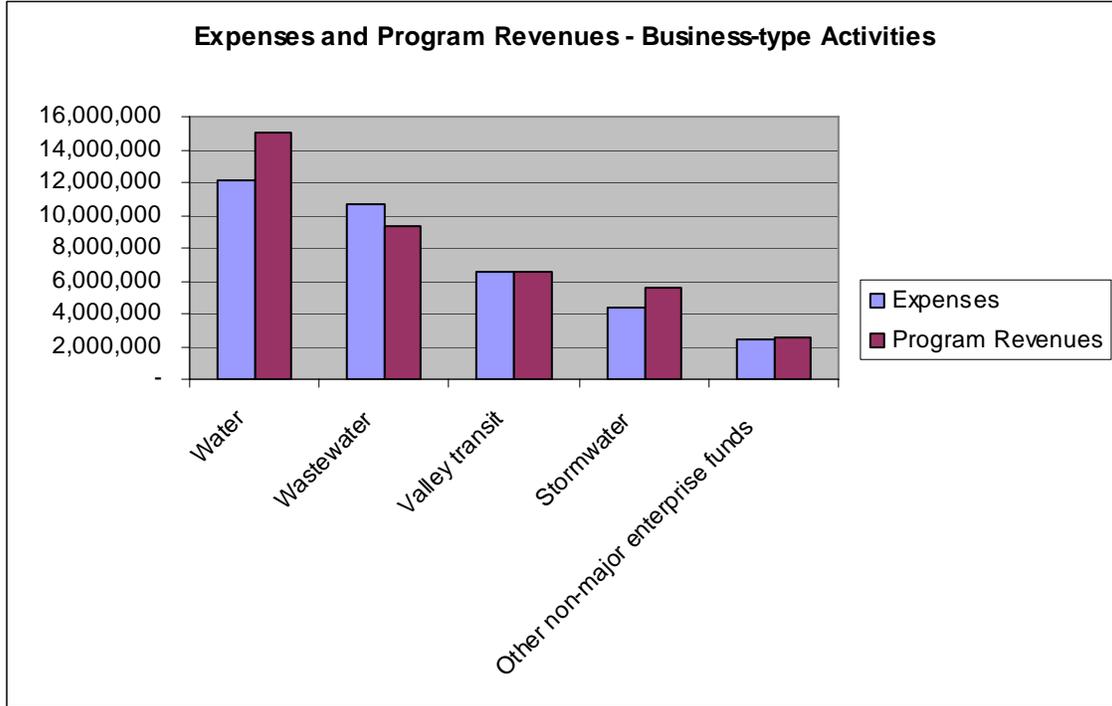
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)



CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2007

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



CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2007

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 \$39,859,444. The fund balance that is reserved to indicate that it is not available for new spending because it has already been committed equals \$20,334,753. It includes: 1) \$7,414,282 to pay for encumbrances, 2) \$21,063 for prepaid items, 3) \$512,923 for inventories, 4) \$11,545,439 for loans receivable, 5) \$808,953 for debt retirement and 6) \$32,093 for trust purposes.

\$19,524,691 constitutes the unreserved fund balance at year end. \$34,125,001 is designated for specific purposes (working capital and debt service for example), leaving a deficit of \$14,600,310 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 ensures financial stability for 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 Administrative Services 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 17.06% of the limit or a debt per capita of \$541.00. In 2007, the City earned \$1,233,873 more in investment income than budgeted and didn't incur the expenditure levels the City had initially anticipated in relation to fuel prices, health care, and construction costs. Due to these factors, while the budget for 2007 projected no increase in fund balance, the actual results increased fund balance \$1,511,894.

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 planned that Tax Incremental District 1 will close in 2008 prior to paying all interest to the general fund. Therefore, an allowance for the doubtful advance from the general fund of \$2,336,425 has been recorded,

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). This projection is subject to change if more development occurs in the district than anticipated. Also, the increment in this district continues to fail to cover debt service obligations. Funding was made available from an advance from the Parking Utility of \$900,000 in 2007.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2007

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. Funds transferred in to pay debt service not used in 2007 will be used in 2008.

PROPRIETARY FUNDS

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

Water Utility: The Water Utility operating income was \$6,734,480 in 2007, or a 6.56% rate of return on the net investment rate base. This compares to operating income of \$3,962,583 in 2006, or a 3.52% rate of return. The 2007 rate of return is still below the 8% authorized by the Public Service Commission on December 22, 2006. The Water Plant continues to experience operational difficulties, as it is not operating at its designed capacity. The City has been working with its construction manager, design engineer and the membrane supplier to address the Plant's capacity shortfall. While the net assets increased \$3,158,902, 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 \$591,632 in 2007 compared to an operating loss of \$269,666 in 2006. The Utility completed a rebuild of the #2 belt filter press' vertical wedge zone, a replacement of the roof on the V-building and some larger sewer collection reconstruction projects. Despite the operating loss, due to the Utility's favorable investment results in 2007 and continuing infrastructure contributions, the Wastewater Utility's net assets increased by \$989,182.

Valley Transit: Operating revenues increased slightly from \$1,136,722 in 2006 to \$1,163,950 in 2007. Operating expenses increased \$483,462 driven mainly by increases in wage and fringe benefit expenses, material costs, paratransit contract fees and rising diesel fuel prices. The end result was a decrease in net assets of \$418,157.

Stormwater Utility: The Stormwater Utility operating income was \$2,240,110 in 2007 compared to an operating income of \$2,179,551 in 2006. 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). Due to these regulations, significant capital projects and operational/maintenance expenses increased resulting in a necessary rate increase of 53.4% that went into effect March 1, 2006. Net assets in the Stormwater Utility increased \$3,987,830 in 2007.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2007

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended General Fund budget had total appropriations (including transfers) of \$2,772,208 more than the original budget. The total original appropriations, including those for transfers out, were \$52,525,434, while the final appropriations were \$55,297,642. The majority of the difference was related to the re-appropriation of \$1,965,000 of unspent contingency, wage reserve, cable settlement, and excess fund balance funds from 2006 to 2007. The contingency fund was intentionally increased in 2007 as a safeguard against soaring fuel prices, rising health care costs, potential cable television equipment costs and an uncertain State budget. An additional \$702,929 was also carried over from 2006 to 2007 for departmental projects budgeted, but not completed, in 2006. Excess fund balance at the end of 2006 was also re-appropriated in 2007 to fund major public works equipment (\$336,851) and riverfront development (\$300,000).

These increases were offset by \$797,865 of road construction costs that were originally budgeted in the general fund but, due to the location of the roads, were eligible for TIF funding and therefore reclassified. The remaining increase of approximately \$265,293 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 2007, the City had invested a total of \$538,537,415 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:

Water: Transmission and distribution capital outlay accounted for \$2.5 million and will continue to be a focus for the utility that has an aging distribution system. Purification challenges at the Treatment Plant contributed to another \$218,440 of capital asset additions including the completion of the programmable logic controller upgrade.

Wastewater: Significant additions included \$1.9 million in improvements to the wastewater collection system in addition to \$236,000 for improvements to Wastewater facilities including new roofing, fencing and HVAC equipment.

Stormwater: Improvements necessary to continue our efforts in the management of stormwater in the City accounted for \$13.7 million in additions to mains, detention ponds and facilities in order to comply with regulations. There are also other projects in process amounting to an additional \$321,000.

General: The City continued its efforts to maintain existing infrastructure. Approximately \$8.8 million was spent on various street and related infrastructure projects. In terms of facility and equipment improvements, the City expended approximately \$600,000 on police station remodeling design costs, \$170,000 on a new chiller and security cameras at the library, and \$300,000 on a new mainframe computer and storage area network to support City operations. Additionally, approximately \$958,000 was spent on quality of life projects related to park improvements and trails.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2007

CAPITAL ASSETS (cont.)

CAPITAL ASSETS AT YEAR-END NET OF ACCUMULATED DEPRECIATION

	<u>Governmental Activities 2007</u>	<u>Business- Type Activities 2007</u>	<u>Totals</u>
Land	\$ 14,057,167	\$ 22,346,924	\$ 36,404,091
Right-of-ways	67,969,854	-	67,969,854
Land improvements	37,449,726	-	37,449,726
Improvements	4,155,457	-	4,155,457
Buildings	21,563,022	211,460,567	233,023,589
Equipment, furniture and fixtures	12,280,687	31,437,645	43,718,332
Streets	73,616,387	-	73,616,387
Sidewalks	16,418,251	-	16,418,251
Traffic signals	2,704,435	-	2,704,435
Bridges	16,670,295	-	16,670,295
Construction in progress	4,529,411	1,877,587	6,406,998
Totals	<u>\$ 271,414,692</u>	<u>\$ 267,122,723</u>	<u>\$ 538,537,415</u>

	<u>Governmental Activities 2006</u>	<u>Business- Type Activities 2006</u>	<u>Totals</u>
Land	\$ 14,508,604	\$ 19,392,711	\$ 33,901,315
Right-of-ways	66,488,480	-	66,488,480
Land improvements	37,410,642	-	37,410,642
Improvements	3,974,684	-	3,974,684
Buildings	22,019,374	236,095,823	258,115,197
Equipment, furniture and fixtures	11,459,392	2,903,087	14,362,479
Streets	72,487,410	-	72,487,410
Sidewalks	16,162,945	-	16,162,945
Traffic signals	2,706,231	-	2,706,231
Bridges	16,698,916	-	16,698,916
Construction in progress	984,986	5,379,757	6,364,743
Totals	<u>\$ 264,901,664</u>	<u>\$ 263,771,378</u>	<u>\$ 528,673,042</u>

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2007

LONG-TERM DEBT

During 2007, the City issued \$5,165,000 and retired \$7,833,262 of general obligation bonds and notes resulting in an outstanding balance of \$43,670,325 at December 31, 2007. This results in a per capita general obligation debt of \$541.00. Of the bonded debt, \$15,446,075 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 \$39,037,242 (\$43,670,325 less reserves on hand) which is considerably below the maximum of \$228,782,100.

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

	<u>Governmental Activity 2007</u>	<u>Business-Type Activity 2007</u>	<u>Totals</u>
General obligation bonds and notes payable	\$ 42,241,816	\$ 1,428,509	\$ 43,670,325
Revenue bonds	-	109,669,989	109,669,989
Total Outstanding General Obligation and Revenue Bonds	<u>\$ 44,241,816</u>	<u>\$ 111,098,498</u>	<u>\$ 153,340,314</u>
	<u>Governmental Activity 2006</u>	<u>Business-Type Activity 2006</u>	<u>Totals</u>
General obligation bonds and notes payable	\$ 44,435,078	\$ 1,903,509	\$ 46,338,587
Revenue bonds	-	97,422,923	97,422,923
Total Outstanding General Obligation and Revenue Bonds	<u>\$ 44,435,078</u>	<u>\$ 99,326,432</u>	<u>\$ 143,761,510</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, 2007

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

Appleton's substantial \$4.57 billion tax base (\$63,411 per capita) has experienced steady growth during recent years with equalized values growing at an average of 6.0% 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 with several processors and manufacturers relocating out of the City; although the largest local paper manufacturing company, Appleton, remains relatively stable. TIF District #1, one of the City's downtown TIF districts, is expected to close in 2008, adding approximately \$80 million to the local tax base. The impact of the national slowdown has been felt locally as unemployment is at 5.9%. Building permits issued have leveled off. However, the dollar value of the new homes being constructed has risen dramatically, increasing by 50% over the last five years.

The City's debt position remains favorable with rapid repayment of existing debt and use of non-tax levy sources for debt service. The principal amortization schedule is aggressive with 99.1% of the debt repaid in ten years.

As the Northeast Business Park is nearing capacity, construction activity has shifted to the Southpoint Commerce Park, the City's newest industrial park. In early October, Time Warner Cable broke ground on its new \$18 million Northern Wisconsin headquarters. The project will consist of a 100,000 square foot office building and a 30,000 square foot Technical Operations Center. Once completed, the facility will consolidate 500 employees into one location and provide expansion opportunity for as many as 400 additional positions.

With more than 100 acres of fully improved industrial sites in the Southpoint Commerce Park for commercial/industrial needs, coupled with the opening of Phase III of Apple Hill Farms, Glacier Ridge and Clearwater Creek for residential housing, and the continuing development of the downtown and along the riverfront, the City of 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, 2007

	Primary Government			Component Units
	Governmental	Business-	Totals	
	Activities	Type Activities		
ASSETS				
Cash and investments	\$ 49,044,892	\$ 13,575,138	\$ 62,620,030	\$ 1,662,816
Receivables				
Taxes	43,543,647	-	43,543,647	-
Deferred loans	6,167,235	-	6,167,235	-
Accounts	271,306	6,746,384	7,017,690	-
Special assessments	1,362,187	749,326	2,111,513	-
Delinquent special assessments	7,213	-	7,213	-
Developer loans	1,408,706	-	1,408,706	2,311,963
Accrued interest	446,628	-	446,628	-
Other	950,878	568,160	1,519,038	179,749
Due from other governments	627,567	195,257	822,824	-
Internal balances -interfunds	(1,406,915)	1,406,915	-	-
Inventories	579,164	595,848	1,175,012	41,763
Prepaid items	21,063	9,012	30,075	48,424
Restricted Assets				
Temporarily restricted:				
Cash and investments	-	30,270,147	30,270,147	240,829
Accrued interest	-	305,407	305,407	-
Investment in WMIC	2,020,950	-	2,020,950	-
Property held for future use	-	95,011	95,011	-
Other assets	85,588	1,423,086	1,508,674	-
Capital Assets				
Land	119,476,747	22,346,924	141,823,671	868,907
Construction in progress	4,529,411	1,877,587	6,406,998	-
Depreciable capital assets, net of depreciation	147,408,534	242,898,212	390,306,746	12,272,081
Total Assets	<u>376,544,801</u>	<u>323,062,414</u>	<u>699,607,215</u>	<u>17,626,532</u>
LIABILITIES				
Accounts payable	1,211,680	1,746,544	2,958,224	74,063
Other accrued liabilities	2,197,098	646,240	2,843,338	105,721
Claims payable	4,100,000	-	4,100,000	-
Due to other governments	140	870,377	870,517	-
Unearned revenue	41,986,791	29,390	42,016,181	250,041
Customer advance	-	48,070	48,070	-
Security deposit	-	-	-	78,123
Tenant FSS escrow	-	-	-	53,459
Commercial tenants credit	-	-	-	13,260
Noncurrent Liabilities				
Due within one year	8,865,345	4,683,680	13,549,025	-
Due in more than one year	41,915,452	108,853,287	150,768,739	77,077
Total Liabilities	<u>100,276,506</u>	<u>116,877,588</u>	<u>217,154,094</u>	<u>651,744</u>
NET ASSETS				
Invested in capital assets, net of related debt	256,159,970	172,857,282	426,736,257	13,050,651
Restricted For				
Debt service	183,970	4,107,056	4,291,026	-
DNR replacement fund	-	7,185,003	7,185,003	-
Capital replacement fund	-	489,266	489,266	-
Housing programs	-	-	-	2,421,210
Grant programs	6,641,574	-	6,641,574	-
Unrestricted	13,282,781	21,546,219	37,109,995	1,502,927
TOTAL NET ASSETS	<u>\$ 276,268,295</u>	<u>\$ 206,184,826</u>	<u>\$ 482,453,121</u>	<u>\$ 16,974,788</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 8,800,555	\$ 719,092	\$ 372	\$ -
Public safety	25,981,454	992,770	919,809	-
Public works	15,318,805	1,543,728	-	5,243,969
Education and recreation	8,977,181	900,901	633,648	553,000
Community development	1,982,044	36,046	1,181,092	125,639
Interest	2,790,898	-	-	-
Total Governmental Activities	<u>63,850,937</u>	<u>4,192,537</u>	<u>2,734,921</u>	<u>5,922,608</u>
Business-Type Activities				
Water	14,431,806	17,773,481	-	35,442
Wastewater	10,919,223	9,737,880	-	527,123
Valley transit	7,367,991	1,163,950	5,006,545	147,257
Stormwater	5,036,135	6,151,417	-	1,663,221
Other non-major enterprise funds	2,534,889	2,863,151	-	25,500
Total Business-Type Activities	<u>40,290,044</u>	<u>37,689,879</u>	<u>5,006,545</u>	<u>2,398,543</u>
Total Primary Government	<u>\$ 104,140,981</u>	<u>\$ 41,882,416</u>	<u>\$ 7,741,466</u>	<u>\$ 8,321,151</u>
Component Units				
Appleton Redevelopment Authority	\$ 9,498	\$ 5,437	\$ -	\$ -
Housing Authority	4,422,844	885,452	3,374,339	91,614
Business Improvement District	191,785	192,867	-	-
Total Component Units	<u>\$ 4,624,127</u>	<u>\$ 1,083,756</u>	<u>\$ 3,374,339</u>	<u>\$ 91,614</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	
\$ (8,081,091)	\$ -	\$ (8,081,091)	\$ -
(24,068,875)	-	(24,068,875)	-
(8,531,108)	-	(8,531,108)	-
(6,889,632)	-	(6,889,632)	-
(639,267)	-	(639,267)	-
(2,790,898)	-	(2,790,898)	-
(51,000,871)	-	(51,000,871)	-
-	3,377,117	3,377,117	-
-	(654,220)	(654,220)	-
-	(1,050,239)	(1,050,239)	-
-	2,778,503	2,778,503	-
-	353,762	353,762	-
-	4,804,923	4,804,923	-
(51,000,871)	4,804,923	(46,195,948)	-
-	-	-	(4,061)
-	-	-	(71,439)
-	-	-	1,082
35,792,193	-	35,792,193	-
2,953,457	-	2,953,457	-
989,071	-	989,071	-
17,219,716	-	17,219,716	-
4,877,181	3,098,764	7,975,945	72,232
432,440	338,957	771,397	-
51,861	159,557	211,418	-
907,424	(907,424)	-	-
63,223,343	2,689,854	65,913,197	72,232
12,222,472	7,494,777	19,717,249	(2,186)
264,045,823	198,690,049	462,735,872	16,976,974
<u>\$ 276,268,295</u>	<u>\$ 206,184,826</u>	<u>\$ 482,453,121</u>	<u>\$ 16,974,788</u>

See accompanying notes to financial statements.

CITY OF APPLETON

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2007

	General	Tax Incremental District No. 1	Tax Incremental District No. 3	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 26,112,454	\$ 49,480	\$ 521,633	\$ 61,582	\$ 20,335,011	\$ 47,080,160
Receivables						
Taxes	28,540,842	1,957,741	1,248,118	3,303,443	8,493,503	43,543,647
Deferred loans	-	-	-	-	6,167,235	6,167,235
Accounts	-	-	-	-	271,306	271,306
Special assessments	805,694	-	-	-	556,493	1,362,187
Delinquent special assessments	7,213	-	-	-	-	7,213
Developer loans	1,387,338	-	-	-	21,368	1,408,706
Accrued interest	445,915	-	-	-	713	446,628
Other	115,469	-	-	790,000	-	905,469
Due from other governments	220,805	-	-	-	406,762	627,567
Due from other funds	1,215,250	-	-	-	7,702	1,222,952
Inventories	512,923	-	-	-	-	512,923
Prepaid items	4,475	-	-	-	16,588	21,063
Advances to other funds	15,951,409	-	-	-	-	15,951,409
TOTAL ASSETS	\$ 75,319,787	\$ 2,007,221	\$ 1,769,751	\$ 4,155,025	\$ 36,276,681	\$ 119,528,465
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 497,117	\$ -	\$ -	\$ -	\$ 588,782	\$ 1,085,899
Other accrued liabilities	1,427,342	-	-	-	59,236	1,486,578
Claims payable	2,600,000	-	-	-	-	2,600,000
Due to other governments	140	-	-	-	-	140
Due to other funds	909,720	-	-	-	47,505	957,225
Deferred revenues	34,933,706	1,957,741	1,248,118	4,093,443	15,354,762	57,587,770
Advances from other funds	-	2,062,545	12,986,179	-	902,685	15,951,409
Total Liabilities	<u>40,368,025</u>	<u>4,020,286</u>	<u>14,234,297</u>	<u>4,093,443</u>	<u>16,952,970</u>	<u>79,669,021</u>
Fund Balances						
Reserved for						
Inventories	512,923	-	-	-	-	512,923
Prepaid items	4,475	-	-	-	16,588	21,063
Noncurrent receivables/advances	11,545,439	-	-	-	-	11,545,439
Debt service	-	-	-	61,582	747,371	808,953
Encumbrances	2,612,921	-	-	-	4,801,361	7,414,282
Trust purposes	-	-	-	-	32,093	32,093
Unreserved and designated, reported in						
General fund	19,651,545	-	-	-	-	19,651,545
Special revenue funds	-	-	-	-	7,577,190	7,577,190
Capital projects funds	-	-	-	-	6,896,266	6,896,266
Unreserved and undesignated (deficit), reported in						
General fund	624,459	-	-	-	-	624,459
Special revenue funds	-	(2,013,065)	(12,464,546)	-	(723,127)	(15,200,738)
Capital projects funds	-	-	-	-	(24,031)	(24,031)
Total Fund Balances	<u>34,951,762</u>	<u>(2,013,065)</u>	<u>(12,464,546)</u>	<u>61,582</u>	<u>19,323,711</u>	<u>39,859,444</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 75,319,787	\$ 2,007,221	\$ 1,769,751	\$ 4,155,025	\$ 36,276,681	
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. See Note II.A.						261,249,547
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.						15,600,979
Internal service funds are reported in the statement of net assets as governmental funds.						10,799,388
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>(51,241,063)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES						<u>\$276,268,295</u>

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, 2007

	General	Tax Incremental District No. 1	Tax Incremental District No. 3	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 26,316,645	\$ 1,749,933	\$ 1,251,800	\$ 2,953,457	\$ 7,462,887	\$ 39,734,722
Intergovernmental	17,300,512	77,378	9,112	-	2,274,930	19,661,932
Licenses and permits	858,761	-	-	-	-	858,761
Fines and forfeitures	315,809	-	-	-	-	315,809
Special assessments	877,012	-	-	-	1,219,637	2,096,649
Investment income	4,509,771	55,334	11,319	3,000	1,258,234	5,837,658
Charges for services	1,286,213	-	-	-	647,875	1,934,088
Other	1,040,546	-	-	93,858	2,172,492	3,306,896
Total Revenues	52,505,269	1,882,645	1,272,231	3,050,315	15,036,055	73,746,515
EXPENDITURES						
Current						
General government	6,462,781	1,448	1,449	-	297,383	6,763,061
Public safety	24,430,318	-	-	-	676,007	25,106,325
Public works	10,731,768	-	-	-	3,190,500	13,922,268
Education and recreation	8,444,260	-	-	-	20,924	8,465,184
Community development	745,692	-	-	-	1,556,991	2,302,683
Capital Outlay	-	-	-	-	9,342,876	9,342,876
Debt Service						
Principal	-	-	-	7,121,471	-	7,121,471
Interest and fiscal charges	-	235,717	623,151	1,880,600	45,723	2,785,191
Total Expenditures	50,814,819	237,165	624,600	9,002,071	15,130,404	75,809,059
Excess (deficiency) of revenues over (under) expenditures	1,690,450	1,645,480	647,631	(5,951,756)	(94,349)	(2,062,544)
OTHER FINANCING SOURCES (USES)						
Debt issued	-	-	-	2,930	5,162,070	5,165,000
Premium on debt issued	-	-	-	21,395	-	21,395
Sale of city property	25,171	-	-	-	189,504	214,675
Transfers in	1,362,695	-	900,000	5,934,138	666,680	8,863,513
Transfers out	(1,566,422)	-	(2,033,324)	-	(3,924,814)	(7,524,560)
Total Other Financing Sources (Uses)	(178,556)	-	(1,133,324)	5,958,463	2,093,440	6,740,023
Net Change in Fund Balances	1,511,894	1,645,480	(485,693)	6,707	1,999,091	4,677,479
FUND BALANCES (DEFICIT) - Beginning	33,439,868	(3,658,545)	(11,978,853)	54,875	17,324,620	35,181,965
FUND BALANCES (DEFICIT) - ENDING	\$ 34,951,762	\$ (2,013,065)	\$(12,464,546)	\$ 61,582	\$ 19,323,711	\$ 39,859,444

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, 2007

Net change in fund balances - total governmental funds	\$	4,677,479
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay 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	12,676,987	
Total capital asset additions - contributed to the City	3,190,092	
Less: capital outlay and expenditures capitalized in the internal service funds	(2,555,695)	
Less: close-out of prior year CWIP	(254,919)	13,056,465
Depreciation is reported in the government-wide statements		(5,148,638)

Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets.		(2,232,041)
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Receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

Interest charged on advances	(1,070,465)	
Developer loans	(49,467)	
Rehabilitation loans	13,846	
Accounts receivable/interest income	175,337	
Special assessments	13,302	(917,447)

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		(5,165,000)
Principal repaid		7,121,471

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		(23,409)
Disability benefits		5,406
Pension liability		(406,130)
Postclosure care cost		90,000
Accrued interest on debt		40,232

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		26,915
Premium		2,680
Amortization of loss on advance refunding		(23,031)
Amortization of issuance costs		(20,392)

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

		<u>1,137,912</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

	\$	<u>12,222,472</u>
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See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS December 31, 2007

ASSETS	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
Current Assets			
Cash and investments	\$ -	\$ 3,570,329	\$ 1,145,406
Accounts Receivable			
Customer accounts	3,970,976	1,630,565	-
Special assessments	7,207	604,313	-
Other	39,160	183,276	339,777
Due From Other Governments			
Federal government	-	-	9,746
State of Wisconsin	-	-	185,511
Due from other funds	358,937	369,892	-
Inventories	287,383	190,415	118,050
Prepaid items	-	-	9,012
Restricted Assets			
Cash and investments	6,646,872	1,161,074	-
Total Current Assets	11,310,535	7,709,864	1,807,502
Non-Current Assets			
Advance to other funds	-	4,656,765	-
Restricted Assets			
Cash and investments	7,769,590	10,885,563	489,266
Accrued interest	121,383	139,196	-
Investment in WMIC	-	-	-
Capital Assets			
Land	1,157,349	511,937	891,831
Construction in progress	482,027	235,068	-
Building and improvements	101,564,090	113,901,423	3,476,015
Equipment, furniture and vehicles	27,509,535	33,137,555	8,459,832
Less: Accumulated depreciation	(26,005,831)	(66,514,989)	(6,728,887)
Other Assets			
Property held for future use	95,011	-	-
Unamortized debt expense	940,357	62,783	-
Total Non-Current Assets	113,633,511	97,015,301	6,588,057
Total Assets	124,944,046	104,725,165	8,395,559

<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Stormwater</u>	<u>Other</u>		<u>Activities -</u>
<u>Utility</u>	<u>Enterprise</u>	<u>Totals</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service Funds</u>
\$ 7,430,424	\$ 1,428,979	\$ 13,575,138	\$ 1,964,732
1,144,843	-	6,746,384	-
137,806	-	749,326	-
2,164	3,783	568,160	45,409
-	-	9,746	-
-	-	185,511	-
173,189	-	902,018	-
-	-	595,848	66,241
-	-	9,012	-
<u>1,207,020</u>	<u>-</u>	<u>9,014,966</u>	<u>-</u>
<u>10,095,446</u>	<u>1,432,762</u>	<u>32,356,109</u>	<u>2,076,382</u>
-	-	4,656,765	-
2,110,762	-	21,255,181	-
44,828	-	305,407	-
-	-	-	2,020,950
16,773,500	3,012,307	22,346,924	-
1,156,239	4,253	1,877,587	-
60,503,606	23,999,383	303,444,517	-
657	631,355	69,738,934	21,985,070
(17,068,759)	(13,966,773)	(130,285,239)	(11,819,925)
-	-	95,011	-
<u>419,946</u>	<u>-</u>	<u>1,423,086</u>	<u>-</u>
<u>63,940,779</u>	<u>13,680,525</u>	<u>294,858,173</u>	<u>12,186,095</u>
<u>74,036,225</u>	<u>15,113,287</u>	<u>327,214,282</u>	<u>14,262,477</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
December 31, 2007

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 306,578	\$ 264,797	\$ 233,096
Compensated absences	139,775	93,507	208,360
Accrued interest	53,218	38,952	-
Other accrued liabilities	-	-	63,544
Claims payable	-	-	-
Due to other governments	-	-	870,377
Due to other funds	1,167,745	-	-
Unearned revenues	-	-	29,390
Customer advance	-	-	-
Current portion of long-term debt	-	-	-
Current Liabilities Payables From Restricted Assets			
Revenue bonds payable	-	2,170,996	-
Accrued interest	-	107,234	-
Total Current Liabilities	<u>1,667,316</u>	<u>2,675,486</u>	<u>1,404,767</u>
Noncurrent Liabilities			
General obligation debt payable	-	-	-
Revenue bonds and notes payable	67,206,513	11,489,060	-
Advance from other funds	4,656,765	-	-
Compensated absences	270,511	103,442	311,311
Unamortized premium of debt issuance	3,114,345	50,874	-
Total Noncurrent Liabilities	<u>75,248,134</u>	<u>11,643,376</u>	<u>311,311</u>
Total Liabilities	<u>76,915,450</u>	<u>14,318,862</u>	<u>1,716,078</u>
NET ASSETS			
Invested in capital assets, net of related debt	46,969,386	70,323,407	6,098,791
Restricted for			
Debt service	969,728	2,193,036	-
DNR replacement fund	-	7,185,003	-
Capital replacement fund	-	-	489,266
Unrestricted (deficit)	<u>89,482</u>	<u>10,704,857</u>	<u>91,424</u>
TOTAL NET ASSETS	<u>\$ 48,028,596</u>	<u>\$ 90,406,303</u>	<u>\$ 6,679,481</u>

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

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

NET ASSETS OF BUSINESS-TYPE ACTIVITIES

<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
<u>Stormwater Utility</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	
\$ 912,695	\$ 29,378	\$ 1,746,544	\$ 125,781
62,418	53,624	557,684	78,602
8,100	-	100,270	-
24,437	43,199	131,180	42,908
-	-	-	1,500,000
-	-	870,377	-
-	-	1,167,745	-
-	-	29,390	-
48,070	-	48,070	-
720,000	-	720,000	-
1,235,000	-	3,405,996	-
307,556	-	414,790	-
<u>3,318,276</u>	<u>126,201</u>	<u>9,192,046</u>	<u>1,747,291</u>
-	708,509	708,509	-
25,375,000	-	104,070,573	-
-	-	4,656,765	-
69,904	81,549	836,717	43,156
72,269	-	3,237,488	-
<u>25,517,173</u>	<u>790,058</u>	<u>113,510,052</u>	<u>43,156</u>
<u>28,835,449</u>	<u>916,259</u>	<u>122,702,098</u>	<u>1,790,447</u>
36,493,682	12,972,016	172,857,282	10,165,145
944,292	-	4,107,056	-
-	-	7,185,003	-
-	-	489,266	-
<u>7,762,802</u>	<u>1,225,012</u>	<u>19,873,577</u>	<u>2,306,885</u>
<u>\$ 45,200,776</u>	<u>\$ 14,197,028</u>	<u>\$ 204,512,184</u>	<u>\$ 12,472,030</u>
		<u>1,672,642</u>	
		<u>\$ 206,184,826</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, 2007

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
OPERATING REVENUES			
Charges for services	\$ 17,485,032	\$ 9,249,658	\$ 1,094,879
Other	288,449	488,222	69,071
Total Operating Revenues	<u>17,773,481</u>	<u>9,737,880</u>	<u>1,163,950</u>
OPERATING EXPENSES			
Operation and maintenance	8,073,424	6,533,954	6,772,074
Depreciation	2,965,577	3,795,558	565,414
Total Operating Expenses	<u>11,039,001</u>	<u>10,329,512</u>	<u>7,337,488</u>
Operating Income (Loss)	<u>6,734,480</u>	<u>(591,632)</u>	<u>(6,173,538)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	874,555	1,342,821	152,008
Interest expense	(3,298,477)	(464,517)	-
Amortization of debt expense	(48,351)	(13,393)	-
Gain on sale of capital assets	-	338,957	-
Amortization of prior losses on refunding of bonds	(112,379)	(47,511)	-
Amortization of premium on debt issuance	145,046	13,416	-
Subsidies from other governmental units	-	-	5,006,545
Loss on investment in WMIC	-	-	-
Other	15,074	3,887	-
Total Nonoperating Revenues (Expenses)	<u>(2,424,532)</u>	<u>1,173,660</u>	<u>5,158,553</u>
Income (Loss) Before contributions and transfers	4,309,948	582,028	(1,014,985)
Capital contributions	35,442	529,547	147,257
Transfer in	-	-	449,571
Transfers out - tax equivalent	(1,167,745)	-	-
Transfers out	<u>(18,743)</u>	<u>(122,393)</u>	<u>-</u>
Change in Net Assets	3,158,902	989,182	(418,157)
TOTAL NET ASSETS - Beginning (as restated)	<u>44,869,694</u>	<u>89,417,121</u>	<u>7,097,638</u>
TOTAL NET ASSETS - ENDING	<u>\$ 48,028,596</u>	<u>\$ 90,406,303</u>	<u>\$ 6,679,481</u>

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>Activities -</u>
<u>Utility</u>	<u>Enterprise</u>	<u>Totals</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service Funds</u>
\$ 6,025,226	\$ 2,250,208	\$ 36,105,003	\$ 4,991,472
126,191	612,943	1,584,876	301,723
<u>6,151,417</u>	<u>2,863,151</u>	<u>37,689,879</u>	<u>5,293,195</u>
2,574,353	1,498,155	25,451,960	5,647,583
1,336,954	939,315	9,602,818	1,701,011
<u>3,911,307</u>	<u>2,437,470</u>	<u>35,054,778</u>	<u>7,348,594</u>
<u>2,240,110</u>	<u>425,681</u>	<u>2,635,101</u>	<u>(2,055,399)</u>
626,534	102,846	3,098,764	103,355
(1,038,917)	(59,002)	(4,860,913)	(5,150)
(40,376)	-	(102,120)	-
-	-	338,957	331,704
-	-	(159,890)	-
-	-	158,462	-
-	-	5,006,545	-
-	-	-	(48,355)
140,596	-	159,557	257
<u>(312,163)</u>	<u>43,844</u>	<u>3,639,362</u>	<u>381,811</u>
1,927,947	469,525	6,274,463	(1,673,588)
2,077,326	25,500	2,815,072	2,555,695
-	480,000	929,571	-
-	-	(1,167,745)	-
<u>(17,443)</u>	<u>(927,200)</u>	<u>(1,085,779)</u>	<u>(15,000)</u>
3,987,830	47,825	7,765,582	867,107
<u>41,212,946</u>	<u>14,149,203</u>		<u>11,604,923</u>
<u>\$ 45,200,776</u>	<u>\$ 14,197,028</u>		<u>\$ 12,472,030</u>
		<u>(270,805)</u>	
		<u>\$ 7,494,777</u>	

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPES
 For the Year Ended December 31, 2007

	<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	\$ 17,219,796	\$ 9,589,296	\$ 1,206,177
Paid to suppliers for goods and services	(6,424,708)	(5,403,083)	(4,377,994)
Paid to employees for services	<u>(1,557,921)</u>	<u>(1,286,808)</u>	<u>(2,342,364)</u>
Net Cash Flows From Operating Activities	<u>9,237,167</u>	<u>2,899,405</u>	<u>(5,514,181)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Principal payments on note payable	-	-	-
Interest paid on note payable	-	-	-
Tax equivalent paid to municipality	(1,121,099)	-	-
Transfers out	(18,743)	(122,393)	-
Operation subsidies received from other governmental units	-	-	5,105,300
Repayment of advances to other funds	(3,195,433)	-	-
Advance to other funds	-	<u>(1,104,567)</u>	-
Net Cash Flows From Noncapital Financing Activities	<u>(4,335,275)</u>	<u>(1,226,960)</u>	<u>5,105,300</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(3,147,475)	(2,339,544)	(15,771)
Proceeds from sale of capital assets	-	698,436	-
Revenue bonds issued	73,270,000	2,350,000	-
Costs of issuing revenue bonds	(986,427)	(45,890)	-
Premium for debt refinancing	3,258,132	33,948	-
Principal paid on long-term debt	(66,400,000)	(1,507,935)	-
Interest paid on long-term debt	(5,422,997)	(473,420)	-
Capital contributed by others	14,582	24,575	211,482
Special assessments received	<u>7,775</u>	<u>436,650</u>	-
Net Cash Flows From Capital and Related Financing Activities	<u>593,590</u>	<u>(823,180)</u>	<u>195,711</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	865,179	1,339,457	152,008
Investments sold and matured	4,132,387	1,838,655	-
Purchases of investments	<u>(4,272,657)</u>	<u>(2,929,342)</u>	-
Net Cash Flows From Investing Activities	<u>724,909</u>	<u>248,770</u>	<u>152,008</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,220,391	1,098,035	(61,162)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>145,102</u>	<u>3,342,064</u>	<u>1,695,834</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,365,493</u>	<u>\$ 4,440,099</u>	<u>\$ 1,634,672</u>

<u>Business-Type Activities - Enterprise Funds</u>			Governmental
<u>Stormwater Utility</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Activities - Internal Service Funds</u>
\$ 6,150,004	\$ 2,877,328	\$ 37,042,601	\$ 5,259,482
(2,204,061)	(649,241)	(19,059,087)	(3,699,795)
<u>(705,959)</u>	<u>(840,616)</u>	<u>(6,733,668)</u>	<u>(1,818,161)</u>
<u>3,239,984</u>	<u>1,387,471</u>	<u>11,249,846</u>	<u>(258,474)</u>
-	-	-	(236,791)
-	-	-	(10,300)
-	-	(1,121,099)	-
(17,443)	(27,200)	(185,779)	(15,000)
-	-	5,105,300	-
4,300,000	-	1,104,567	-
-	(900,000)	(2,004,567)	-
<u>4,282,557</u>	<u>(927,200)</u>	<u>2,898,422</u>	<u>(262,091)</u>
(5,898,203)	(154,378)	(11,555,371)	(16,253)
-	-	698,436	365,401
5,145,000	-	80,765,000	-
(89,329)	-	(1,121,646)	-
72,269	-	3,364,349	-
(1,085,000)	-	(68,992,935)	-
(970,884)	(62,385)	(6,929,686)	-
60,697	-	311,336	-
96,281	-	540,706	-
<u>(2,669,169)</u>	<u>(216,763)</u>	<u>(2,919,811)</u>	<u>349,148</u>
620,705	102,846	3,080,195	103,355
500,613	-	6,471,655	-
<u>(2,129,517)</u>	<u>-</u>	<u>(9,331,516)</u>	<u>-</u>
<u>(1,008,199)</u>	<u>102,846</u>	<u>220,334</u>	<u>103,355</u>
3,845,173	346,354	11,448,791	(68,062)
<u>2,673,246</u>	<u>1,082,625</u>	<u>8,938,871</u>	<u>2,032,794</u>
<u>\$ 6,518,419</u>	<u>\$ 1,428,979</u>	<u>\$ 20,387,662</u>	<u>\$ 1,964,732</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPES
 For the Year Ended December 31, 2007

	<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)	\$ 6,734,480	\$ (591,632)	\$ (6,173,538)
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities			
Non-operating income	15,074	-	-
Depreciation expense	2,965,577	3,795,558	565,414
Depreciation charged to other funds	223,686	-	-
Changes in Noncash Components of Working Capital			
Customer accounts receivable	(717,252)	(53,372)	-
Other accounts receivable	1,219	(81,589)	44,978
Due from other funds	(78,604)	(21,886)	-
Inventories	14,276	(25,495)	(20,907)
Prepaid items	-	-	(121)
Accounts payable	32,261	(32,622)	25,923
Accrued liabilities	20,157	2,074	46,821
Accrued compensated absences	26,293	(91,631)	-
Unearned revenues	-	-	(2,751)
	<u> </u>	<u> </u>	<u> </u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 9,237,167</u>	<u>\$ 2,899,405</u>	<u>\$ (5,514,181)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS			
Cash and investments - statement of net assets - proprietary fund	\$ -	\$ 3,570,329	\$ 1,145,406
Restricted cash and investments - statement of net assets - proprietary fund			
Current	6,646,872	1,161,074	-
Non-current	7,769,590	10,885,563	489,266
Less: Non-cash equivalents	<u>(8,050,969)</u>	<u>(11,176,867)</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,365,493</u>	<u>\$ 4,440,099</u>	<u>\$ 1,634,672</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributed property and equipment	\$ 20,860	\$ 504,972	\$ -
Allowance for doubtful accounts	(2,192)	(8,263)	-
New special assessments	-	502,548	-
Allowance on advance	-	-	-

<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Stormwater</u>	<u>Other</u>		<u>Activities -</u>
<u>Utility</u>	<u>Enterprise</u>	<u>Totals</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service Funds</u>
\$ 2,240,110	\$ 425,681	\$ 2,635,101	\$ (2,055,399)
-	-	15,074	257
1,336,954	939,315	9,602,818	1,701,011
-	-	223,686	-
18,153	-	(752,471)	-
13,140	14,177	(8,075)	(33,970)
(32,706)	-	(133,196)	-
-	-	(32,126)	(19,719)
-	-	(121)	-
(351,275)	(2,012)	(327,725)	97,712
6,164	7,478	82,694	44,471
9,444	2,832	(53,062)	7,163
-	-	(2,751)	-
<u>\$ 3,239,984</u>	<u>\$ 1,387,471</u>	<u>\$ 11,249,846</u>	<u>\$ (258,474)</u>
\$ 7,430,424	\$ 1,428,979	\$ 13,575,138	\$ 1,964,732
1,207,020	-	9,014,966	-
2,110,762	-	21,255,181	-
<u>(4,229,787)</u>	<u>-</u>	<u>(23,457,623)</u>	<u>-</u>
<u>\$ 6,518,419</u>	<u>\$ 1,428,979</u>	<u>\$ 20,387,662</u>	<u>\$ 1,964,732</u>
\$ 1,912,222	\$ 25,500	\$ 2,463,554	\$ 2,555,695
-	-	(10,455)	-
150,313	-	652,861	-
-	480,000	480,000	-

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
December 31, 2007

	<u>Tax Collection Fund</u>
ASSETS	
Cash and investments	\$ 46,295,710
Property taxes receivable	<u>12,402,653</u>
TOTAL ASSETS	<u>\$ 58,698,363</u>
LIABILITIES	
Due to other taxing authorities	\$ 58,605,031
Accounts payable	<u>93,332</u>
TOTAL LIABILITIES	<u>\$ 58,698,363</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET ASSETS - COMPONENT UNITS
December 31, 2007

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 118,673	\$ 1,391,893	\$ 152,250	\$ 1,662,816
Other accounts receivable	-	90,465	89,284	179,749
Inventories	20,000	21,763	-	41,763
Prepaid items	-	48,424	-	48,424
Total Current Assets	<u>138,673</u>	<u>1,552,545</u>	<u>241,534</u>	<u>1,932,752</u>
Non-Current Assets				
Restricted Assets				
Cash and investments	-	240,829	-	240,829
Rehabilitation loans, net	-	2,311,963	-	2,311,963
Capital Assets				
Land	-	868,907	-	868,907
Buildings and improvements	-	16,779,014	-	16,779,014
Equipment, furniture and vehicles	-	652,702	-	652,702
Less: Accumulated depreciation	-	(5,159,635)	-	(5,159,635)
Total Non-Current Assets	<u>-</u>	<u>15,693,780</u>	<u>-</u>	<u>15,693,780</u>
Total Assets	<u>138,673</u>	<u>17,246,325</u>	<u>241,534</u>	<u>17,626,532</u>

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ -	\$ 67,451	\$ 6,612	\$ 74,063
Other accrued liabilities	-	105,721	-	105,721
Security deposits	-	78,123	-	78,123
Tenant FSS escrow	-	53,459	-	53,459
Commercial tenants credit	-	13,260	-	13,260
Deferred revenue	-	26,333	223,708	250,041
Total Current Liabilities	<u>-</u>	<u>344,347</u>	<u>230,320</u>	<u>574,667</u>
Noncurrent Liabilities				
Mortgage payable	-	55,317	-	55,317
Commercial tenants credit	-	21,760	-	21,760
Total Noncurrent Liabilities	<u>-</u>	<u>77,077</u>	<u>-</u>	<u>77,077</u>
Total Liabilities	<u>-</u>	<u>421,424</u>	<u>230,320</u>	<u>651,744</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	13,050,651	-	13,050,651
Restricted - housing programs	-	2,421,210	-	2,421,210
Unrestricted	138,673	1,353,040	11,214	1,502,927
TOTAL NET ASSETS	<u>\$ 138,673</u>	<u>\$ 16,824,901</u>	<u>\$ 11,214</u>	<u>\$ 16,974,788</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS - COMPONENT UNITS
Year Ended December 31, 2007

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
OPERATING REVENUES				
Charges for services	\$ 5,437	\$ 885,452	\$ 192,867	\$ 1,083,756
Operating grants and contributions	-	3,374,339	-	3,374,339
Total Operating Revenues	<u>5,437</u>	<u>4,259,791</u>	<u>192,867</u>	<u>4,458,095</u>
OPERATING EXPENSES				
Operating expenses	8,327	3,849,856	191,785	4,049,968
Depreciation	-	569,915	-	569,915
Total Operating Expenses	<u>8,327</u>	<u>4,419,771</u>	<u>191,785</u>	<u>4,619,883</u>
Operating Income (Loss)	<u>(2,890)</u>	<u>(159,980)</u>	<u>1,082</u>	<u>(161,788)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	7,440	56,369	8,423	72,232
Capital grants	-	91,614	-	91,614
Miscellaneous expense	(1,171)	-	-	(1,171)
Interest expense	-	(3,073)	-	(3,073)
Total Nonoperating Revenues (Expenses)	<u>6,269</u>	<u>144,910</u>	<u>8,423</u>	<u>159,602</u>
Change in Net Assets	3,379	(15,070)	9,505	(2,186)
TOTAL NET ASSETS - Beginning	<u>135,294</u>	<u>16,839,971</u>	<u>1,709</u>	<u>16,976,974</u>
TOTAL NET ASSETS - ENDING	<u>\$ 138,673</u>	<u>\$ 16,824,901</u>	<u>\$ 11,214</u>	<u>\$ 16,974,788</u>

See accompanying notes to financial statements.

CITY OF APPLETON

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December 31, 2007

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CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Appleton, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

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, 2007. 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, 2007

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, 2007. 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 925 West Northland Avenue, Appleton, WI 54914.

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, 2007. 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 116 North Appleton Street, 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, 2007

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, 2007

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, 2007

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	Room Tax
Tax Incremental District No. 4	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
Hazardous Materials Level A	Union Spring Park
Forestry	Project City Park
	Universal Playground

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

Subdivision Development	Public Safety Facilities
Projects	Public Works Equipment
Industrial Park Land	CEA Replacement
City Center Facility	Riverfront Initiatives
Park and Recreation Projects	Library Improvements
Tax Incremental District No. 5	Technology
Tax Incremental District No. 6	Residential Project
Tax Incremental District No. 7	

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, 2007

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
Facilities Management

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.

Tax Collection 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, 2007

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, 2007

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, 2007

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:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. 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.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. 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 uninsured, but collateral held by the pledging financial institution trust department or agent not in the City's name.

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, 2007

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 see 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, 2007, 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, 2007

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 statement of fiduciary net assets.

Property tax calendar – 2007 tax roll:

Lien date and levy date	November 2007
Tax bills mailed	December 2007
Payment in full, or	January 31, 2008
First installment due	January 31, 2008
Second installment due	March 31, 2008
Third installment due	May 31, 2008
Fourth installment due	July 31, 2008
Final settlement with county	August 15, 2008
Personal property taxes in full	January 31, 2008
Tax sale – 2007 delinquent real estate taxes	October 2010

Uncollectible Accounts

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 customer accounts receivable because they have the right by law to place substantially all delinquent bills on the tax roll.

Interfund Loans

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

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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/or operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction and/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

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. 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, 2007

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 were 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. \$144,483 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, 2007

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, 2007 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 \$14,518,779, made up of 6 issues.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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 (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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. Reserved fund balance is that portion of fund balance that is not available for the subsequent year’s budget due to legal restrictions or resources which are not available for current spending. 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, 2007

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 December 22, 2006, effective for service beginning December 29, 2006. The utility filed for a rate increase in March 2008.

Wastewater Utility

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

Valley Transit

Current fares were effective June 13, 2005 as approved by the Valley Transit Commission.

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 "Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds." The detail of this difference is as follows:

Capital assets per statement of net assets	
Land	\$ 119,476,747
Construction in progress	4,529,411
Depreciable capital assets, net of depreciation	<u>147,408,534</u>
Sub-total	271,414,692
Less: Internal service fund capital assets	<u>(10,165,145)</u>
Net Adjustment for Capital Assets	<u>\$ 261,249,547</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS (cont.)

Another 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 difference in liabilities is as follows:

Bonds and notes payable	\$ 42,241,816
Unamortized debt premium	83,432
Unamortized debt issuance costs ¹	(85,588)
Unamortized loss on refunding	(51,819)
Compensated absences	5,319,477
Accrued interest ²	667,612
Disability benefits	140,003
Pension liability	406,130
Postclosure care cost	<u>2,520,000</u>
Net Adjustment for Liabilities	<u>\$ 51,241,063</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.

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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

A. BUDGETARY INFORMATION (cont.)

- f. Under council policy, new appropriations up to \$15,000 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 \$15,000 and those funded by taxes or debt also 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 the major funds. 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.
- i. Budgets for all governmental funds, except grant-funded special revenue funds, lapse at year end. Reappropriations of any funds are made by council action.

B. DEFICIT BALANCES

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

As of December 31, 2007, 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	\$ 718,399	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	24,031	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.

C. LIMITATIONS ON THE CITY'S TAX LEVY

As part of Wisconsin's Act 20 (2007), legislation was passed that limits the City's future tax levies. Generally the City is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the City's equalized value due to new construction or 3.86% for the 2007 levy collected in 2008 and 2% for the 2008 levy collected in 2009. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit is set to expire after the 2008 levy.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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:

	Carrying Value	Statement Balance	Associated Risks
Demand deposits	\$ 19,242,741	\$ 11,133,095	Custodial credit risk
U.S. treasuries	36,987,669	36,987,669	Custodial credit risk, interest rate risk
U.S. agencies	41,035,525	41,035,525	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk, investments highly sensitive to market changes
Money market mutual funds	22,050,647	22,050,647	Credit risk, interest rate risk
Commercial paper	9,488,956	9,488,956	Custodial credit risk, credit risk, investments highly sensitive to market changes
LGIP	10,248,122	10,248,122	Credit risk, interest rate risk
Petty Cash	132,227	-	None
Total Cash and Investments	<u>\$139,185,887</u>	<u>\$ 130,944,014</u>	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 62,620,030		
Restricted cash and investments	30,270,147		
Per statement of net assets –			
Fiduciary			
Funds	46,295,710		
Total Cash and Investments	<u>\$ 139,185,887</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. This coverage has not been considered in computing custodial credit risk.

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, 2007

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, 2007, \$11,033,095 of the City's total bank balance of \$11,133,095 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 11,033,095</u>
Total	<u>\$ 11,033,095</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, 2007, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Investment</u>	<u>Standard & Poor's</u>	<u>Moody's Investor Service</u>
Mutual Funds	JP Morgan	AAAm	Aaa
Commercial paper	Barclays US FDG	N/A	N/A
Commercial paper	Goldman Sachs	N/A	N/A
Commercial paper	ABN AMRO	N/A	N/A
Commercial paper	Merrill Lynch	A1	P-1
Commercial paper	Toyota Mtr. Cr. Corp.	N/A	N/A

The City also had investments in the following external pool which is 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, 2007

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

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

At December 31, 2007, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Bank	U.S. agencies	5.8
Federal Home Loan Mortgage Corporation	U.S. agencies	9.3
Federal National Mortgage Association	U.S. agencies	14.9

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, 2007, 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	\$ 22,050,647	\$ 22,050,647	\$ -	\$ -
Commercial paper	9,488,956	9,488,956	-	-
US treasuries	36,987,669	4,317,966	17,247,844	15,421,859
US agencies	41,035,525	22,599,017	4,241,424	14,195,084
External investment pools	10,248,122	10,248,122	-	-
Totals	\$ 119,810,919	\$ 68,704,708	\$ 21,489,268	\$ 29,616,943

Investments Highly Sensitive to Market Changes

The City also held various U.S. treasuries and agencies at December 31, 2007 where interest rates fluctuate with inflation. These securities mature on January 15, 2009 and 2010. The market value of these investments was \$494,646. In addition, the City held securities of \$8,701,391 with maturities exceeding ten years.

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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	\$ -	\$ 41,461,893	\$ 41,461,893
Interest on advances	6,698,824	-	6,698,824
Interest income	31,300	-	31,300
Developer loans	1,108,368	-	1,108,368
Rehabilitation loans	6,167,234	-	6,167,234
Accounts receivable	229,481	-	229,481
Special assessments not yet due	1,365,772	-	1,365,772
Grant drawdowns prior to meeting all eligibility requirements	<u>-</u>	<u>524,898</u>	<u>524,898</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 15,600,979</u>	<u>\$ 41,986,791</u>	<u>\$ 57,587,770</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, 2007

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, 2007:

	<u>Restricted Assets</u>	<u>Liabilities Payable from Restricted Assets</u>	<u>Restricted Net Assets</u>
Bond redemption account	\$ 2,716,439	\$ 109,383	\$ 2,607,056
Bond reserve account	12,080,912	-	N/A
Bond depreciation account	1,500,000	-	1,500,000
Construction account	6,298,527	-	N/A
DNR equipment replacement account	7,185,003	-	7,185,003
Capital equipment replacement account	489,266	-	489,266
Accrued interest	<u>305,407</u>	<u>305,407</u>	<u>N/A</u>
 Total Restricted Assets	 <u>\$ 30,575,554</u>	 <u>\$ 414,790</u>	 <u>\$ 11,781,325</u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments*</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 14,508,604	\$ -	\$ 85,248	\$ (366,189)	\$ 14,057,167
Right of ways	66,488,480	1,542,329	60,955	-	67,969,854
Land improvements ⁽¹⁾	37,410,642	39,084	-	-	37,449,726
Construction in progress	<u>984,986</u>	<u>3,799,344</u>	<u>254,919</u>	<u>-</u>	<u>4,529,411</u>
Total Capital Assets					
Not Being Depreciated	<u>119,392,712</u>	<u>5,380,757</u>	<u>401,122</u>	<u>(366,189)</u>	<u>124,006,158</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Adjustments*	Ending Balance
Governmental Activities (cont.)					
Capital assets being depreciated					
Improvements	\$ 5,726,568	\$ 373,069	\$ 14,600	\$ -	\$ 6,085,037
Buildings	31,290,819	65,464	56,200	-	31,300,083
Equipment, furniture and fixtures	25,019,191	2,867,371	1,843,267	-	26,043,295
Streets	115,802,071	5,857,545	1,883,291	-	119,776,325
Sidewalk	23,223,116	1,034,453	324,939	-	23,932,630
Traffic signals	3,698,632	89,018	-	-	3,787,650
Bridges	22,603,078	199,402	-	-	22,802,480
Total Capital Assets Being Depreciated	<u>227,363,475</u>	<u>10,486,322</u>	<u>4,122,297</u>	<u>-</u>	<u>233,727,500</u>
Less: Accumulated depreciation for					
Improvements	(1,751,884)	(182,562)	4,866	-	(1,929,580)
Buildings	(9,271,445)	(496,436)	30,820	-	(9,737,061)
Equipment, furniture and fixtures	(13,559,799)	(1,950,978)	1,748,169	-	(13,762,608)
Streets	(43,314,661)	(3,307,327)	462,050	-	(46,159,938)
Sidewalk	(7,060,171)	(593,509)	139,301	-	(7,514,379)
Traffic signals	(992,401)	(90,814)	-	-	(1,083,215)
Bridges	(5,904,162)	(228,023)	-	-	(6,132,185)
Total Accumulated Depreciation	<u>(81,854,523)</u>	<u>(6,849,649)</u>	<u>2,385,206</u>	<u>-</u>	<u>(86,318,966)</u>
Net Capital Assets Being Depreciated	<u>145,508,952</u>				<u>147,408,534</u>
Total Capital Assets, Net of Depreciation	<u>\$ 264,901,664</u>				<u>\$ 271,414,692</u>

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

* Includes transfer of stormwater capital assets from governmental activities to business-type activities.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 214,798
Public safety	256,814
Public works, which includes the depreciation of roads, streets, signals, and bridges	4,316,029
Education and recreation	<u>360,997</u>
Sub-Total	5,148,638
Capital assets held by internal service funds charged to the various functions based on their usage of the assets	<u>1,701,011</u>
Total Governmental Activities Depreciation Expense	<u>\$ 6,849,649</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments*</u>	<u>Ending Balance</u>
Business-type Activities					
Capital assets not being depreciated					
Land	\$ 19,392,711	\$ 2,120,558	\$ 359,479	\$ 1,193,134	\$ 22,346,924
Construction in progress	<u>5,379,757</u>	<u>894,311</u>	<u>4,396,481</u>	-	<u>1,877,587</u>
Total Capital Assets Not Being Depreciated	<u>24,772,468</u>	<u>3,014,869</u>	<u>4,755,960</u>	<u>1,193,134</u>	<u>24,224,511</u>
Capital assets being depreciated					
Buildings and improvements	290,164,120	14,862,050	397,312	(1,184,341)	303,444,517
Machinery and equipment	<u>69,453,096</u>	<u>337,701</u>	<u>51,863</u>	-	<u>69,738,934</u>
Total Capital Assets Being Depreciated	<u>359,617,216</u>	<u>15,199,751</u>	<u>449,175</u>	<u>(1,184,341)</u>	<u>373,183,451</u>
Less: Accumulated depreciation for					
Buildings and improvements	(86,855,635)	(5,096,870)	287,335	(318,780)	(91,983,950)
Machinery and equipment	<u>(33,762,671)</u>	<u>(4,700,457)</u>	<u>161,839</u>	-	<u>(38,301,289)</u>
Total Accumulated Depreciation	<u>(120,618,306)</u>	<u>(9,797,327)</u>	<u>449,174</u>	<u>(318,780)</u>	<u>(130,285,239)</u>
Net Capital Assets Being Depreciated	<u>238,998,910</u>				<u>242,898,212</u>
Capital Assets, Net of Depreciation	<u>\$ 263,771,378</u>				<u>\$ 267,122,723</u>

* Includes restatement of \$(676,176) and transfer of stormwater capital assets of \$366,189.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 3,160,086
Wastewater	3,795,558
Valley Transit	565,414
Stormwater	1,336,954
Parking	862,253
Reid Municipal Golf Course	<u>77,062</u>
Total Business-type Activities	
Depreciation Expense	<u>\$ 9,797,327</u>

The depreciation difference to the income statement of \$194,509 relates to depreciation charged to other funds.

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, AND TRANSFERS

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue – Community Development Block Grant	\$ 1,695
General	Special Revenue – Emergency Shelter	45,810
General	Enterprise – Water Utility	1,167,745
Special Revenue – Sanitation and Recycling Programs	General	7,702
Enterprise – Water Utility	General	358,937
Enterprise – Wastewater Utility	General	369,892
Enterprise – Stormwater Utility	General	<u>173,189</u>
Sub-Total – Fund Financial Statements		2,124,970
Add: Internal service allocation		(1,672,642)
Less: Elimination to government-wide		<u>(1,859,243)</u>
Total – Government-wide Financial Statements		<u>\$ (1,406,915)</u>
Governmental Activity	Business-type Activity	\$ 1,167,745
Business-type Activity	Governmental Activity	<u>(2,574,660)</u>
Total		<u>\$ (1,406,915)</u>

All amounts are due within one year.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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. No interest is being charged on the advance from the wastewater utility to the water utility. The advances will be repaid as monies are available.

During 2005 and 2007, the City prepared projections estimating the TIF districts and the Reid Municipal Golf Course's 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:

Receivable Fund	Payable Fund	Principal	Interest	Total Allowance
General	Special Revenue - Tax Incremental District No. 1	\$ -	\$ 2,336,425	\$ 2,336,425
	Reid Municipal Golf Course	480,000	-	480,000
Parking Utility	Special Revenue - Tax Incremental District No. 3	<u>11,582,496</u>	<u>2,727,923</u>	<u>14,310,419</u>
Totals		<u>\$ 12,062,496</u>	<u>\$ 5,064,348</u>	<u>\$ 17,126,844</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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 outstanding, net of allowances:

<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	\$ -	\$ 2,062,545	\$ 2,062,545	\$ -
General	Special Revenue – Tax Incremental District No. 2	115,922	690,711	806,633	690,711
General	Special Revenue – Tax Incremental District No. 3	9,055,862	3,930,317	12,986,179	12,586,179
General	Capital Projects – Tax Incremental District No.5	80,801	15,251	96,052	96,052
Enterprise – Wastewater Utility	Enterprise – Water Utility	<u>4,656,765</u>	<u>-</u>	<u>4,656,765</u>	<u>4,656,765</u>
Sub-Total – Fund Financial Statements		<u>\$ 13,909,350</u>	<u>\$ 6,698,824</u>	20,608,174	<u>\$ 18,029,707</u>
Less: Fund eliminations				<u>(20,608,174)</u>	
Total – Government-wide Statements				<u>\$ -</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.

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	\$ 24,000	Administrative fees
	Enterprise – Water Utility	13,800	Administrative fees
	Enterprise – Water Utility	1,167,745	Payment in lieu of taxes
	Enterprise – Wastewater Utility	117,450	Administrative fees
	Enterprise – Parking Utility	9,300	Administrative fees
	Enterprise – Stormwater Utility	12,500	Administrative fees
	Enterprise – Reid Municipal Golf Course	17,900	Administrative fees

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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	\$ 54	Debt payments
	Capital Project – Industrial Park Land	183,910	Debt payments
	Special Revenue – Tax Incremental District No. 3	2,033,324	Debt payments
	Special Revenue – Tax Incremental District No. 4	1,516,949	Debt payments
	Capital Project – Tax Incremental District No. 5	97,460	Debt payments
	Capital Project – Tax Incremental District No. 6	1,986,937	Debt payments
	Residential Projects	40,236	Debt payments
	City Center	21,322	Debt payments
Special Revenue Funds			
Tax Incremental District No. 3	Enterprise – Parking Utility	900,000	Increase advance
Capital Project Funds			
Public Works Equipment	General	336,851	Capital projects
Riverfront Initiatives	General	300,000	Capital assets
City Center Facility	Enterprise – Water Utility	4,943	Capital assets
City Center Facility	Enterprise – Wastewater Utility	4,943	Capital assets
City Center Facility	Enterprise – Stormwater Utility	4,943	Capital assets
Library Expansion	Internal Service – Facilities Management	15,000	Capital assets
Enterprise			
Valley Transit	General	449,571	Local share of funding
Reid Municipal Golf Course	General	<u>480,000</u>	Set up allowance for advance
Sub-Total – Fund Financial Statements		9,793,084	
Add: Utility capital assets financed by Governmental Activities		416,529	
Less: Fund eliminations		(6,609,989)	
Government-wide elimination		<u>(2,692,200)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 907,</u>	

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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>
Governmental Activity	Business-type Activity	\$ 2,253,524
Business-type Activity	Governmental Activity	<u>(1,346,100)</u>
Total		<u>\$ 907,424</u>

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General Obligation Debt					
General	\$ 44,198,287	\$ 5,165,000	\$ 7,121,471	\$ 42,241,816	\$ 5,944,026
Internal service	236,791	-	236,791	-	-
Add/(Subtract) Deferred Amounts For					
Premiums	86,112	21,395	24,075	83,432	-
Loss on refunding	<u>(74,850)</u>	<u>-</u>	<u>(23,031)</u>	<u>(51,819)</u>	<u>-</u>
Total Bonds and Notes Payable	<u>44,446,340</u>	<u>5,186,395</u>	<u>7,359,306</u>	<u>42,273,429</u>	<u>5,944,026</u>
Other Liabilities					
Vested compensated absences					
General	5,296,068	2,610,930	2,587,521	5,319,477	2,714,615
Internal service	90,033	85,236	53,511	121,758	78,602
Landfill liability	2,610,000	-	90,000	2,520,000	90,000
Disability benefits	145,409	-	5,406	140,003	19,435
Pension liability	<u>-</u>	<u>425,696</u>	<u>19,566</u>	<u>406,130</u>	<u>18,667</u>
Total Other Liabilities	<u>8,141,510</u>	<u>3,121,862</u>	<u>2,756,004</u>	<u>8,507,368</u>	<u>2,921,319</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 52,587,850</u>	<u>\$ 8,308,257</u>	<u>\$ 10,115,310</u>	<u>\$ 50,780,797</u>	<u>\$ 8,865,345</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 1,903,509	\$ -	\$ 475,000	\$ 1,428,509	\$ 720,000
Revenue bonds	97,422,924	80,765,000	68,517,935	109,669,989	3,405,996
Add/(Subtract) Deferred Amounts For					
Refundings – Gains/(Losses)	(186,628)	(2,204,516)	(197,724)	(2,193,420)	-
Premiums	<u>157,832</u>	<u>3,364,349</u>	<u>284,693</u>	<u>3,237,488</u>	-
Sub-totals	99,297,637	81,924,833	69,079,904	112,142,566	4,125,996
Other Liabilities					
Vested compensated absences	<u>1,382,410</u>	<u>734,402</u>	<u>722,411</u>	<u>1,394,401</u>	<u>557,684</u>
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 100,680,047</u>	<u>\$ 82,659,235</u>	<u>\$ 69,802,315</u>	<u>\$ 113,536,967</u>	<u>\$ 4,683,680</u>

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 statement of net assets at December 31, 2007.

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, 2007, was \$228,782,100. Total general obligation debt outstanding at year end was \$43,670,325.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-07
Governmental Activities					
General Obligation Bonds					
General Obligation Refunding Bonds, Series 1998A	7/1/88	4/1/13	4.00 – 4.75%	\$ 9,570,000	\$ 2,820,000
General Obligation Notes, Series 1998B	7/1/98	4/1/08	3.80 – 4.50%	7,945,000	160,000
General Obligation Notes, Series 1999A	7/15/99	4/1/09	4.00 – 4.90%	1,275,000	65,000
General Obligation Notes, Series 1999B	7/15/99	4/1/09	6.50 – 6.60%	2,555,000	840,000

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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 12-31-07</u>
Governmental Activities					
General Obligation Bonds (cont.)					
General Obligation Notes, Series 2000A	8/3/00	4/10/10	4.35 – 5.00%	\$ 10,465,000	\$ 840,000
General Obligation Notes, Series 2001A	8/1/01	10/1/11	4.00 – 4.44%	4,070,000	2,660,000
General Obligation Notes, Series 2001B	8/1/01	10/1/11	6.00%	3,270,000	2,670,000
2001 State Trust Fund Loan	8/24/01	3/15/11	5.00%	2,812,341	1,788,639
General Obligation Funds					
General Obligation Notes, Series 2002A	7/1/02	4/1/12	3.00 – 4.10%	8,535,000	3,740,000
General Obligation Notes, Series 2002B	7/1/02	4/1/12	5.00%	1,995,000	1,900,000
2002 State Trust Fund Loan	2/6/03	3/15/18	5.00%	2,000,000	1,630,138
General Obligation Notes, Series 2003A	9/3/03	4/1/13	1.25 – 3.70%	1,610,000	1,105,000
2003 State Trust Fund Loan	7/23/03	3/15/20	5.00%	2,800,000	2,648,039
General Obligation Refunding Bonds, Series 2005 A	3/15/05	4/1/13	3.00 – 4.00%	5,165,000	3,275,000
General Obligation Notes, Series 2005B	10/12/05	4/1/15	3.00 – 4.00%	6,210,000	6,210,000
General Obligation Notes, Series 2006A	8/9/06	10/1/16	4.125 – 4.200%	4,725,000	4,725,000
General Obligation Notes, Series 2007	8/1/07	4/1/17	4.25%	5,165,000	<u>5,165,000</u>
Total Governmental Activities – General Obligation Debt					<u>\$ 42,241,816</u>
	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-07</u>
Business-type Activities					
General Obligation Debt					
General Obligation Notes, Series 1998B	7/1/98	4/1/08	3.80 – 4.50%	1,515,000	\$ 720,000
2005 State Trust Fund Loan	12/30/05	3/15/25	5.00%	708,509	<u>708,509</u>
Total Business-type Activities General Obligation Debt					<u>\$ 1,428,509</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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		Business-type Activities	
	General Obligation Debt		General Obligation Debt	
	Principal	Interest	Principal	Interest
2008	\$ 5,944,026	\$ 1,779,790	\$ 720,000	\$ 53,097
2009	6,285,955	1,476,580	-	35,425
2010	5,653,003	1,222,846	-	35,425
2011	6,059,293	967,610	-	35,425
2012	5,478,593	689,189	-	35,523
2013 – 2017	12,088,080	1,318,677	173,435	166,909
2018 – 2022	732,866	59,784	337,174	103,743
2023 – 2025	-	-	197,900	17,858
Totals	<u>\$ 42,241,816</u>	<u>\$ 7,514,476</u>	<u>\$ 1,428,509</u>	<u>\$ 483,405</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	\$ 3,824,130
General Fund – compensated absences	4,356,486
Debt Service Fund – general obligation debt	61,582
Special Revenue Fund – Tuchscherer disability	76,935
Capital Projects Fund – general obligation debt	<u>747,371</u>
Total	<u>\$ 9,066,504</u>

Revenue Debt

Revenue bonds are payable only from revenues derived from the operation of the water, wastewater, and stormwater utilities. The utilities have pledged future utility revenues, net of specified operating expenses, to repay all revenue bonds listed on the next page. Proceeds from the bonds provided financing for construction. The bonds are payable only from revenues derived from the operation of the water, wastewater, and stormwater utilities. The total principal and interest remaining to be paid on the bonds is \$102,963,314, \$17,289,276, \$37,455,644, for water, wastewater, and stormwater, respectively. For the current year, the water utility paid \$6,975,116 of principal and interest and had \$10,574,612 of net revenues. The wastewater utility paid \$1,997,125 of principal and interest and had \$4,546,747 of net revenues. The stormwater utility paid \$1,717,739 of principal and interest and had \$3,240,671 of net revenues.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2007 consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-07
<u>Water Utility</u>					
Water System Revenue					
Refunding Bonds, Series 2007A	2/6/07	1/1/25	4.00 – 4.50%	\$ 58,510,000	\$ 55,090,000
Taxable Water System Revenue					
Refunding Bonds, Series 2007B	2/6/07	1/1/12	5.40 – 5.35%	2,620,000	2,110,000
Water System Revenue					
Bonds, Series 2007C	3/1/07	1/1/26	4.00 – 4.75%	12,140,000	<u>12,140,000</u>
				Total Water Utility	<u>69,340,000</u>
<u>Wastewater Utility</u>					
Sewerage System Mortgage					
Revenue Bonds, Series 1993B	3/24/93	5/1/12	3.369%	12,989,595	4,604,989
Sewerage System Mortgage					
Revenue Refunding Bonds, Series 2005	10/15/05	5/1/10	3.50%	4,735,000	3,575,000
Sewerage System Revenue					
Bonds, Series 2006	8/9/06	5/1/26	4.25 – 5.00%	3,265,000	3,190,000
Sewerage System Revenue					
Bonds, Series 2007	9/5/07	5/1/27	4.25 – 5.00%	2,350,000	<u>2,350,000</u>
				Total Wastewater Utility	<u>13,719,989</u>
<u>Stormwater Utility</u>					
Stormwater System Revenue					
Bonds, Series 1999	8/1/99	4/1/19	3.75 – 5.26%	3,080,000	400,000
Stormwater System Revenue					
Bonds, Series 2000	9/1/00	4/1/20	4.35 – 5.65%	3,255,000	435,000
Stormwater System Revenue					
Bonds, Series 2001	9/1/01	4/1/21	4.00 – 5.00%	4,810,000	4,090,000
Stormwater System Revenue					
Bonds, Series 2002	8/23/02	4/1/22	3.00 – 5.00%	2,340,000	2,060,000
Stormwater System Revenue					
Bonds, Series 2003	10/9/03	4/1/23	2.00 – 4.55%	3,835,000	3,385,000
Stormwater System Revenue					
Bonds, Series 2004	10/15/04	4/1/24	2.50 – 4.65%	3,535,000	3,265,000
Stormwater System Revenue					
Refunding Bonds, Series 2006	5/1/06	4/1/26	4.00 – 4.50%	7,855,000	7,830,000
Stormwater System Revenue					
Bonds, Series 2007	9/5/07	4/1/27	4.25 – 5.00%	5,145,000	<u>5,145,000</u>
				Total Stormwater Utility	<u>26,610,000</u>
Total Business-type Activities Revenue Debt					<u>\$ 109,669,989</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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>
2008	\$ 3,405,996	\$ 4,998,877
2009	7,675,003	4,668,479
2010	7,594,987	4,367,464
2011	6,610,983	4,085,087
2012	6,868,020	3,813,320
2013 – 2017	32,295,000	14,654,382
2018 – 2022	35,150,000	6,544,391
2023 – 2027	<u>10,070,000</u>	<u>976,246</u>
Totals	<u>\$ 109,669,989</u>	<u>\$ 44,108,246</u>

Advance Refunding

On February 6, 2007, the City issued \$58,510,000 in 2007A revenue refunding bonds with an average interest rate of 4.82% to advance refund \$2,690,000, \$2,600,000, \$41,680,000, \$4,380,000, \$3,490,000, \$3,535,000 of revenue bond issue series 1998, 2000, 2001, 2002, 2004, and 2005, respectively. The net proceeds of \$60,681,160 (after a reoffering premium receipt of \$2,171,160 less underwriting fees, insurance, and issuance costs) were used to prepay the outstanding debt service requirements on the old revenue bonds 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 old revenue bonds. As a result, the old revenue bonds are considered to be defeased and the liability for these bonds has been removed from these financial statements.

The City also on February 6, 2007 issued \$2,620,000 in 2007B revenue refunding bonds with an average interest rate of 5.31% to advance refund \$3,920,000 of revenue bond issue series 2001. The net proceeds of \$2,579,787 (after payment of \$40,213 in underwriting fees, insurance, and issuance costs) plus an additional \$1,413,814 of sinking funds monies were used to prepay the outstanding debt service requirements on the old revenue bonds 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 old revenue bonds. As a result, the old revenue bonds are considered to be defeased and the liability for these bonds has been removed from these financial statements.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the combined old debt of \$2,122,989. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the 2022 using the effective-interest method. The City completed the advance refunding to reduce its total debt service payments over the next 18 years by \$3,225,246 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$602,605.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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 issues. 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 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 lease is recorded as a receivable in the debt service fund. The gross amount of these assets under capital leases is \$1,210,000. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2007, are as follows:

	<u>Governmental Activities</u>
2008	\$ 94,650
2009	93,617
2010	94,100
2011	92,842
2012	94,767
2013 – 2017	468,601
2018	<u>92,025</u>
Sub-Total	1,030,602
Less: Amount representing interest	<u>(240,602)</u>
Present Value of Minimum Lease Payments	<u>\$ 790,000</u>

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, 2007, a \$2,520,000 liability was estimated based on what it would cost to perform all postclosure care in 2007 and thereafter. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The City incurred approximately \$54,464 of closure costs in 2007.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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

I. GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2007 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land and land improvements	\$ 119,476,747
Construction in progress	4,529,411
Other capital assets, net of accumulated depreciation	147,408,534
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(15,308,697)
Add: Unamortized debt issuance costs	85,588
Add: Unamortized loss on refunding	51,819
Less: Unamortized debt premium	<u>(83,432)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>256,159,970</u>
Restricted	
Debt service fund	183,970
Grant programs	<u>6,641,574</u>
Total Restricted	<u>6,825,544</u>
Unrestricted	<u>13,282,781</u>
Total Governmental Activities Net Assets	<u>\$ 276,268,295</u>

Governmental fund balances reported on the fund financial statements at December 31, 2007 include the following:

Reserved

Major Funds

General Fund

Inventories	\$ 512,923
Prepaid items	4,475
Advance to other fund (principal portion)	9,732,585
Developer loans	1,812,854
Encumbrances	<u>2,612,921</u>

Total \$ 14,675,758

Debt Service Fund

Reserved for debt service \$ 61,582

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

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

Governmental Activities (cont.)

Reserved (cont.)

Non-Major Funds

Special Revenue Funds

Hazardous Material Level A – Grant Expenditures	<u>\$ 372,650</u>
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Capital Projects Funds

Industrial park land – debt service	\$ 747,371
Industrial park land – land purchase	79,873
Park and recreation projects – encumbrances	1,031,554
Tax Incremental District No. 6 – encumbrances	211,708
Public safety facilities – encumbrances	1,306,844
Public works equipment – encumbrances	1,294,143
Riverfront initiatives – encumbrances	300,000
Library improvements – encumbrances	97,875
Technology – prepaid items	16,588
Technology – encumbrances	<u>106,714</u>

Total	<u>\$ 5,192,670</u>
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Permanent fund

Frank P. Young memorial – trust purposes	<u>\$ 32,093</u>
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Unreserved (deficit)

Major Funds

General fund	<u>\$ 624,459</u>
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Special Revenue Funds

Tax Incremental District No. 1 special revenue fund	\$ (2,013,065)
Tax Incremental District No. 3 special revenue fund	<u>(12,464,546)</u>

Total	<u>\$(14,477,611)</u>
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Non-Major Funds

Special Revenue Funds

Tax Incremental District No. 2	\$ (718,399)
Community development block grant	<u>(4,728)</u>

Total	<u>\$ (723,127)</u>
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Capital Projects Fund

Tax Incremental District No. 5	<u>\$ (24,031)</u>
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CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

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

Governmental Activities (cont.)

Unreserved (designated)

Major Funds

General fund designated for:

Water utility tax equivalent	\$ 1,167,745
Working capital	9,257,531
Compensated absences	4,356,486
Unfunded pension liability	406,130
Debt service	1,950,758
Health insurance	639,523
Defeasance	<u>1,873,372</u>

Total \$ 19,651,545

Nonmajor Funds

Special Revenue Funds

Tax Incremental District No. 4	\$ 5,468,293
Rental rehabilitation grants	85,990
Sanitation and recycling program	889,561
Forestry	4,264
Room tax	22,417
Tuchscherer disability	76,935
Peabody estate	99,649
Balliet locomotive	9,673
Lutz park	552,089
Park purpose open space	337,921
Union Spring park	2,199
Project city park	23,191
Universal playground trust	<u>5,008</u>

Total \$ 7,577,190

Capital Projects Fund

Subdivision development projects	\$ 1,358,648
Industrial park land	1,192,186
Parks and recreation projects	330,766
Tax Incremental District No. 6	1,233,115
Tax Incremental District No. 7	20,368
Public safety facilities	114,321
CEA replacement	2,457,159
Riverfront initiatives	67,759
Library improvements	6
Technology	<u>121,938</u>

Total \$ 6,896,266

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

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

Business-type Activities

Invested in capital assets, net of related debt	
Land	\$ 22,346,924
Construction in progress	1,877,587
Other capital assets, net of accumulated depreciation	242,898,212
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(94,265,441)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>172,857,282</u>
Restricted	
Debt service	4,107,056
DNR replacement fund	7,185,003
Capital replacement fund	<u>489,266</u>
Total Restricted	<u>11,781,325</u>
Unrestricted	<u>21,546,219</u>
Total Business-type Activities Net Assets	<u>\$ 206,184,826</u>

J. RESTATEMENT OF NET ASSETS

Net assets have been restated due to corrections to capital assets in the stormwater utility.

Business-type Activities Net Assets – December 31, 2006 (as reported)	\$ 199,366,225
Less: Decrease in net capital assets	<u>(676,176)</u>
Net Assets – January 1, 2007 (as restated)	<u>\$ 198,690,049</u>

Net assets have been restated due to corrections to capital assets in the stormwater utility.

Stormwater Utility Net Assets – December 31, 2006 (as reported)	\$ 41,889,122
Less: Decrease in net capital assets	<u>(676,176)</u>
Net Assets – January 1, 2007 (as restated)	<u>\$ 41,212,946</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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

K. COMPONENT UNITS (cont.)

Redevelopment Authority

a. Basis of Accounting/Measurement Focus

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

b. Cash and Investments

The Redevelopment Authority maintains common cash accounts at the same financial institutions utilized by the City. Federal Depository Insurance and the State of Wisconsin Guarantee Fund insurance apply to the City of Appleton as an individual municipality and, accordingly, the amount of insured funds is not determinable for the Redevelopment Authority. The carrying amount was \$118,673.

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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

K. COMPONENT UNITS (cont.)

Housing Authority (cont.)

b. Cash and Investments (cont.)

The carrying amount of the Authority's cash and investments totaled \$1,632,722 on December 31, 2007 as summarized below:

Petty cash funds	\$	150
Deposits with financial institutions		<u>1,632,572</u>
Total	\$	<u>1,632,722</u>

Additional information on the above deposits and investments follows:

Deposits – At year end, the carrying amount of the Authority's deposits was \$1,632,572 and the bank balance was \$1,648,434. 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 had its deposits with financial institutions invested in money market accounts and certificate of deposits.

The Authority's bank balance of \$1,648,434 on December 31, 2007 is categorized below.

<u>Deposit Accounts</u>	<u>Bank Balance</u>
Insured	\$ 416,355
Collateralized:	
Collateral held by the pledging institutions trust department or agent not in the Authority's name	<u>1,232,079</u>
Total Deposits	<u>\$ 1,648,434</u>

The deposit policy of the Authority requires that if deposits exceed federal insurance levels, the institution shall set aside collateral in an 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 and the collateral is limited to the types required by HUD.

GASB No. 40 defines Custodial Credit Risk as the risk that in the event of a bank failure, the deposits of the depositor may not be returned to it. Under GASB No. 40, investments backed by collateral not held in the name of the depositor must be disclosed as exposed to custodial credit risk. GASB noted in its Basis For Conclusions that recent losses have been experienced where the investments (collateral) were not issued or held in the depositor's name and did not involve a third party custodian or trust department. To prevent this type of custodial credit risk, HUD additionally requires that the collateral must be held by a third party custodian and provide the depositor with a continuing perfected security interest for the full term of the deposit in the collateral. The Authority's practice and policy comply with these HUD requirements.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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

K. COMPONENT UNITS (cont.)

Housing Authority (cont.)

c. Restricted Assets

Restricted assets at December 31, 2007 consist of the following:

Cash and cash equivalents	<u>\$ 240,829</u>
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d. Receivables

Tenant accounts receivable are recorded net of an allowance for uncollectible accounts. Allowances for bad debts of \$6,650 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, 2007 is as follows:

Deferred loans receivable	\$ 2,448,176
Unamortized grants	(66,577)
Allowance for uncollectible loans	<u>(69,636)</u>
Net Deferred Loans Receivable	<u>\$ 2,311,963</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, 2007

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, 2007 was as follows:

	Balance <u>1/1/07</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/07</u>
Capital assets, not being depreciated				
Land	\$ 868,907	\$ -	\$ -	\$ 868,907
Total Capital Assets, Not Being Depreciated	<u>868,907</u>	<u>-</u>	<u>-</u>	<u>868,907</u>
Capital assets, being depreciated				
Buildings and improvements	16,372,782	49,952	-	16,422,734
Land improvements	352,752	3,528	-	356,280
Equipment – dwelling	331,407	2,337	(2,172)	331,572
Equipment – administration	<u>327,325</u>	<u>32,900</u>	<u>(39,095)</u>	<u>321,130</u>
Total Capital Assets, Being Depreciated	<u>17,384,266</u>	<u>88,717</u>	<u>(41,267)</u>	<u>17,431,716</u>
Less: Accumulated depreciation for				
Buildings and improvements	(4,065,678)	(503,772)	-	(4,569,450)
Land improvements	(100,743)	(11,321)	-	(112,064)
Equipment – dwelling	(267,551)	(7,300)	2,172	(272,679)
Equipment – administration	<u>(197,015)</u>	<u>(47,522)</u>	<u>39,095</u>	<u>(205,442)</u>
Total Accumulated Depreciation	<u>(4,630,987)</u>	<u>(569,915)</u>	<u>41,267</u>	<u>(5,159,635)</u>
Total Capital Assets Being Depreciated, Net	<u>12,753,279</u>			<u>12,272,081</u>
Total Capital Assets, Net	<u>\$ 13,622,186</u>			<u>\$ 13,140,988</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, 2007 was \$528,677; the Housing Authority’s total payroll was \$556,270. The total required contribution for the year ended December 31, 2007 was \$56,040 which consisted of \$24,319 or 46 percent of payroll from the employer and \$31,721 or 6.0 percent of payroll from employees. Total contributions for the years ending December 31, 2006 and 2005 were \$51,126 and \$46,899, respectively, equal to the required contributions for each year.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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.

i. 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, 2007 of \$2,295,000. The Authority's representative portion is \$587,014. 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.

j. Accumulated Compensated Absences

The Authority allows permanent employees to accumulate the following compensated absences:

- a. Annual vacation leave is accrued at 40-160 hours per year, with a maximum approved carryover to the subsequent year of 40 hours.
- b. Sick pay is granted at a rate of one day per month up to a maximum accrual of 120 days. Up to 90 days of unused sick pay is paid out at retirement. No sick pay is paid out at other employee terminations.

The amount of accumulated benefits at December 31, 2007 was \$60,526 and is recorded as part of accrued expenses in the statement of net assets. The entire balance is considered a current liability.

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, 2007 was \$55,317. The entire balance of the loan is due in 2008, unless refinanced.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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, 2007 was \$89,500 and accumulated depreciation for those assets was \$17,050. The total amount of future rent credits at December 31, 2007 was \$35,020 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 three years is 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 status. 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.

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 \$106,800. Minimum future rentals under these two leases for each of the next three years are 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, 2007

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 \$152,250.

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 5.9% of their salary (2.9% for Executives and Elected Officials, 5.0% 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, 2007 was \$35,787,924; the employer's total payroll was \$37,398,293. The total required contribution for the year ended December 31, 2007 was \$4,675,108 or 13.06 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, 2006 and 2005 were \$4,424,538 and \$4,209,656, respectively, equal to the required contributions for each year.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

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, 2007, 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 2007 was approximately \$67,665. The total estimated unfunded pension benefit obligation of this plan is approximately \$406,130 as of December 31, 2007, all of which relates to retirees and beneficiaries currently receiving benefits. This amount has been reported in the government-wide financial statements. The City has also designated fund balance of \$406,130 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 12 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, 2007

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (COMMERCIAL/SELF INSURANCE) (cont.)

Insurance Fund

All funds of the City participate in the Risk Management Fund. For 2007, the Risk Management 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, 2007 of \$1,500,000 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, 2007 and amounts expected to arise from claims which have been incurred but have not been reported to the City as of December 31, 2007. The reserve is based on a 2005 actuarial study and actual claims activity in 2006 and 2007. 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 City does not allocate overhead costs or other nonincremental costs to the claims liability. 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, 2007, the City has designated net assets of \$1,903,987 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>
2006	\$1,400,000	\$ 520,238	\$ 420,238	\$ 1,500,000
2007	1,500,000	442,537	442,537	1,500,000

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 United Health Care 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, 2007

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (COMMERCIAL/SELF INSURANCE) (cont.)

Health Care (cont.)

The City has aggregate stop loss for total claim expenses over \$9,076,035 to be covered by commercial insurance.

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 2007 totaled approximately \$430,079.

The estimated liability for self-funded losses is based on reported claims for the year and those received subsequent to year end. The City does not allocate overhead costs or other nonincremental costs to the claims liability. 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, 2007:

Reported and Known Claims	\$ 650,924
Incurred but not Reported Claims	<u>1,949,076</u>
 Total	 <u><u>\$ 2,600,000</u></u>

Changes in the claims payable follow:

	Balance January 1	Incurred Claims	Claims Paid	Balance December 31
2006	\$ 2,600,000	\$ 7,166,421	\$ 7,166,421	\$ 2,600,000
2007	2,600,000	7,044,092	7,044,092	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, vehicle physical damage, and third party auto liability claims of its member municipalities' mass transit funds.

In 2007, the TMICOW is protected by a \$2,000,000 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, 2007 through January 1, 2008.

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, 2007

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (COMMERCIAL/SELF INSURANCE) (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 4.44%. 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 CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. They also have \$3,000,000 of reinsurance and \$5,000,000 of excess coverage. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities. The City's share of such losses is approximately 5%.

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

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

The 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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2007

NOTE V – OTHER INFORMATION (cont.)

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 2007, the City borrowed \$5,165,000 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 approximately \$2,691,303 at year end and is included in reserve for encumbrances.

D. BOND COVENANT DISCLOSURES

The following information is provided in compliance with the resolution creating the revenue bond notes:

Insurance

The City is covered under the following insurance policies at December 31, 2007:

<u>Name of Insurer/Type</u>	<u>Original Amount</u>	<u>Coverage (Risks Covered)</u>	<u>Expiration Date</u>
MBIA Insurance Corporation	\$ 4,881,427	Full and complete payment	4/1/2019
Financial Security Assurance	5,345,625	Full and complete payment	4/1/2020
Financial Guaranty Insurance Company	7,653,530	Full and complete payment	4/1/2020
Financial Security Assurance	3,611,263	Full and complete payment	4/1/2022
MBIA Insurance Corporation	5,653,683	Full and complete payment	4/1/2023
MBIA Insurance Corporation	5,242,091	Full and complete payment	4/1/2024
MBIA Insurance Corporation	11,394,419	Full and complete payment	4/1/2026
Financial Security Assurance	5,107,157	Full and complete payment	5/1/2026
Financial Security Assurance	5,145,000	Full and complete payment	4/1/2027
MBIA Insurance Corporation	85,576,992	Full and complete payment	1/1/2025
MBIA Insurance Corporation	18,724,152	Full and complete payment	1/1/2026

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE V – OTHER INFORMATION (cont.)

D. BOND COVENANT DISCLOSURES (cont.)

Number of Customers – Water

<i>Unmetered</i>	
Commercial	31
<i>Metered</i>	
Residential	24,469
Commercial	1,757
Industrial	88
Public Authority	88
Wholesale	<u>2</u>
Total	<u><u>26,435</u></u>

Number of Customers – Sewer

<i>Metered</i>	
Residential	24,371
Commercial	1,722
Industrial	79
Public Authority	<u>79</u>
Total	<u><u>26,251</u></u>

Number of Equivalent Run Off Units – Stormwater

<i>Metered</i>	
Residential	22,524
Commercial	24,131
Industrial	4,294
Public Authority	<u>3,730</u>
Total	<u><u>54,679</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 26,247,880	\$ 26,247,880	\$ 26,316,645	\$ 68,765
Intergovernmental	16,947,529	17,075,697	17,300,512	224,815
Licenses and permits	823,368	863,368	858,761	(4,607)
Fines and forfeitures	300,000	300,000	315,809	15,809
Special assessments	1,207,000	1,207,000	877,012	(329,988)
Investment income	3,275,898	3,275,898	4,509,771	1,233,873
Charges for services	1,332,122	1,342,156	1,286,213	(55,943)
Other	922,187	1,002,459	1,040,546	38,087
Total Revenues	<u>51,055,984</u>	<u>51,314,458</u>	<u>52,505,269</u>	<u>1,190,811</u>
EXPENDITURES				
Current				
General government	6,396,642	8,472,681	6,462,781	2,009,900
Public safety	24,425,912	24,570,342	24,430,318	140,024
Public works	11,750,970	11,566,996	10,731,768	835,228
Education and recreation	8,561,874	8,660,736	8,444,260	216,476
Community development	774,210	774,210	745,692	28,518
Total Expenditures	<u>51,909,608</u>	<u>54,044,965</u>	<u>50,814,819</u>	<u>3,230,146</u>
Excess (deficiency) of revenues over expenditures	<u>(853,624)</u>	<u>(2,730,507)</u>	<u>1,690,450</u>	<u>4,420,957</u>
OTHER FINANCING SOURCES (USES)				
Sale of city property	27,000	27,000	25,171	(1,829)
Transfers in	1,442,450	1,442,450	1,362,695	(79,755)
Transfers out	(615,826)	(1,252,677)	(1,566,422)	(313,745)
Total Other Financing Sources (Uses)	<u>853,624</u>	<u>216,773</u>	<u>(178,556)</u>	<u>(395,329)</u>
Net Change in Fund Balance	-	(2,513,734)	1,511,894	4,025,628
FUND BALANCE - Beginning	<u>33,439,868</u>	<u>33,439,868</u>	<u>33,439,868</u>	<u>4,102,397</u>
FUND BALANCE - ENDING	<u>\$ 33,439,868</u>	<u>\$ 30,926,134</u>	<u>\$ 34,951,762</u>	<u>\$ 8,128,025</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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,741,705	\$ 1,741,705	\$ 1,749,933	\$ 8,228
Intergovernmental	67,182	67,182	77,378	10,196
Investment income	20,000	20,000	55,334	35,334
Total Revenues	<u>1,828,887</u>	<u>1,828,887</u>	<u>1,882,645</u>	<u>53,758</u>
EXPENDITURES				
Current				
General government	5,400	5,400	1,448	3,952
Debt Service				
Interest	143,898	235,717	235,717	-
Total Expenditures	<u>149,298</u>	<u>241,117</u>	<u>237,165</u>	<u>3,952</u>
Excess of revenues over expenditures	1,679,589	1,587,770	1,645,480	57,710
FUND BALANCES (DEFICIT) - Beginning	<u>(3,658,545)</u>	<u>(3,658,545)</u>	<u>(3,658,545)</u>	<u>(1,591,354)</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (1,978,956)</u>	<u>\$ (2,070,775)</u>	<u>\$ (2,013,065)</u>	<u>\$ (1,533,644)</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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,236,981	\$ 1,236,981	\$ 1,251,800	\$ 14,819
Intergovernmental	8,996	8,996	9,112	116
Investment income	40,000	40,000	11,319	(28,681)
Total Revenues	<u>1,285,977</u>	<u>1,285,977</u>	<u>1,272,231</u>	<u>(13,746)</u>
EXPENDITURES				
Current				
General government	1,450	1,450	1,449	1
Debt Service				
Interest	<u>623,151</u>	<u>623,151</u>	<u>623,151</u>	<u>-</u>
Total Expenditures	<u>624,601</u>	<u>624,601</u>	<u>624,600</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	661,376	661,376	647,631	(13,745)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	900,000	900,000	-
Transfers out	<u>(2,033,326)</u>	<u>(2,033,326)</u>	<u>(2,033,324)</u>	<u>2</u>
Total Other Financing Sources (Uses)	<u>(2,033,326)</u>	<u>(1,133,326)</u>	<u>(1,133,324)</u>	<u>2</u>
Net Change in Fund Balance	(1,371,950)	(471,950)	(485,693)	(13,743)
FUND BALANCE (DEFICIT) - Beginning	<u>(11,978,853)</u>	<u>(11,978,853)</u>	<u>(11,978,853)</u>	<u>1,637,485</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (13,350,803)</u>	<u>\$ (12,450,803)</u>	<u>\$ (12,464,546)</u>	<u>\$ 1,623,742</u>

See accompanying notes to required supplementary information.

CITY OF APPLETON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2007

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.

SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

GENERAL FUND

CITY OF APPLETON

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
Property tax	\$ 25,839,080	\$ 25,839,080	\$ 25,838,936	\$ (144)
Payment in lieu of taxes	408,800	408,800	477,709	68,909
Total Taxes	<u>26,247,880</u>	<u>26,247,880</u>	<u>26,316,645</u>	<u>68,765</u>
INTERGOVERNMENTAL REVENUES				
State shared revenues	11,445,512	11,445,512	11,448,096	2,584
State aid - exempt computers	296,126	296,126	265,059	(31,067)
Highway aid - connecting streets	215,329	215,329	215,329	-
State tax disparity act	1,403,668	1,403,668	1,396,352	(7,316)
State aid - local streets	2,559,349	2,559,349	2,559,167	(182)
Miscellaneous federal aids	6,630	6,630	5,114	(1,516)
Miscellaneous state aids	363,500	467,602	728,724	261,122
Miscellaneous local aids	7,500	7,500	8,500	1,000
Library grants and aids	649,915	649,915	649,915	-
Health grants	-	24,066	24,256	190
Total Intergovernmental Revenues	<u>16,947,529</u>	<u>17,075,697</u>	<u>17,300,512</u>	<u>224,815</u>
LICENSES AND PERMITS				
Licenses				
Amusement devices	10,000	10,000	10,060	60
Cigarette	7,500	7,500	7,400	(100)
Electricians	3,200	3,200	3,355	155
Health	109,427	109,427	109,645	218
Liquor and malt beverages	75,000	115,000	121,441	6,441
Operators	50,000	50,000	56,055	6,055
Heating	750	750	995	245
Sundry	26,150	26,150	26,938	788
Dog	30,000	30,000	23,871	(6,129)
Cat	10,000	10,000	11,386	1,386
Weights and measures	36,641	36,641	43,367	6,726
Permits				
Building	200,000	200,000	196,663	(3,337)
Electrical	105,000	105,000	91,166	(13,834)
Heating	50,000	50,000	55,561	5,561
Plumbing and sewer	50,000	50,000	41,821	(8,179)
Trailer parking	12,000	12,000	7,062	(4,938)
State building	6,000	6,000	2,460	(3,540)
Signs	3,300	3,300	3,225	(75)
Sidewalk	8,500	8,500	4,440	(4,060)
Street occupancy	1,500	1,500	2,560	1,060
Street excavating and patching	4,200	4,200	6,410	2,210
Sundry	24,200	24,200	32,880	8,680
Total Licenses and Permits	<u>823,368</u>	<u>863,368</u>	<u>858,761</u>	<u>(4,607)</u>
FINES AND FORFEITURES				
Court fines and costs	300,000	300,000	315,809	15,809
Total Fines and Forfeitures	<u>300,000</u>	<u>300,000</u>	<u>315,809</u>	<u>15,809</u>

CITY OF APPLETON

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
SPECIAL ASSESSMENTS				
Asphalt paving	\$ 300,000	\$ 300,000	\$ 299,873	\$ (127)
Concrete paving	715,000	715,000	374,945	(340,055)
Grade and gravel	20,000	20,000	11,256	(8,744)
Sidewalks	35,000	35,000	21,034	(13,966)
Snow removal	57,000	57,000	75,022	18,022
Weed cutting	30,000	30,000	35,889	5,889
Street light revenue	50,000	50,000	58,600	8,600
Miscellaneous	-	-	393	393
Total Special Assessments	<u>1,207,000</u>	<u>1,207,000</u>	<u>877,012</u>	<u>(329,988)</u>
INVESTMENT INCOME				
Investment income	3,065,898	3,065,898	4,260,878	1,194,980
Interest on taxes	110,000	110,000	116,876	6,876
Interest - deferred special assessments	100,000	100,000	132,017	32,017
Total Investment Income	<u>3,275,898</u>	<u>3,275,898</u>	<u>4,509,771</u>	<u>1,233,873</u>
CHARGES FOR SERVICES				
City clerk	200	200	33	(167)
Assessor	2,000	2,000	1,811	(189)
Finance	4,000	4,000	4,557	557
Human resources	-	-	196	196
City attorney	3,000	3,000	2,652	(348)
Library	85,000	85,000	100,909	15,909
Other	9,700	19,734	19,998	264
Parks and Recreation				
Park administration	500	500	1,246	746
Recreation and administration	301,218	301,218	319,012	17,794
Aquatics	293,808	293,808	272,610	(21,198)
Public Works				
Street division	107,500	107,500	59,031	(48,469)
Traffic	59,875	59,875	95,995	36,120
Inspection department	45,000	45,000	31,507	(13,493)
Health department	60,753	60,753	64,166	3,413
Police department	288,568	288,568	253,779	(34,789)
Fire department	71,000	71,000	58,711	(12,289)
Total Charges for Services	<u>1,332,122</u>	<u>1,342,156</u>	<u>1,286,213</u>	<u>(55,943)</u>
OTHER				
Fees and commissions	522,850	522,850	607,287	84,437
Zoning and subdivision fees	30,000	30,000	37,465	7,465
Property inquiry fees	100,000	100,000	77,526	(22,474)
Miscellaneous revenue	30,182	34,770	50,132	15,362
Rental of city property	59,000	59,000	42,785	(16,215)

CITY OF APPLETON

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OTHER (cont.)				
Donations and memorials	\$ 40,375	\$ 73,008	\$ 38,359	\$ (34,649)
Damage to city property	40,500	40,500	40,911	411
Other reimbursements	62,072	105,123	108,783	3,660
Leases	33,808	33,808	34,118	310
Board of appeals	3,400	3,400	3,180	(220)
Total Other	<u>922,187</u>	<u>1,002,459</u>	<u>1,040,546</u>	<u>38,087</u>
Total Revenues	<u>51,055,984</u>	<u>51,314,458</u>	<u>52,505,269</u>	<u>1,190,811</u>
OTHER FINANCING SOURCES				
Sale of city property	<u>27,000</u>	<u>27,000</u>	<u>25,171</u>	<u>(1,829)</u>
Transfers From				
Room tax fund	24,000	24,000	24,000	-
Water utility fund	13,800	13,800	13,800	-
Water utility fund - property tax equivalent	1,247,500	1,247,500	1,167,745	(79,755)
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	<u>17,900</u>	<u>17,900</u>	<u>17,900</u>	<u>-</u>
Total Transfers	<u>1,442,450</u>	<u>1,442,450</u>	<u>1,362,695</u>	<u>(79,755)</u>
Total Other Financing Sources	<u>1,469,450</u>	<u>1,469,450</u>	<u>1,387,866</u>	<u>(81,584)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 52,525,434</u>	<u>\$ 52,783,908</u>	<u>\$ 53,893,135</u>	<u>\$ 1,109,227</u>

CITY OF APPLETON

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
Common council	\$ 126,015	\$ 126,015	\$ 121,730	\$ 4,285
Mayor	287,221	287,821	255,871	31,950
City clerk	595,610	647,914	647,616	298
City assessor	528,594	528,594	521,015	7,579
Finance	898,683	904,683	867,669	37,014
Information services	1,812,133	1,838,768	1,786,979	51,789
Human resources	619,517	622,017	612,679	9,338
City attorney	389,994	412,994	393,998	18,996
Unclassified				
Severance pay	155,000	155,000	258,489	(103,489)
Insurance	351,996	351,996	351,996	-
Reserve for contingencies	-	1,965,000	-	1,965,000
City hall	497,439	497,439	497,784	(345)
Other	134,440	134,440	146,955	(12,515)
Total General Government	<u>6,396,642</u>	<u>8,472,681</u>	<u>6,462,781</u>	<u>2,009,900</u>
PUBLIC SAFETY				
Health services	1,116,030	1,142,445	1,110,238	32,207
Police	13,854,080	13,886,841	13,916,724	(29,883)
Fire	9,455,802	9,541,056	9,403,356	137,700
Total Public Safety	<u>24,425,912</u>	<u>24,570,342</u>	<u>24,430,318</u>	<u>140,024</u>
PUBLIC WORKS				
	<u>11,750,970</u>	<u>11,566,996</u>	<u>10,731,768</u>	<u>835,228</u>
EDUCATION AND RECREATION				
Library	4,190,395	4,255,363	4,127,551	127,812
Parks and recreation	4,371,479	4,405,373	4,316,709	88,664
Total Education and Recreation	<u>8,561,874</u>	<u>8,660,736</u>	<u>8,444,260</u>	<u>216,476</u>
COMMUNITY DEVELOPMENT				
	<u>774,210</u>	<u>774,210</u>	<u>745,692</u>	<u>28,518</u>
OTHER FINANCING USES				
Transfers Out To				
Public works equipment	-	336,851	336,851	-
Riverfront initiatives	-	300,000	300,000	-
Reid municipal golf course	-	-	480,000	(480,000)
Valley transit fund	615,826	615,826	449,571	166,255
Total Other Financing Uses	<u>615,826</u>	<u>1,252,677</u>	<u>1,566,422</u>	<u>(313,745)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 52,525,434</u>	<u>\$ 55,297,642</u>	<u>\$ 52,381,241</u>	<u>\$ 2,916,401</u>

SUPPLEMENTARY INFORMATION
COMBINING AND INDIVIDUAL FUND INFORMATION

NONMAJOR GOVERNMENTAL FUNDS AND BUDGETARY COMPARISONS

SPECIAL REVENUE FUNDS

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

TAX INCREMENT DISTRICT NO. 2

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

TAX INCREMENT DISTRICT NO. 4

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 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 a private donation received 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 private donations received 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 a private donation received to finance the construction and preservation of recreational facilities at 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 private donations received to finance the maintenance of the well at Union Spring Park.

UNIVERSAL PLAYGROUND

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

CITY PARK PROJECT

To account for donations received to finance the maintenance of the plaza at City Park and the corresponding expenditures for such purposes.

**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.

CITY CENTER FACILITY

To account for the financing and acquisition of certain City Center equipment as well as project costs associated with improvements to the facility.

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. 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.

TAX INCREMENT DISTRICT NO. 7

To account for the financing and project costs for public improvement and private development within the area of T.I.D. No. 7 as provided for in the Tax District's project plan.

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

CAPITAL PROJECTS FUNDS (CONTINUED)

PUBLIC SAFETY FACILITIES

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

PUBLIC WORKS EQUIPMENT

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

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.

CITY OF APPLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
December 31, 2007

	Special Revenue Funds					
	Tax	Tax	Community	Rental	Sanitation &	Health
	Incremental District No. 2	Incremental District No. 4	Development Block Grant	Rehabili- tation Grants	Recycling Program	Grants
ASSETS						
Cash and investments	\$ 88,234	\$ 5,468,385	\$ -	\$ 85,918	\$ 825,679	\$ 395,702
Receivables						
Taxes	255,082	3,519,900	-	-	2,463,700	-
Deferred loans	-	-	5,335,910	831,325	-	-
Accounts	-	-	-	136	152,776	-
Special assessments	-	-	-	-	-	-
Developer loans	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Due from other governments	-	-	93,142	-	-	62
Due from other funds	-	-	-	-	7,702	-
Prepaid items	-	-	-	-	-	-
TOTAL ASSETS	\$ 343,316	\$ 8,988,285	\$ 5,429,052	\$ 917,379	\$ 3,449,857	\$ 395,764
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ -	\$ -	\$ 72,443	\$ -	\$ 36,384	\$ 693
Other accrued liabilities	-	92	3,305	64	47,441	3,899
Due to other funds	-	-	1,695	-	-	-
Deferred revenues	255,082	3,519,900	5,356,337	831,325	2,476,471	391,172
Advances from other funds	806,633	-	-	-	-	-
Total Liabilities	<u>1,061,715</u>	<u>3,519,992</u>	<u>5,433,780</u>	<u>831,389</u>	<u>2,560,296</u>	<u>395,764</u>
Fund Balances						
Reserved for						
Debt service	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-
Trust purposes	-	-	-	-	-	-
Unreserved						
Designated for subsequent year's expenditures	-	5,468,293	-	85,990	889,561	-
Undesignated (deficit)	(718,399)	-	(4,728)	-	-	-
Total Fund Balances	<u>(718,399)</u>	<u>5,468,293</u>	<u>(4,728)</u>	<u>85,990</u>	<u>889,561</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 343,316	\$ 8,988,285	\$ 5,429,052	\$ 917,379	\$ 3,449,857	\$ 395,764

Special Revenue Funds

Hazardous Materials Level A	Forestry	Room Tax	Emergency Shelter	Continuum of Care	Tuch- scherer Disability	Peabody Estate	Balliet Locomotive	Lutz Park
\$ 439,176	\$ 4,219	\$ 14,467	\$ -	\$ 10,741	\$ 76,935	\$ 99,649	\$ 9,673	\$ 658,284
-	17,850	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	45	79,565	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
92,320	-	-	57,308	17,442	-	-	-	142,508
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 531,496</u>	<u>\$ 22,114</u>	<u>\$ 94,032</u>	<u>\$ 57,308</u>	<u>\$ 28,183</u>	<u>\$ 76,935</u>	<u>\$ 99,649</u>	<u>\$ 9,673</u>	<u>\$ 800,792</u>
\$ 54,325	\$ -	\$ 71,615	\$ 10,068	\$ 20,752	\$ -	\$ -	\$ -	\$ 106,195
-	-	-	14	70	-	-	-	-
-	-	-	45,810	-	-	-	-	-
104,521	17,850	-	1,416	7,361	-	-	-	142,508
-	-	-	-	-	-	-	-	-
<u>158,846</u>	<u>17,850</u>	<u>71,615</u>	<u>57,308</u>	<u>28,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>248,703</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
372,650	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	4,264	22,417	-	-	76,935	99,649	9,673	552,089
-	-	-	-	-	-	-	-	-
<u>372,650</u>	<u>4,264</u>	<u>22,417</u>	<u>-</u>	<u>-</u>	<u>76,935</u>	<u>99,649</u>	<u>9,673</u>	<u>552,089</u>
<u>\$ 531,496</u>	<u>\$ 22,114</u>	<u>\$ 94,032</u>	<u>\$ 57,308</u>	<u>\$ 28,183</u>	<u>\$ 76,935</u>	<u>\$ 99,649</u>	<u>\$ 9,673</u>	<u>\$ 800,792</u>

CITY OF APPLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)
December 31, 2007

	Special Revenue Funds				Capital Projects Funds	
	Park Purpose Open Space	Union Spring Park	Project City Park	Universal Playground	Subdivision Development Projects	Industrial Park Land
ASSETS						
Cash and investments	\$ 337,921	\$ 2,199	\$ 5,008	\$ 23,191	\$ 769,645	\$ 2,033,161
Receivables						
Taxes	-	-	-	-	564,013	-
Deferred loans	-	-	-	-	-	-
Accounts	-	-	-	-	28,417	-
Special assessments	-	-	-	-	556,493	-
Developer loans	21,368	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
TOTAL ASSETS	\$ 359,289	\$ 2,199	\$ 5,008	\$ 23,191	\$ 1,918,568	\$ 2,033,161
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,731
Other accrued liabilities	-	-	-	-	3,427	-
Due to other funds	-	-	-	-	-	-
Deferred revenues	21,368	-	-	-	556,493	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	21,368	-	-	-	559,920	13,731
Fund Balances						
Reserved for						
Debt service	-	-	-	-	-	747,371
Prepaid items	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	79,873
Trust purposes	-	-	-	-	-	-
Unreserved						
Designated for subsequent year's expenditures	337,921	2,199	5,008	23,191	1,358,648	1,192,186
Undesignated (deficit)	-	-	-	-	-	-
Total Fund Balances	337,921	2,199	5,008	23,191	1,358,648	2,019,430
TOTAL LIABILITIES AND FUND BALANCES	\$ 359,289	\$ 2,199	\$ 5,008	\$ 23,191	\$ 1,918,568	\$ 2,033,161

Continued on
Next Page

Capital Projects Funds						
Parks and Recreation Projects	Tax Incremental District No. 5	Tax Incremental District No. 6	Tax Incremental District No. 7	Public Safety Facilities	Public Works Equipment	CEA Replacement
\$ 1,438,878	\$ 72,021	\$ 1,511,634	\$ 20,368	\$ 1,453,616	\$ 1,307,671	\$ 2,458,159
-	146,058	1,526,900	-	-	-	-
-	-	-	-	-	-	-
2,407	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,441,285</u>	<u>\$ 218,079</u>	<u>\$ 3,038,534</u>	<u>\$ 20,368</u>	<u>\$ 1,453,616</u>	<u>\$ 1,307,671</u>	<u>\$ 2,458,159</u>
\$ 78,965	\$ -	\$ 66,734	\$ -	\$ 31,667	\$ 13,465	\$ 1,000
-	-	77	-	784	63	-
-	-	-	-	-	-	-
-	146,058	1,526,900	-	-	-	-
-	96,052	-	-	-	-	-
<u>78,965</u>	<u>242,110</u>	<u>1,593,711</u>	<u>-</u>	<u>32,451</u>	<u>13,528</u>	<u>1,000</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,031,554	-	211,708	-	1,306,844	1,294,143	-
-	-	-	-	-	-	-
330,766	-	1,233,115	20,368	114,321	-	2,457,159
-	(24,031)	-	-	-	-	-
<u>1,362,320</u>	<u>(24,031)</u>	<u>1,444,823</u>	<u>20,368</u>	<u>1,421,165</u>	<u>1,294,143</u>	<u>2,457,159</u>
<u>\$ 1,441,285</u>	<u>\$ 218,079</u>	<u>\$ 3,038,534</u>	<u>\$ 20,368</u>	<u>\$ 1,453,616</u>	<u>\$ 1,307,671</u>	<u>\$ 2,458,159</u>

CITY OF APPLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)
December 31, 2007

	Capital Projects Funds			Permanent Fund	Total Nonmajor Governmental Funds
	Riverfront Initiatives	Library Improvements	Technology	Frank P. Young Memorial	
ASSETS					
Cash and investments	\$ 367,759	\$ 108,626	\$ 216,712	\$ 31,380	\$ 20,335,011
Receivables					
Taxes	-	-	-	-	8,493,503
Deferred loans	-	-	-	-	6,167,235
Accounts	-	-	7,960	-	271,306
Special assessments	-	-	-	-	556,493
Developer loans	-	-	-	-	21,368
Accrued interest	-	-	-	713	713
Due from other governments	-	-	3,980	-	406,762
Due from other funds	-	-	-	-	7,702
Prepaid items	-	-	16,588	-	16,588
TOTAL ASSETS	<u>\$ 367,759</u>	<u>\$ 108,626</u>	<u>\$ 245,240</u>	<u>\$ 32,093</u>	<u>\$ 36,276,681</u>
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ -	\$ 10,745	\$ -	\$ -	\$ 588,782
Other accrued liabilities	-	-	-	-	59,236
Due to other funds	-	-	-	-	47,505
Deferred revenues	-	-	-	-	15,354,762
Advances from other funds	-	-	-	-	902,685
Total Liabilities	-	10,745	-	-	16,952,970
Fund Balances					
Reserved for					
Debt service	-	-	-	-	747,371
Prepaid items	-	-	16,588	-	16,588
Encumbrances	300,000	97,875	106,714	-	4,801,361
Trust purposes	-	-	-	32,093	32,093
Unreserved					
Designated for subsequent year's expenditures	67,759	6	121,938	-	14,473,456
Undesignated (deficit)	-	-	-	-	(747,158)
Total Fund Balances	<u>367,759</u>	<u>97,881</u>	<u>245,240</u>	<u>32,093</u>	<u>19,323,711</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 367,759</u>	<u>\$ 108,626</u>	<u>\$ 245,240</u>	<u>\$ 32,093</u>	<u>\$ 36,276,681</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	Special Revenue Funds				
	Tax	Tax	Community	Rental	Sanitation &
	Incremental	Incremental	Development	Rehabili-	Recycling
	District	District	Block	tation	Program
	No. 2	No. 4	Grant	Grants	
REVENUES					
Taxes	\$ 190,649	\$ 2,804,295	\$ -	\$ -	\$ 2,450,000
Intergovernmental	6,754	112,295	784,805	-	-
Special assessments	-	-	-	-	-
Investment income	8,749	300,760	-	-	98,451
Charges for services	-	-	-	-	645,762
Other	-	8,029	194,053	119,656	757
Total Revenues	<u>206,152</u>	<u>3,225,379</u>	<u>978,858</u>	<u>119,656</u>	<u>3,194,970</u>
EXPENDITURES					
Current					
General government	1,448	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	3,190,500
Education and recreation	-	-	-	-	-
Community development	-	-	978,858	184,195	-
Capital Outlay	-	15,521	-	-	-
Debt Service					
Interest and fiscal charges	<u>41,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>42,597</u>	<u>15,521</u>	<u>978,858</u>	<u>184,195</u>	<u>3,190,500</u>
Excess (deficiency) of revenues over expenditures	<u>163,555</u>	<u>3,209,858</u>	<u>-</u>	<u>(64,539)</u>	<u>4,470</u>
OTHER FINANCING SOURCES (USES)					
Debt issued	-	-	-	-	-
Sale of city property	-	79,135	-	-	-
Transfer in	-	-	-	-	-
Transfers out	<u>(54,000)</u>	<u>(1,516,949)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(54,000)</u>	<u>(1,437,814)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	109,555	1,772,044	-	(64,539)	4,470
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(827,954)</u>	<u>3,696,249</u>	<u>(4,728)</u>	<u>150,529</u>	<u>885,091</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (718,399)</u>	<u>\$ 5,468,293</u>	<u>\$ (4,728)</u>	<u>\$ 85,990</u>	<u>\$ 889,561</u>

Special Revenue Funds					
Health Grants	Hazardous Materials Level A	Forestry	Room Tax	Emergency Shelter	Continuum of Care
\$ -	\$ -	\$ 17,850	\$ 319,414	\$ -	\$ -
556,010	84,101	-	-	149,526	244,412
-	-	-	-	-	-
-	28,297	765	-	-	-
-	-	2,113	-	-	-
-	4,500	135	-	-	-
<u>556,010</u>	<u>116,898</u>	<u>20,863</u>	<u>319,414</u>	<u>149,526</u>	<u>244,412</u>
-	-	-	288,993	-	-
556,010	119,997	-	-	-	-
-	-	-	-	-	-
-	-	19,569	-	-	-
-	-	-	-	149,526	244,412
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>556,010</u>	<u>119,997</u>	<u>19,569</u>	<u>288,993</u>	<u>149,526</u>	<u>244,412</u>
-	(3,099)	1,294	30,421	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(24,000)	-	-
-	-	-	(24,000)	-	-
-	(3,099)	1,294	6,421	-	-
-	375,749	2,970	15,996	-	-
<u>\$ -</u>	<u>\$ 372,650</u>	<u>\$ 4,264</u>	<u>\$ 22,417</u>	<u>\$ -</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, 2007

	Special Revenue Funds				
	Tuch- scherer Disability	Peabody Estate	Balliet Locomotive	Lutz Park	Park Purpose Open Space
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	134,650	-
Special assessments	-	-	-	-	-
Investment income	4,944	6,171	599	55,407	21,655
Charges for services	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>4,944</u>	<u>6,171</u>	<u>599</u>	<u>190,057</u>	<u>21,655</u>
EXPENDITURES					
Current					
General government	6,392	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Education and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital Outlay	-	-	-	376,870	10,735
Debt Service					
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>6,392</u>	<u>-</u>	<u>-</u>	<u>376,870</u>	<u>10,735</u>
Excess (deficiency) of revenues over expenditures	<u>(1,448)</u>	<u>6,171</u>	<u>599</u>	<u>(186,813)</u>	<u>10,920</u>
OTHER FINANCING SOURCES (USES)					
Debt issued	-	-	-	-	-
Sale of city property	-	-	-	-	-
Transfer in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,448)	6,171	599	(186,813)	10,920
FUND BALANCES (DEFICIT) - Beginning of Year	<u>78,383</u>	<u>93,478</u>	<u>9,074</u>	<u>738,902</u>	<u>327,001</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 76,935</u>	<u>\$ 99,649</u>	<u>\$ 9,673</u>	<u>\$ 552,089</u>	<u>\$ 337,921</u>

Special Revenue Funds			Capital Projects Funds			
Union Spring Park	Project City Park	Universal Playground	Subdivision Development Projects	Industrial Park Land	City Center Facility	Parks and Recreation Projects
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	50,000
-	-	-	1,219,637	-	-	-
162	8	1,437	114,359	126,126	438	61,168
-	-	-	-	-	-	-
-	5,000	-	88,562	5,800	-	240,842
<u>162</u>	<u>5,008</u>	<u>1,437</u>	<u>1,422,558</u>	<u>131,926</u>	<u>438</u>	<u>352,010</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,355	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2,053,092	27,969	22,265	748,997
-	-	-	-	-	-	-
<u>1,355</u>	<u>-</u>	<u>-</u>	<u>2,053,092</u>	<u>27,969</u>	<u>22,265</u>	<u>748,997</u>
<u>(1,193)</u>	<u>5,008</u>	<u>1,437</u>	<u>(630,534)</u>	<u>103,957</u>	<u>(21,827)</u>	<u>(396,987)</u>
-	-	-	-	-	9,033	1,457,000
-	-	-	-	33,915	-	-
-	-	-	-	-	14,829	-
-	-	-	-	(183,910)	(21,322)	-
-	-	-	-	(149,995)	2,540	1,457,000
(1,193)	5,008	1,437	(630,534)	(46,038)	(19,287)	1,060,013
<u>3,392</u>	<u>-</u>	<u>21,754</u>	<u>1,989,182</u>	<u>2,065,468</u>	<u>19,287</u>	<u>302,307</u>
<u>\$ 2,199</u>	<u>\$ 5,008</u>	<u>\$ 23,191</u>	<u>\$ 1,358,648</u>	<u>\$ 2,019,430</u>	<u>\$ -</u>	<u>\$ 1,362,320</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (cont.)
For the Year Ended December 31, 2007

	Capital Projects Funds				
	Tax	Tax	Tax	Public	Public
	Incremental District No. 5	Incremental District No. 6	Incremental District No. 7	Safety Facilities	Works Equipment
REVENUES					
Taxes	\$ 137,021	\$ 1,543,658	\$ -	\$ -	\$ -
Intergovernmental	1,526	25,212	-	-	-
Special assessments	-	-	-	-	-
Investment income	5,997	98,074	368	75,586	65,889
Charges for services	-	-	-	-	-
Other	-	3,881	20,000	-	-
Total Revenues	<u>144,544</u>	<u>1,670,825</u>	<u>20,368</u>	<u>75,586</u>	<u>65,889</u>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Education and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital Outlay	1,448	1,466,749	-	682,470	620,387
Debt Service					
Interest and fiscal charges	4,574	-	-	-	-
Total Expenditures	<u>6,022</u>	<u>1,466,749</u>	<u>-</u>	<u>682,470</u>	<u>620,387</u>
Excess (deficiency) of revenues over expenditures	<u>138,522</u>	<u>204,076</u>	<u>20,368</u>	<u>(606,884)</u>	<u>(554,498)</u>
OTHER FINANCING SOURCES (USES)					
Debt issued	-	1,154,374	-	1,200,269	585,394
Sale of city property	-	76,454	-	-	-
Transfers in	-	-	-	-	336,851
Transfers out	(97,460)	(1,986,937)	-	-	-
Total Other Financing Sources (Uses)	<u>(97,460)</u>	<u>(756,109)</u>	<u>-</u>	<u>1,200,269</u>	<u>922,245</u>
Net Change in Fund Balances	41,062	(552,033)	20,368	593,385	367,747
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(65,093)</u>	<u>1,996,856</u>	<u>-</u>	<u>827,780</u>	<u>926,396</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (24,031)</u>	<u>\$ 1,444,823</u>	<u>\$ 20,368</u>	<u>\$1,421,165</u>	<u>\$1,294,143</u>

Capital Projects Funds				Permanent Fund		
CEA Replacement	Riverfront Initiatives	Library Improvements	Technology	Residential Project	Frank P. Young Memorial	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,462,887
-	-	-	-	125,639	-	2,274,930
-	-	-	-	-	-	1,219,637
157,573	13,081	(16)	6,767	4,670	749	1,258,234
-	-	-	-	-	-	647,875
<u>1,453,807</u>	<u>-</u>	<u>-</u>	<u>11,940</u>	<u>-</u>	<u>15,530</u>	<u>2,172,492</u>
<u>1,611,380</u>	<u>13,081</u>	<u>(16)</u>	<u>18,707</u>	<u>130,309</u>	<u>16,279</u>	<u>15,036,055</u>
-	-	-	-	-	550	297,383
-	-	-	-	-	-	676,007
-	-	-	-	-	-	3,190,500
-	-	-	-	-	-	20,924
-	-	-	-	-	-	1,556,991
2,506,099	-	167,625	396,790	245,859	-	9,342,876
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,723</u>
<u>2,506,099</u>	<u>-</u>	<u>167,625</u>	<u>396,790</u>	<u>245,859</u>	<u>550</u>	<u>15,130,404</u>
<u>(894,719)</u>	<u>13,081</u>	<u>(167,641)</u>	<u>(378,083)</u>	<u>(115,550)</u>	<u>15,729</u>	<u>(94,349)</u>
-	-	250,500	505,500	-	-	5,162,070
-	-	-	-	-	-	189,504
-	300,000	15,000	-	-	-	666,680
-	-	-	-	(40,236)	-	(3,924,814)
<u>-</u>	<u>300,000</u>	<u>265,500</u>	<u>505,500</u>	<u>(40,236)</u>	<u>-</u>	<u>2,093,440</u>
(894,719)	313,081	97,859	127,417	(155,786)	15,729	1,999,091
<u>3,351,878</u>	<u>54,678</u>	<u>22</u>	<u>117,823</u>	<u>155,786</u>	<u>16,364</u>	<u>17,324,620</u>
<u>\$ 2,457,159</u>	<u>\$ 367,759</u>	<u>\$ 97,881</u>	<u>\$ 245,240</u>	<u>\$ -</u>	<u>\$ 32,093</u>	<u>\$ 19,323,711</u>

NONMAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

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

PARKING UTILITY

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

REID MUNICIPAL GOLF COURSE

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

CITY OF APPLETON

COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS December 31, 2007

	Enterprise Funds		Totals
	Parking Utility	Reid Municipal Golf Course	
ASSETS			
Current Assets			
Cash and investments	\$ 1,409,997	\$ 18,982	\$ 1,428,979
Other accounts receivable	3,098	685	3,783
Total Current Assets	1,413,095	19,667	1,432,762
Non-Current Assets			
Capital Assets			
Land	1,583,640	1,428,667	3,012,307
Construction work in progress	4,253	-	4,253
Building and improvements	22,916,619	1,082,764	23,999,383
Equipment, furniture and vehicles	501,212	130,143	631,355
Less: Accumulated depreciation	(12,980,399)	(986,374)	(13,966,773)
Total Non-Current Assets	12,025,325	1,655,200	13,680,525
Total Assets	13,438,420	1,674,867	15,113,287
LIABILITIES			
Current Liabilities			
Accounts payable	26,650	2,728	29,378
Compensated absences	38,484	15,140	53,624
Other accrued liabilities	11,906	31,293	43,199
Total Current Liabilities	77,040	49,161	126,201
Noncurrent Liabilities			
General obligation debt payable	-	708,509	708,509
Compensated absences	45,978	35,571	81,549
Total Noncurrent Liabilities	45,978	744,080	790,058
Total Liabilities	123,018	793,241	916,259
NET ASSETS			
Invested in capital assets, net of related debt	12,025,325	946,691	12,972,016
Unrestricted (deficit)	1,290,077	(65,065)	1,225,012
TOTAL NET ASSETS	\$ 13,315,402	\$ 881,626	\$ 14,197,028

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - NONMAJOR PROPRIETARY FUNDS For the Year Ended December 31, 2007

	Enterprise Funds		Totals
	Parking Utility	Reid Municipal Golf Course	
OPERATING REVENUES			
Charges for services	\$ 1,706,717	\$ 543,491	\$ 2,250,208
Other	605,302	7,641	612,943
Total Operating Revenues	2,312,019	551,132	2,863,151
OPERATING EXPENSES			
Operation and maintenance	1,026,213	471,942	1,498,155
Depreciation	862,253	77,062	939,315
Total Operating Expenses	1,888,466	549,004	2,437,470
Operating Income	423,553	2,128	425,681
NONOPERATING REVENUES (EXPENSES)			
Investment income	98,790	4,056	102,846
Interest expense	-	(59,002)	(59,002)
Total Nonoperating Revenues (Expenses)	98,790	(54,946)	43,844
Income (Loss) Before Transfers and Capital Contributions	522,343	(52,818)	469,525
Capital contributions	25,500	-	25,500
Transfers in	-	480,000	480,000
Transfers out	(909,300)	(17,900)	(927,200)
Change in Net Assets	(361,457)	409,282	47,825
TOTAL NET ASSETS - Beginning	13,676,859	472,344	14,149,203
TOTAL NET ASSETS - ENDING	\$ 13,315,402	\$ 881,626	\$ 14,197,028

CITY OF APPLETON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended December 31, 2007

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 2,326,862	\$ 550,466	\$ 2,877,328
Paid to suppliers for goods and services	(406,914)	(242,327)	(649,241)
Paid to employees for services	(612,695)	(227,921)	(840,616)
Net Cash Flows From Operating Activities	<u>1,307,253</u>	<u>80,218</u>	<u>1,387,471</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(9,300)	(17,900)	(27,200)
Advances to/from other funds	(900,000)	-	(900,000)
Net Cash Flows From Noncapital Financing Activities	<u>(909,300)</u>	<u>(17,900)</u>	<u>(927,200)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(154,378)	-	(154,378)
Interest paid on long-term debt	-	(62,385)	(62,385)
Net Cash Flows From Capital and Related Financing Activities	<u>(154,378)</u>	<u>(62,385)</u>	<u>(216,763)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	98,790	4,056	102,846
Net Cash Flows From Investing Activities	<u>98,790</u>	<u>4,056</u>	<u>102,846</u>
Net Increase in Cash and Cash Equivalents	342,365	3,989	346,354
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,067,632</u>	<u>14,993</u>	<u>1,082,625</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,409,997</u>	<u>\$ 18,982</u>	<u>\$ 1,428,979</u>

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES			
Operating income	\$ 423,553	\$ 2,128	\$ 425,681
Adjustments to reconcile operating income to net cash flows from operating activities			
Depreciation	862,253	77,062	939,315
Change in assets and liabilities			
Other accounts receivable	14,843	(666)	14,177
Accounts payable	-	(2,012)	(2,012)
Accrued liabilities	5,157	2,321	7,478
Compensated absences	1,447	1,385	2,832
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 \$ 1,307,253	 \$ 80,218	 \$ 1,387,471
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Contributed property and equipment	\$ 25,500	\$ -	\$ 25,500
Allowance on advance	\$ -	\$ 480,000	\$ 480,000

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.

FACILITIES MANAGEMENT

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

CITY OF APPLETON

COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS
December 31, 2007

	Central Equipment Agency	Insurance	Facilities Management	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 483,937	\$ 1,365,150	\$ 115,645	\$ 1,964,732
Other receivable	5,365	40,044	-	45,409
Inventories	66,241	-	-	66,241
Total Current Assets	<u>555,543</u>	<u>1,405,194</u>	<u>115,645</u>	<u>2,076,382</u>
Non-Current Assets				
Restricted Assets				
Investment in WMIC	-	2,020,950	-	2,020,950
Capital Assets				
Equipment	1,475,258	-	-	1,475,258
Vehicles	20,509,812	-	-	20,509,812
Less: Accumulated depreciation	<u>(11,819,925)</u>	<u>-</u>	<u>-</u>	<u>(11,819,925)</u>
Total Non-Current Assets	<u>10,165,145</u>	<u>2,020,950</u>	<u>-</u>	<u>12,186,095</u>
Total Assets	<u>10,720,688</u>	<u>3,426,144</u>	<u>115,645</u>	<u>14,262,477</u>
LIABILITIES				
Current Liabilities				
Accounts payable	52,142	3,565	70,074	125,781
Compensated absences	39,632	14,039	24,931	78,602
Other accrued liabilities	23,615	4,553	14,740	42,908
Claims payable	-	1,500,000	-	1,500,000
Total Current Liabilities	<u>115,389</u>	<u>1,522,157</u>	<u>109,745</u>	<u>1,747,291</u>
Noncurrent Liabilities				
Compensated absences	37,256	-	5,900	43,156
Total Noncurrent Liabilities	<u>37,256</u>	<u>-</u>	<u>5,900</u>	<u>43,156</u>
Total Liabilities	<u>152,645</u>	<u>1,522,157</u>	<u>115,645</u>	<u>1,790,447</u>
NET ASSETS				
Invested in capital assets	10,165,145	-	-	10,165,145
Unrestricted	<u>402,898</u>	<u>1,903,987</u>	<u>-</u>	<u>2,306,885</u>
TOTAL NET ASSETS	<u>\$ 10,568,043</u>	<u>\$ 1,903,987</u>	<u>\$ -</u>	<u>\$ 12,472,030</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - INTERNAL SERVICE FUNDS For the Year Ended December 31, 2007

	Central Equipment Agency	Insurance	Facilities Management	Totals
OPERATING REVENUES				
Charges for services	\$ 2,276,455	\$ 614,286	\$ 2,100,731	\$ 4,991,472
Other	12,317	289,406	-	301,723
Total Operating Revenue	<u>2,288,772</u>	<u>903,692</u>	<u>2,100,731</u>	<u>5,293,195</u>
OPERATING EXPENSES				
Operation and maintenance	2,456,120	1,105,492	2,085,971	5,647,583
Depreciation	1,701,011	-	-	1,701,011
Total Operating Expenses	<u>4,157,131</u>	<u>1,105,492</u>	<u>2,085,971</u>	<u>7,348,594</u>
Operating Income (Loss)	<u>(1,868,359)</u>	<u>(201,800)</u>	<u>14,760</u>	<u>(2,055,399)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	16,551	86,804	-	103,355
Interest expense	-	(5,150)	-	(5,150)
Gain on the sale of capital assets	331,704	-	-	331,704
Loss on investment in WMIC	-	(48,355)	-	(48,355)
Other	17	-	240	257
Total Nonoperating Revenues (Expenses)	<u>348,272</u>	<u>33,299</u>	<u>240</u>	<u>381,811</u>
Income (Loss) Before Transfers and Contributions	(1,520,087)	(168,501)	15,000	(1,673,588)
Capital contributions	2,555,695	-	-	2,555,695
Transfers out	-	-	(15,000)	(15,000)
Change in Net Assets	1,035,608	(168,501)	-	867,107
TOTAL NET ASSETS - Beginning	<u>9,532,435</u>	<u>2,072,488</u>	<u>-</u>	<u>11,604,923</u>
TOTAL NET ASSETS - ENDING	<u>\$ 10,568,043</u>	<u>\$ 1,903,987</u>	<u>\$ -</u>	<u>\$ 12,472,030</u>

CITY OF APPLETON

COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2007

	Central Equipment Agency	Insurance	Facilities Management	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 2,294,583	\$ 863,928	\$ 2,100,971	\$ 5,259,482
Paid to suppliers for goods and services	(1,477,876)	(825,860)	(1,396,059)	(3,699,795)
Paid to employees for services	(968,499)	(275,395)	(574,267)	(1,818,161)
Net Cash Flows From Operating Activities	<u>(151,792)</u>	<u>(237,327)</u>	<u>130,645</u>	<u>(258,474)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal payments on note payable	-	(236,791)	-	(236,791)
Interest paid on note payable	-	(10,300)	-	(10,300)
Transfers out	-	-	(15,000)	(15,000)
Net Cash Flows From Noncapital Financing Activities	<u>-</u>	<u>(247,091)</u>	<u>(15,000)</u>	<u>(262,091)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(16,253)	-	-	(16,253)
Proceeds from sale of capital assets	<u>365,401</u>	<u>-</u>	<u>-</u>	<u>365,401</u>
Net Cash Flows From Capital and Related Financing Activities	<u>349,148</u>	<u>-</u>	<u>-</u>	<u>349,148</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>16,551</u>	<u>86,804</u>	<u>-</u>	<u>103,355</u>
Net Cash Flows From Investing Activities	<u>16,551</u>	<u>86,804</u>	<u>-</u>	<u>103,355</u>
Net Increase (Decrease) in Cash and Cash Equivalents	213,907	(397,614)	115,645	(68,062)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>270,030</u>	<u>1,762,764</u>	<u>-</u>	<u>2,032,794</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 483,937</u>	<u>\$ 1,365,150</u>	<u>\$ 115,645</u>	<u>\$ 1,964,732</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (1,868,359)	\$ (201,800)	\$ 14,760	\$ (2,055,399)
Adjustments to reconcile income (loss) to net cash flows from operating activities:				
Non-operating income	17	-	240	257
Depreciation	1,701,011	-	-	1,701,011
Change in assets and liabilities:				
Other accounts receivable	5,794	(39,764)	-	(33,970)
Inventories	(19,719)	-	-	(19,719)
Accounts payable	24,650	2,988	70,074	97,712
Accrued liabilities	4,080	720	39,671	44,471
Accrued compensated absences	734	529	5,900	7,163
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (151,792)</u>	<u>\$ (237,327)</u>	<u>\$ 130,645</u>	<u>\$ (258,474)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributed property and equipment	<u>\$ 2,555,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,555,695</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, 2007

	<u>Balance 1-1-07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12-31-07</u>
TAX COLLECTIONS				
Assets				
Cash and investments	\$ 37,777,918	\$ 46,295,710	\$ 37,777,918	\$ 46,295,710
Property taxes receivable	<u>19,402,259</u>	<u>12,402,653</u>	<u>19,402,259</u>	<u>12,402,653</u>
TOTAL ASSETS	<u>\$ 57,180,177</u>	<u>\$ 58,698,363</u>	<u>\$ 57,180,177</u>	<u>\$ 58,698,363</u>
Liabilities				
Due to other taxing authorities	\$ 57,104,874	\$ 58,605,031	\$ 57,104,874	\$ 58,605,031
Accounts payable	<u>75,303</u>	<u>93,332</u>	<u>75,303</u>	<u>93,332</u>
TOTAL LIABILITIES	<u>\$ 57,180,177</u>	<u>\$ 58,698,363</u>	<u>\$ 57,180,177</u>	<u>\$ 58,698,363</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>	<u>2006</u>	<u>2007</u>
Governmental Activities					
Invested in Capital Assets, net of related debt	\$ 222,306,765	\$ 232,641,235	\$ 240,869,557	\$ 251,427,513	\$ 256,159,970
Restricted	218,516	6,429,747	6,796,749	6,868,633	6,825,544
Unrestricted	<u>(4,087,925)</u>	<u>(13,022,089)</u>	<u>6,092,284</u>	<u>5,749,677</u>	<u>13,282,781</u>
Total Governmental Activities Net Assets	218,437,356	226,048,893	253,758,590	264,045,823	276,268,295
Business-type Activities					
Invested in Capital Assets, net of related debt	148,565,590	164,337,658	171,026,349	178,165,977	172,857,282
Restricted	9,927,016	10,482,382	10,852,698	9,249,057	11,781,325
Unrestricted	<u>35,042,798</u>	<u>25,205,527</u>	<u>12,692,909</u>	<u>11,951,190</u>	<u>21,546,219</u>
Total Business-type Activities Net Assets	193,535,404	200,025,567	194,571,956	199,366,224	206,184,826
Primary Government					
Invested in Capital Assets, net of related debt	370,872,355	396,978,893	410,473,911	425,890,500	426,736,257
Restricted	10,145,532	16,912,129	17,649,447	16,117,690	18,606,869
Unrestricted	<u>30,954,873</u>	<u>12,183,438</u>	<u>20,207,188</u>	<u>21,403,857</u>	<u>37,109,995</u>
Total Primary Government Net Assets	<u>\$ 411,972,760</u>	<u>\$ 426,074,460</u>	<u>\$ 448,330,546</u>	<u>\$ 463,412,047</u>	<u>\$ 482,453,121</u>

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

Schedule 2
City of Appleton
Changes in Net Assets
(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses					
Governmental Activities:					
General Government	\$ 6,492,619	\$ 6,419,439	\$ 6,945,784	\$ 6,791,974	\$ 8,800,555
Public Safety	22,639,969	23,575,858	24,424,002	24,478,781	25,981,454
Public Works	15,379,335	15,521,570	16,935,291	16,394,553	15,318,805
Education & Recreation	8,820,286	8,667,868	8,706,013	8,827,228	8,977,181
Community Development	4,356,058	2,450,493	2,532,059	2,300,154	1,982,044
Interest	<u>4,080,710</u>	<u>3,983,171</u>	<u>2,070,103</u>	<u>4,731,390</u>	<u>2,790,898</u>
Total Governmental Activities	<u>61,768,977</u>	<u>60,618,399</u>	<u>61,613,252</u>	<u>63,524,080</u>	<u>63,850,937</u>
Business-type Activities					
Water	11,436,383	11,384,777	12,075,437	13,734,286	14,431,806
Wastewater	10,442,858	10,901,021	10,714,320	10,527,573	10,919,223
Valley Transit	5,951,388	6,454,888	6,577,385	6,884,932	7,367,991
Stormwater	3,032,606	3,974,123	4,347,493	4,711,912	5,036,135
Other non-major enterprise funds	<u>2,507,622</u>	<u>2,482,916</u>	<u>2,454,170</u>	<u>2,482,848</u>	<u>2,534,889</u>
Total Business-type Activities	<u>33,370,857</u>	<u>35,197,725</u>	<u>36,168,805</u>	<u>38,341,551</u>	<u>40,290,044</u>
Total - Primary Government	<u>\$ 95,139,834</u>	<u>\$ 95,816,124</u>	<u>\$ 97,782,057</u>	<u>\$ 101,865,631</u>	<u>\$ 104,140,981</u>
Program Revenues					
Governmental Activities:					
Charges for Service	\$ 4,945,020	\$ 4,285,207	\$ 4,195,931	\$ 4,629,519	\$ 4,192,537
Operating Grants & Contributions	2,320,915	2,470,595	2,984,118	2,986,715	2,734,921
Capital Grants & Contributions	<u>4,416,370</u>	<u>7,176,121</u>	<u>6,861,161</u>	<u>6,332,043</u>	<u>5,922,608</u>
Total Governmental Activities	<u>11,682,305</u>	<u>13,931,923</u>	<u>14,041,210</u>	<u>13,948,277</u>	<u>12,850,066</u>
Business-type Activities					
Charges for Service					
Water	14,503,814	14,143,690	14,251,543	14,373,765	17,773,481
Wastewater	8,381,938	8,153,375	7,942,307	9,684,273	9,737,880
Valley Transit	845,530	899,244	983,778	1,136,722	1,163,950
Stormwater	3,102,677	3,835,617	3,933,221	5,713,662	6,151,417
Other non-major enterprise funds	2,566,566	2,575,747	2,593,791	2,847,392	2,863,151
Operating Grants & Contributions	4,355,203	4,560,499	4,401,611	4,599,362	5,006,545
Capital Grants & Contributions	<u>4,345,345</u>	<u>7,303,800</u>	<u>4,995,504</u>	<u>4,094,711</u>	<u>2,398,543</u>
Total Business-type Activities	<u>38,101,073</u>	<u>41,471,972</u>	<u>39,101,755</u>	<u>42,449,887</u>	<u>45,094,967</u>
Total - Primary Government	<u>\$ 49,783,378</u>	<u>\$ 55,403,895</u>	<u>\$ 53,142,965</u>	<u>\$ 56,398,164</u>	<u>\$ 57,945,033</u>
Net (Expense)/Revenue					
Governmental Activities	(50,086,672)	(46,686,476)	(47,572,042)	(49,575,803)	(51,000,871)
Business-Type Activities	<u>4,730,216</u>	<u>6,274,247</u>	<u>2,932,950</u>	<u>4,108,336</u>	<u>4,804,923</u>
Total Primary Government Net Assets	<u>\$ (45,356,456)</u>	<u>\$ (40,412,229)</u>	<u>\$ (44,639,092)</u>	<u>\$ (45,467,467)</u>	<u>\$ (46,195,948)</u>

Schedule 2 (cont)
City of Appleton
Changes in Net Assets
(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Revenues & Other Changes in Net Assets					
Governmental Activities:					
Taxes					
Property Taxes	32,614,255	32,883,651	34,909,951	36,843,733	38,745,650
Other Taxes	866,069	1,195,606	1,060,335	790,509	989,071
Intergovernmental revenues not restricted to specific programs	17,271,606	16,084,242	16,015,538	16,833,670	17,219,716
Investment income	2,030,374	2,182,845	1,682,999	5,470,655	4,877,181
Gain(Loss) on the sale of assets	206,811	135,307	2,255,997	532,942	432,440
Miscellaneous	568,296	1,224,976	790,190	-	51,861
Transfers	641,359	591,386	11,918,030	836,691	907,424
Total general revenues and transfers	<u>54,198,770</u>	<u>54,298,013</u>	<u>68,633,040</u>	<u>61,308,200</u>	<u>63,223,343</u>
Business-type Activities					
Investment income	1,142,573	788,552	791,730	1,452,672	3,098,764
Gain(Loss) on the sale of assets	(3,206)	-	-	-	338,957
Miscellaneous	8,940	18,750	11,816	68,918	159,557
Transfers	(641,359)	(591,386)	(11,918,030)	(836,691)	(907,424)
Total Business-type Activities	<u>506,948</u>	<u>215,916</u>	<u>(11,114,484)</u>	<u>684,899</u>	<u>2,689,854</u>
Total Primary Government	<u>\$ 54,705,718</u>	<u>\$ 54,513,929</u>	<u>\$ 57,518,556</u>	<u>\$ 61,993,099</u>	<u>\$ 65,913,197</u>
Change in Net Assets					
Governmental Activities:	\$ 4,112,098	\$ 7,611,537	\$ 21,060,998	\$ 11,732,397	\$ 12,222,472
Business-type Activities	<u>5,237,164</u>	<u>6,490,163</u>	<u>(8,181,534)</u>	<u>4,793,235</u>	<u>7,494,777</u>
Total Primary Government	<u>\$ 9,349,262</u>	<u>\$ 14,101,700</u>	<u>\$ 12,879,464</u>	<u>\$ 16,525,632</u>	<u>\$ 19,717,249</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>	<u>2006</u>	<u>2007</u>
Governmental Activities:					
General Government	\$ 252,984	\$ 560,841	\$ 551,625	\$ 922,350	\$ 719,464
Public Safety	1,719,607	1,869,967	2,059,771	2,020,978	1,912,579
Public Works	6,064,272	8,825,461	8,363,126	7,513,891	6,787,697
Education & Recreation	1,636,676	1,645,419	1,690,834	1,623,161	2,087,549
Community Development	<u>2,008,766</u>	<u>1,030,235</u>	<u>1,375,854</u>	<u>1,867,897</u>	<u>1,342,777</u>
Total Governmental Activities	<u>11,682,305</u>	<u>13,931,923</u>	<u>14,041,210</u>	<u>13,948,277</u>	<u>12,850,066</u>
Business-type Activities					
Water	15,516,139	15,087,868	15,044,585	14,865,848	17,808,923
Wastewater	9,227,688	9,273,617	9,353,598	10,907,330	10,265,003
Valley Transit	5,159,558	8,957,170	6,514,788	6,192,470	6,317,752
Stormwater	5,631,122	5,577,570	5,594,993	7,636,847	7,814,638
Other non-major enterprise funds	<u>2,566,566</u>	<u>2,575,747</u>	<u>2,593,791</u>	<u>2,847,392</u>	<u>2,888,651</u>
Total Business-type Activities	<u>38,101,073</u>	<u>41,471,972</u>	<u>39,101,755</u>	<u>42,449,887</u>	<u>45,094,967</u>
Total - Primary Government	<u>\$ 49,783,378</u>	<u>\$ 55,403,895</u>	<u>\$ 53,142,965</u>	<u>\$ 56,398,164</u>	<u>\$ 57,945,033</u>

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund										
Reserved for:										
Inventories	\$ 465,231	\$ 385,886	\$ 355,214	\$ 434,194	\$ 443,632	\$ 730,647	\$ 624,307	\$ 631,367	\$ 598,994	\$ 512,923
Prepaid items	211,069	76,069	37,832	18,098	40,342	231,697	37,156	15,564	9,792	4,475
Noncurrent receivables/advances	12,544,043	12,534,168	12,521,578	12,510,912	11,801,779	10,793,361	11,706,947	11,193,955	10,609,275	11,545,439
Encumbrances	1,262,590	1,202,854	1,477,769	1,521,057	2,269,780	2,665,155	1,386,837	1,281,556	2,071,583	2,612,921
Unreserved	<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>	<u>20,150,224</u>	<u>20,276,004</u>
Total General Fund	<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>	<u>\$ 33,439,868</u>	<u>\$ 34,951,762</u>
All Other Governmental Funds										
Reserved for:										
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,614	\$ -	\$ -	\$ 313,569	\$ 16,588
Debt service	3,459,712	2,549,859	1,571,943	899,984	152,081	218,516	1,308,374	1,187,549	986,156	808,953
Encumbrances	4,734,271	474,236	712	2,556,635	803,204	1,437,827	1,327,663	4,058,957	2,686,620	4,801,361
Trust purposes ⁽¹⁾	13,133	11,376	12,419	13,231	15,423	15,922	15,703	16,070	16,364	32,093
Unreserved, reported in:										
Special revenue funds	(7,472,112)	(13,687,150)	(11,789,016)	(11,907,738)	(10,768,430)	(29,686,303)	(32,061,055)	(14,206,164)	(10,447,261)	(7,623,548)
Capital projects funds	<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>	<u>8,186,649</u>	<u>6,872,235</u>
Total All Other Governmental Funds	<u>1,337,458</u>	<u>(9,818,541)</u>	<u>(13,523,266)</u>	<u>(11,412,555)</u>	<u>(18,185,526)</u>	<u>(16,287,412)</u>	<u>(17,948,145)</u>	<u>4,308,431</u>	<u>1,742,097</u>	<u>4,907,682</u>
Total Governmental Funds	<u>\$ 32,323,650</u>	<u>\$ 20,033,908</u>	<u>\$ 16,042,521</u>	<u>\$ 18,470,042</u>	<u>\$ 12,956,921</u>	<u>\$ 13,935,354</u>	<u>\$ 10,905,103</u>	<u>\$ 35,926,512</u>	<u>\$ 35,181,965</u>	<u>\$ 39,859,444</u>

Notes:

¹. 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 1998 - 2002.

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
REVENUES										
Taxes	\$ 28,484,660	\$ 29,063,804	\$ 29,058,416	\$ 30,997,028	\$ 33,099,823	\$ 33,480,323	\$ 34,079,257	\$ 35,970,286	\$ 37,634,241	\$ 39,734,722
Intergovernmental	17,748,956	17,376,711	20,316,452	19,105,737	19,683,745	19,926,685	18,663,193	19,211,564	19,671,713	19,661,932
Licenses and permits	732,758	702,779	750,035	791,011	884,000	857,425	855,231	921,707	938,603	858,761
Fines and forfeitures	449,152	417,360	444,667	550,333	355,125	277,692	281,958	251,401	271,530	315,809
Special assessments	3,298,685	3,318,367	2,163,984	3,242,590	3,705,450	2,393,102	2,504,028	2,557,843	2,667,675	2,096,649
Investment income	2,872,649	2,010,886	3,523,432	2,820,965	2,382,965	788,177	2,635,922	3,301,704	4,541,476	5,837,658
Charges for services	2,116,351	1,957,681	2,073,791	2,373,079	2,317,445	2,541,086	2,329,281	2,238,306	2,019,299	1,934,088
Other	1,840,916	1,313,785	2,765,278	3,140,818	2,672,953	2,784,593	2,976,130	2,989,714	3,393,516	3,306,896
Total Revenues	<u>57,544,127</u>	<u>56,161,373</u>	<u>61,096,055</u>	<u>63,021,561</u>	<u>65,101,506</u>	<u>63,049,083</u>	<u>64,325,000</u>	<u>67,442,525</u>	<u>71,138,053</u>	<u>73,746,515</u>
EXPENDITURES										
Current:										
General government	7,722,163	5,478,419	5,784,192	5,845,365	6,251,609	6,126,494	6,168,655	6,660,800	6,573,075	6,763,061
Public safety	16,853,419	17,626,422	18,771,270	20,334,106	21,174,302	22,074,301	22,986,627	23,539,036	23,884,518	25,106,325
Public works	12,904,735	12,966,175	12,645,998	13,233,142	12,629,782	12,909,444	13,660,780	13,486,345	13,236,170	13,922,268
Education and recreation	6,449,693	6,680,548	7,250,491	7,888,695	8,027,742	8,374,430	8,040,579	8,113,321	8,442,800	8,465,184
Community development	2,844,169	2,584,193	3,172,604	2,631,857	2,757,170	2,987,427	3,072,314	3,183,793	2,507,602	2,302,683
Capital Outlay	10,274,001	5,995,217	15,952,220	11,208,473	15,056,988	8,467,483	7,000,266	8,264,711	10,762,860	9,342,876
Debt Service:										
Principal retirement	7,456,688	8,242,988	6,131,943	6,322,600	7,149,027	5,388,571	5,746,890	5,708,427	9,333,847	7,121,471
Interest and fiscal charges	2,328,895	11,448,484	3,247,678	3,617,391	3,692,094	4,076,244	3,939,715	(1,836,951)	4,646,345	2,785,191
Total Expenditures	<u>66,833,763</u>	<u>71,022,446</u>	<u>72,956,396</u>	<u>71,081,629</u>	<u>76,738,714</u>	<u>70,404,394</u>	<u>70,615,826</u>	<u>67,119,482</u>	<u>79,387,217</u>	<u>75,809,059</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,289,636)</u>	<u>(14,861,073)</u>	<u>(11,860,341)</u>	<u>(8,060,068)</u>	<u>(11,637,208)</u>	<u>(7,355,311)</u>	<u>(6,290,826)</u>	<u>323,043</u>	<u>(8,249,164)</u>	<u>(2,062,544)</u>
OTHER FINANCING SOURCES (USES)										
Debt issued	8,125,716	4,780,000	10,465,000	9,823,639	10,530,000	4,312,743	1,099,352	12,246,220	5,180,387	5,165,000
Premium on debt issued	-	-	-	-	-	-	-	133,344	886	21,395
Refunding debt issued	9,570,105	-	-	-	-	-	-	-	-	-
Payments to escrow agents	(9,468,197)	-	-	-	-	-	-	(5,240,154)	-	-
Sale of city properties	413,341	1,124,747	382,082	740,827	1,741,379	683,294	1,683,147	4,376,356	605,603	214,675
Transfers in	6,237,517	7,535,326	13,416,867	6,894,729	7,400,967	27,505,734	7,399,121	20,744,753	10,713,616	8,863,513
Transfers out	(6,531,681)	(7,696,381)	(12,939,219)	(11,303,124)	(9,454,864)	(26,888,823)	(6,875,712)	(7,562,153)	(8,995,875)	(7,524,560)
Total Other Financing Sources (Uses)	<u>8,346,801</u>	<u>5,743,692</u>	<u>11,324,730</u>	<u>6,156,071</u>	<u>10,217,482</u>	<u>5,612,948</u>	<u>3,305,908</u>	<u>24,698,366</u>	<u>7,504,617</u>	<u>6,740,023</u>
Net Change in Fund Balances	(942,835)	(9,117,381)	(535,611)	(1,903,997)	(1,419,726)	(1,742,363)	(2,984,918)	25,021,409	(744,547)	4,677,479
FUND BALANCES (DEFICIT) - Beginning (as restated)	* 28,596,741*	27,653,906	18,536,525	18,000,914	16,096,917	15,677,717	13,890,021	10,905,103	35,926,512	35,181,965
FUND BALANCES (DEFICIT) - ENDING	<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>	<u>\$ 35,181,965</u>	<u>\$ 39,859,444</u>

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

22.4% 45.8% 21.1% 21.6% 23.4% 19.1% 20.7% 7.1% 27.1% 18.6%

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>
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%
2006	2007	3,223,179,200	895,088,600	155,893,700	160,700	129,273,600	4,403,595,800	7.6845	4,350,186,400	101.23%
2007	2008	3,282,743,500	960,472,700	153,616,800	206,800	128,718,000	4,525,757,800	7.9258	4,575,642,000	98.91%

^{A.} Source: Wisconsin Department of Revenue, Final Statement of Assessment. The values shown 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		Outagamie	Sanitary	State of	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>FVTC</u>	<u>County</u>	<u>District</u> ⁽¹⁾	<u>Wisconsin</u>	<u>Rate</u>	<u>Credits</u>	<u>Rate</u>
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
2006	2007	6.95	0.73	7.68	7.95	1.65	4.25	-	0.17	21.70	1.18	20.52
2007	2008	7.18	0.75	7.93	7.96	1.69	4.33	-	0.17	22.08	1.28	20.79 *

OUTAGAMIE COUNTY/MENASHA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy	Collection	Basic	G.O. Debt	City of Appleton	Menasha School		Outagamie	Sanitary	State of	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>FVTC</u>	<u>County</u>	<u>District</u> ⁽¹⁾	<u>Wisconsin</u>	<u>Rate</u>	<u>Credits</u>	<u>Rate</u>
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
2006	2007	6.95	0.73	7.68	8.76	1.65	4.25	-	0.17	22.51	1.18	21.33
2007	2008	7.18	0.75	7.93	8.33	1.69	4.33	-	0.17	22.45	1.28	21.16 *

* Net tax rate not equal to sum of components due to rounding.

(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	Collection	Basic	G.O. Debt	City of Appleton	Freedom School	FVTC	Outagamie County	Sanitary District ⁽¹⁾	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
<u>Year</u>	<u>Year</u>	<u>Rate</u>	<u>Service</u>	<u>Direct Rate ⁽²⁾</u>	<u>District</u>							
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
2006	2007	6.95	0.73	7.68	7.88	1.65	4.25	-	0.17	21.63	1.18	20.46
2007	2008	7.18	0.75	7.93	8.19	1.69	4.33	-	0.17	22.31	1.28	21.01 *

CALUMET COUNTY/APPLETON AREA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy	Collection	Basic	G.O. Debt	City of Appleton	Appleton School	FVTC	Calumet County	Sanitary District ⁽¹⁾	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
<u>Year</u>	<u>Year</u>	<u>Rate</u>	<u>Service</u>	<u>Direct Rate ⁽²⁾</u>	<u>District</u>							
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
2006	2007	7.02	0.73	7.75	8.01	1.67	4.05	-	0.17	21.65	1.16	20.48
2007	2008	7.21	0.75	7.96	7.99	1.69	4.11	-	0.17	21.92	1.29	20.64 *

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

* Net tax rate not equal to sum of components due to rounding.

(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 County	Sanitary District ⁽¹⁾	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
<u>Year</u>	<u>Year</u>	<u>Rate</u>	<u>Service</u>	<u>Direct Rate ⁽²⁾</u>	<u>District</u>		<u>County</u>	<u>District ⁽¹⁾</u>	<u>Wisconsin</u>	<u>Rate</u>	<u>Credits</u>	<u>Rate</u>
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
2006	2007	7.02	0.73	7.75	9.53	1.67	4.05	-	0.17	23.17	1.16	22.00
2007	2008	7.21	0.75	7.96	9.38	1.69	4.11	-	0.17	23.31	1.29	22.03 *

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 County	Sanitary District ⁽¹⁾	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
<u>Year</u>	<u>Year</u>	<u>Rate</u>	<u>Service</u>	<u>Direct Rate ⁽²⁾</u>	<u>District</u>		<u>County</u>	<u>District ⁽¹⁾</u>	<u>Wisconsin</u>	<u>Rate</u>	<u>Credits</u>	<u>Rate</u>
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
2006	2007	7.33	0.76	8.09	8.36	1.74	5.55	-	0.18	23.92	1.52	22.40
2007	2008	7.48	0.78	8.26	8.29	1.76	5.73	-	0.18	24.22	1.63	22.58 *

* Net tax rate not equal to sum of components due to rounding.

(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	Collection	Basic	G.O. Debt	City of Appleton	Menasha School		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</u> ⁽²⁾	<u>District</u>	<u>FVTC</u>	<u>County</u>	<u>District</u> ⁽¹⁾		<u>Rate</u>	<u>Credits</u>	<u>Rate</u>
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
2006	2007	7.33	0.76	8.09	9.21	1.74	5.55	-	0.18	24.77	1.52	23.25
2007	2008	7.48	0.78	8.26	8.68	1.76	5.73	-	0.18	24.61	1.63	22.97 *

* Net tax rate not equal to sum of components due to rounding.

- (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 and again in 2007, 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>2007</u>			<u>1998</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	\$ 38,267,300	0.85	1	\$ 19,835,700	0.71	2
Pfefferle/Hoffman/Evans	Real Estate Development	28,643,400	0.63	2			
Thomas Wright, et al	Rental Properties	25,473,900	0.56	3			
Appleton, Inc. (Appleton Papers)	NCR Paper Products	24,135,500	0.53	4	27,728,200	0.99	1
Watermark Montclair	Hotel	21,731,000	0.48	5	14,738,800	0.52	5
Thrivent/Northmeadows Inv.	Insurance ^(C)	19,143,200	0.42	6	15,729,200	0.56	3
Eisenhower Properties	Real Estate Development	17,358,200	0.38	7			
Livesey	Real Estate Development	16,288,500	0.36	8			
Voith, Inc./Voith Fabrics	Industrial Machines/Papermaker Felts	16,073,700	0.36	9	12,866,700	0.46	9
PRDC Corp.	Real Estate Development	15,032,700	0.33	10			
VH Enterprises/Warehouse Specialits	Warehouse Storage				13,787,400	0.49	7
Guardian Life Insurance	Insurance				15,680,400	0.56	4
Miller Electric Mfg.	Electric Arc Welders				14,328,400	0.51	6
Secura Insurance	Insurance				13,217,400	0.47	8
Appleton Mills, Inc.	Papermaker Felts				9,488,300	0.34	10
TOTAL		\$ 222,147,400	4.90		\$ 157,400,500	5.61	

^(A) Per City Assessor's records.

^(B) Based on the city's total January 1, 2007 and 1998 assessed valuation of \$4,525,757,800 and \$2,806,029,000, 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
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
2006	30,359,156	29,744,663	97.98	30,344,594	99.95	14,562	0.05
2007	31,260,387	30,601,198	97.89	31,260,370	100.00	17	0.00

^(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**

	<u>City Direct Rate</u>	<u>Outagamie County Direct Rate</u>	<u>Calumet County Direct Rate</u>	<u>Winnebago County Direct Rate</u>	<u>Wisconsin</u>
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
2006	0.0	0.0	0.0	0.0	5.0
2007	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	Business-type Bonds for Activities	Capital Leases	Water Revenue Bonds	Wastewater Revenue Bonds	Stormwater Revenue Bonds			
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	7.48%	2,049
2006	44,435,078	1,903,509	-	62,295,000	12,877,923	22,250,000	143,761,510	6.74%	1,997
2007	42,241,816	1,428,509	-	69,340,000	13,719,989	26,610,000	153,340,314	N/A *	2,125

* N/A = Not Available.

**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⁾
1998	\$ 55,794,619	(5,343,181)	50,451,438	1.79	725
1999	51,244,487	(3,706,496)	47,537,991	1.63	680
2000	54,246,360	(3,332,872)	50,913,488	1.65	726
2001	56,346,612	(3,373,131)	52,973,481	1.63	750
2002	57,769,187	(3,679,901)	54,089,286	1.55	758
2003	55,846,190	(3,230,500)	52,615,690	1.45	734
2004	50,306,564	(3,218,970)	47,087,594	1.21	655
2005	51,412,284	(3,941,778)	47,470,506	1.14	659
2006	46,338,587	(4,987,410)	41,351,177	0.95	574
2007	43,670,325	(4,633,083)	39,037,242	0.85	541

⁽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.

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

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Appleton	Amount Applicable to City of Appleton
City of Appleton ^(A)	\$ 39,037,242	100.00 %	<u>\$ 39,037,242</u>
<u>Overlapping Debt</u>			
Appleton Area School District	51,906,076	60.85	31,584,847
Menasha Joint School District	18,060,632	4.10	740,486
Kimberly Area School District	47,535,000	1.20	570,420
Freedom Area School District	11,675,000	6.16	719,180
Fox Valley Technical College	45,454,644	13.03	5,922,740
Outagamie County	37,740,096	30.70	11,586,209
Calumet County	3,529,526	18.70	660,021
Winnebago County	40,520,809	0.59	<u>239,073</u>
Total Overlapping Debt			<u>52,022,976</u>
Total Direct And Overlapping Debt			<u>\$ 91,060,218</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 2007:

Equalized Value of Real & Personal Property	<u>\$ 4,575,642,000</u>
Outagamie County	3,873,589,400
Calumet County	636,049,500
Winnebago County	66,003,100
 Legal Debt Limit (5% of equalized value)	 <u>228,782,100</u>
 Amount of Debt Applicable to Debt Limitation: Total General Obligation Bonds and Notes Outstanding at December 31, 2007	 43,670,325
 Less: Assets in Government Fund Types Available for Debt Service	 <u>(4,633,083)</u>
 Amount of Debt Applicable to Debt Limit	 <u>39,037,242</u>
 Remaining Legal Debt Margin	 <u>\$ 189,744,858</u>

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	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt Limit	\$ 140,546,585	\$ 146,138,280	\$ 154,257,350	\$ 162,858,690	\$ 174,209,520	\$ 182,020,950	\$ 194,873,370	\$ 208,419,420	\$ 217,509,320	\$ 228,782,100
Total net debt applicable to limit	<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>	<u>41,351,177</u>	<u>39,037,242</u>
Legal Debt Margin	<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>	<u>\$ 176,158,143</u>	<u>\$ 189,744,858</u>
Total net debt applicable to limit as a percentage of debt limit	35.90%	32.53%	33.01%	32.53%	31.05%	28.91%	24.16%	22.78%	19.01%	17.06%

**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>	
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	14,415,014	5,858,708	8,556,306	4,115,000	2,778,618	6,893,618	1.24
2006	14,711,828	7,479,725	7,232,103	4,105,000	3,164,590	7,269,590	0.99 ⁽⁴⁾
2007 ⁽³⁾	18,648,036	8,073,424	10,574,612	6,314,707	3,332,401	9,647,108	1.10

(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 2007 A Water Refunding bonds, 2007 B Water Taxable Revenue Bonds, and 2007 C Water Revenue Bonds.

⁽⁴⁾ Rate increase averaging 27% for residential customers approved, effective 12/29/06.

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

Last Ten Fiscal Years

Fiscal Year	Gross Revenues ⁽¹⁾	Direct Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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	8,279,773	6,077,023	2,202,750	2,154,987	102,266	2,257,253	0.98 ⁽⁴⁾
2006	10,218,912	6,165,826	4,053,086	2,279,987	238,978	2,518,965	1.61
2007 ⁽³⁾	11,080,701	6,533,954	4,546,747	2,359,987	340,571	2,700,558	1.68

(Continued)

⁽¹⁾ Includes total operating revenues and investment income.

⁽²⁾ Includes total operating expenses less depreciation.

⁽³⁾ Includes Sewerage System Series 2005 Revenue Refunding Bonds, 2006 Revenue Bonds, 2007 Revenue Bonds, 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	
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	4,196,249	2,273,075	1,923,174	935,000	785,047	1,720,047	1.12 ⁽⁴⁾
2006	6,210,783	2,362,608	3,848,175	1,085,000	897,659	1,982,659	1.94
2007 ⁽³⁾	6,777,951	2,574,353	4,203,598	1,235,000	1,149,707	2,384,707	1.76

⁽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, 2004, and 2007 and 2006 Refunding Revenue Bonds.

⁽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⁾
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	1,975,028,500	46,167	15,196	5.7
2006	72,004	2,132,152,832	48,635	15,166	6.0
2007	72,158	N/A *	N/A *	15,143	5.9

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.

* N/A = Not Available

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

<u>Company Name</u>	<u>Product or Service</u>	<u>2007</u>			<u>1998</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	1,780	1	4.5 %	1,700	1	3.9 %
Appleton Area School District	Education	1,758	2	4.5	1,478	3	3.4
Appleton, Inc.	NCR Paper Products	1,425	3	3.6	1,523	2	3.5
Miller Electric Manufacturing	Electric Arc Welders	1,400	4	3.6	1,300	4	3.0
St. Elizabeth Hospital	Medical & Health Care Facility	1,398	5	3.6	1,294	5	2.9
Outagamie County	Government	1,239	6	3.1	1,100	7	2.5
Appleton Medical Center	Medical & Health Care Facility	1,230	7	3.1	1,200	6	2.7
Valley Packaging Industries, Inc.	Hi-speed Packager	790	8	2.0	750	8	1.7
Boldt Construction	Construction Contractor	750	9	1.9			
City of Appleton	Government	670	10	1.7			
Guardian Life	Insurance				700	9	1.6
Pierce Manufacturing, Inc.	Fire Engine Manugacturer				1,300	4	3.0
Total		12,440		31.6 %	12,345		28.2 %
Total Employment		39,371			44,060		

* 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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Assessor's Office	8.00	8.00	8.00	8.00	8.00	7.00	7.00	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	16.00	16.00	16.00	16.00	16.00	16.00	15.00	15.00	15.00	15.70
Human Resources	7.00	8.00	8.00	8.00	8.60	8.60	8.60	8.60	8.60	8.60
Information Services	9.00	10.00	13.00	14.00	15.40	15.40	15.40	15.40	15.40	15.40
Mayor's Office	3.00	3.00	3.00	3.00	3.00	3.00	2.00	3.00	3.00	3.00
Facilities Management	-	-	-	-	-	-	-	-	-	8.00
Total - General Government	53.00	55.00	58.00	59.00	61.00	60.00	58.00	59.00	59.00	67.70
Community Development	11.00	12.00	12.50	12.50	12.50	12.50	11.00	11.00	10.00	10.00
Recreation/Library/Transit										
Parks & Recreation	40.50	40.50	40.50	40.50	39.50	39.50	36.17	36.17	36.17	36.17
Library	44.50	46.50	45.50	45.50	45.50	46.00	46.00	46.00	45.50	45.50
Valley Transit	62.00	62.50	62.50	56.10	56.50	56.50	55.50	55.30	54.80	54.30
Total - Recreation/Library/Transit	147.00	149.50	148.50	142.10	141.50	142.00	137.67	137.47	136.47	135.97
Public Works	156.00	161.00	159.50	160.00	160.00	160.00	155.00	154.00	153.00	153.00
Public Health & Safety										
Health Department	12.00	12.75	12.75	13.55	14.10	14.05	16.55	17.55	17.60	17.40
Fire Department										
Firefighters and Officers	78.00	82.00	82.00	90.00	90.00	90.00	90.00	90.00	90.00	89.00
Civilian & Administrative	11.00	11.00	11.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Police Department										
Sworn	106.00	106.00	110.00	106.00	107.00	107.00	102.00	102.00	102.00	105.00
Civilian	28.00	31.00	31.00	31.00	33.00	33.00	33.00	32.00	31.00	30.00
Total - Public Health & Safety	235.00	242.75	246.75	252.55	256.10	256.05	253.55	253.55	252.60	253.40
Water & Sewer Utilities	39.50	43.00	44.00	45.00	47.00	47.00	43.00	43.00	41.00	35.00
Total Regular Employees	641.50	663.25	669.25	671.15	678.10	677.55	658.22	658.02	652.07	655.07

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 2001 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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Building permits issued	968	1,043	939	858	916	906	854	757	712	705
Est. construction value (\$000)	82,121.1	129,996.9	95,625.8	124,785.4	116,998.6	109,632.9	68,499.4	124,967.8	91,707.3	88,629.5
School aged children vaccinated	99.0%	99.0%	98.0%	98.0%	98.0%	99.2%	99.6%	97.8%	99.4%	N/A *
Accurate weights & measures devices	91.0%	93.1%	93.1%	91.3%	88.1%	93.4%	95.9%	91.8%	95.0%	91.7%
Food-borne disease outbreaks	1	2	1	0	0	0	0	0	0	0
Police										
Calls for service	N/A	N/A	N/A	N/A	N/A	55,570	51,926	52,154	55,947	54,956
Reported Part 1 crimes	N/A	1,917	1,961	2,340	2,046	2,139	2,554	2,487	2,547	2,561
Reported Part 2 crimes	N/A	9,888	10,840	10,722	9,615	10,320	10,886	11,089	11,764	11,758
Cases assigned to investigators	N/A	468	550	1,232	1,140	1,365	1,435	1,356	1,250	N/A *
Arrests resulting in referral to DA	N/A	275	350	700	450	650	571	643	481	N/A *
Fire										
Emergency response < 4 min.	N/A	N/A	76%	78%	80%	81%	72%	67%	62%	N/A *
Fire loss (\$000)	1,017.0	549.0	617.4	656.2	2,095.6	746.5	832.5	276.9	1,284.0	953.8
Fire-related deaths	0	0	1	0	0	0	0	0	0	0
Emergency calls	1,480	2,941	2,829	3,166	2,330	2,232	2,317	2,511	2,439	N/A *
Public Works										
Tons of refuse collected	N/A	N/A	28,208	29,058	29,201	29,712	31,226	29,945	30,600	30,300
Tons of recycling collected	N/A	N/A	8,819	3,952	8,058	8,179	8,060	7,579	6,962	7,024
Cu. Yds. of debris - street sweeping	N/A	N/A	3,790	2,290	1,850	2,525	2,537	2,165	2,722	2,161
Cost/ton - residential auto pickup	N/A	N/A \$	50.67 \$	54.39 \$	54.51 \$	56.86 \$	52.35 \$	57.67 \$	57.67 \$	61.38
Miles of street reconstructed	N/A	3.13	5.46	7.54	6.75	6.02	6.64	3.47	3.39	1.68
Parks & Recreation										
Sports league participants	11,538	10,844	10,105	9,951	8,437	8,348	8,425	6,709	6,675	5,824
Acquatics program participants ^{1, 2}	4,253	4,350	4,220	3,641	2,523	3,679	3,689	2,120	2,218	2,616
Open swim attendance ²	102,677	102,500	102,410	102,050	97,838	93,452	71,676	96,375	86,315	83,616
Rounds of golf played	52,700	45,000	47,850	46,409	45,576	46,320	44,342	39,313	35,595	34,870
Trees pruned	3,250	3,500	3,000	1,000	3,500	2,500	2,375	3,780	3,600	6,100
Public Library										
Volumes	292,172	282,646	303,663	315,741	318,898	342,514	332,036	350,256	382,690	394,477
Materials circulated	856,152	868,796	893,958	984,442	1,075,224	1,109,668	1,104,215	1,153,946	1,231,738	1,392,057
Annual door count	508,752	508,173	483,561	523,179	552,005	559,789	534,075	551,072	537,057	533,291
Water										
Avg. daily consumption (000 gal.)	8,245	9,341	8,273	8,708	8,397	8,385	8,135	8,108	8,096	7,937
Peak daily consumption (000 gal.)	16,836	14,473	14,746	17,255	15,126	13,222	13,153	14,635	13,765	13,941
Number of customers ³	23,975	24,331	24,588	24,849	25,161	24,849	25,161	26,785	26,963	27,101
Wastewater										
Avg. daily sewage treatment (000 gal.)	14,800.0	13,300.0	13,800.0	14,900.0	15,100.0	14,600.0	14,400.0	11,500.0	10,301.4	10,852.1
Valley Transit										
Total route miles	917,026	961,238	987,471	963,514	922,456	908,792	894,824	894,756	880,219	893,218
Passengers	1,022,286	986,403	966,291	971,692	970,417	909,197	937,410	954,725	937,297	958,359
Cost per trip	\$ 3.03	\$ 3.19	\$ 3.53	\$ 3.61	\$ 3.66	\$ 4.15	\$ 4.42	\$ 4.25	\$ 4.20	\$ 4.54

* N/A = Not Available; school vaccination rates have a 1-year reporting lag, Police is refining measures, and Fire is transitioning to a new records management system.

¹. Appleton residents only

². Not unduplicated

³. Measure changed in 2005 to average number of invoices sent per quarter.

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

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	82	82	82	82	82	82	83	83	83	83
Fire										
Stations	5	5	5	6	6	6	6	6	6	6
Fire suppression units	9	10	12	9	9	10	11	11	12	11
Public Works										
Miles of streets	292.0	292.0	305.0	310.0	313.0	322.0	332.7	335.0	335.0	352.1
Refuse packers	N/A	14	14	14	14	14	14	14	14	14
Single- and tri-axle dump trucks	N/A	23	24	24	24	24	24	24	24	23
Other heavy vehicles	N/A	19	19	19	20	20	20	19	19	20
Parks & Recreation										
Parks	26	26	26	26	32	32	32	32	32	32
Acreage	399.2	399.2	399.2	399.2	499.6	499.6	496.1	496.1	496.1	496.1
Swimming pools	5	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	307.5	311.9	317.2	332.3	333.7	341.1	348.9	354.5	361.9	362.9
Storage capacity (000 gallons)	8,550	8,550	8,550	6,800	6,800	7,300	7,300	7,300	7,300	7,300
Wastewater										
Miles of mains	269.4	272.8	276.2	280.6	282.1	287.1	292.7	298.6	303.0	303.8
Stormwater										
Miles of mains	222.4	231.7	239.7	247.4	251.9	259.6	272.8	281.7	286.5	289.1

SINGLE AUDIT SECTION



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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, 2007 which collectively comprise the City of Appleton's basic financial statements and have issued our report thereon dated June 13, 2008. Our report was modified to include a reference to 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. Other auditors audited the financial statements of the Housing Authority of the City of Appleton as described in our report on the City of Appleton's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Appleton's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Appleton's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Appleton's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Appleton's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Appleton's financial statements that is more than inconsequential will not be prevented or detected by the City of Appleton's internal control over financial reporting. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting. This deficiency is item 07-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Appleton's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider item 07-1 to be a material weakness.

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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Appleton in a separate letter dated June 13, 2008.

The City of Appleton's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Appleton's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City of Appleton's management, others within the entity, 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.

Vichow, Krause & Company, LLP

Madison, Wisconsin
June 13, 2008



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, 2007. The City of Appleton's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and major state programs is the responsibility of the City of Appleton's management. Our responsibility is to express an opinion on the City of Appleton's compliance based on our audit.

The City of Appleton's basic financial statements included the operation of the Housing Authority of the City of Appleton, which received \$3,193,356 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, 2007. 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.

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, 2007.

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

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, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Appleton's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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, 2007, which collectively comprise the City of Appleton's basic financial statements and have issued our report thereon dated June 13, 2008. 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. Our report was modified to include a reference to other auditors who audited the financial statements of Housing Authority of the City of Appleton, as described in our report on the City of Appleton's 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.

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

The City of Appleton's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Appleton's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City of Appleton's management, federal and state awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Virchow, Krause + Company, LLP

Madison, Wisconsin
June 13, 2008

CITY OF APPLETON, WISCONSIN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2007

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	(Accrued) Deferred Revenue January 1, 2007	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2007
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Direct Programs					
Community Development Block Grant					
Entitlement Program	14.218	\$ (132,955)	\$ 971,673	\$ 931,860	\$ 93,142
Passed Through State of Wisconsin Department of Commerce					
Emergency Shelter Grant	14.231	1,121	92,512	149,526	55,893
Supportive Housing Program	14.235	<u>(109,135)</u>	<u>343,466</u>	<u>244,412</u>	<u>10,081</u>
Passed Through State of Wisconsin Department of Administration					
HOME Investment Partnership Program (Homeowner Rehab)	14.239	<u>-</u>	<u>49,997</u>	<u>49,997</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development		<u>(240,969)</u>	<u>1,457,648</u>	<u>1,375,795</u>	<u>159,116</u>
U.S. DEPARTMENT OF TRANSPORTATION					
Federal Transit Cluster					
Passed Through State of Wisconsin Department of Transportation					
Federal Transit Formula Grants	20.507	-	2,230,837	2,230,837	-
Federal Transit Capital Improvement Grants					
WI-03-0076	20.500	(27,912)	27,912	6,230	6,230
WI-03-0080	20.500	-	7,893	11,408	3,515
WI-03-0087	20.500	(35,269)	43,777	8,508	-
WI-03-0091	20.500	<u>(10,791)</u>	<u>10,791</u>	<u>-</u>	<u>-</u>
Total Federal Transit Cluster		73,972	2,321,210	2,256,983	9,745
State and Community Highway Safety	20.600	<u>-</u>	<u>16,000</u>	<u>16,000</u>	<u>-</u>
Total U.S. Department of Transportation		<u>73,972</u>	<u>2,337,210</u>	<u>2,272,983</u>	<u>9,745</u>

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

CITY OF APPLETON, WISCONSIN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (cont.)
For the Year Ended December 31, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	(Accrued) Deferred Revenue January 1, 2007	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2007
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
Passed Through State of Wisconsin Department of Health and Family Services					
Childhood Immunization Grant - 1/1/07 - 12/31/07	93.268	\$ -	\$ 23,674	\$ 20,130	\$ (3,544)
Total Childhood Immunization Grant		<u>-</u>	<u>23,674</u>	<u>20,130</u>	<u>(3,544)</u>
Preventative Health and Health Services Block Grant - 1/1/05- 12/31/05	93.991	9,343	-	888	(8,455)
Preventative Health and Health Services Block Grant - 1/1/06- 12/31/06	93.991	7,831	-	-	(7,831)
Preventative Health and Health Services Block Grant - 1/1/07- 12/31/07	93.991	-	8,229	-	(8,229)
Total Preventative Health and Health Services Block Grant		<u>(17,174)</u>	<u>8,229</u>	<u>888</u>	<u>(24,515)</u>
Maternal and Child Health Services Block Grant - 1/1/06 - 12/31/06	93.994	3,410	-	3,410	-
Maternal and Child Health Services Block Grant - 1/1/07 - 12/31/07	93.994	-	33,581	23,973	(9,608)
Total Maternal and Child Health Services Block Grant		<u>3,410</u>	<u>33,581</u>	<u>27,383</u>	<u>(9,608)</u>
CDC Investigations - Technical Assistance - 1/1/05 - 12/31/05	93.283	4,185	-	-	(4,185)
CDC Investigations - Bioterrorism Grant - 1/1/06 - 12/31/06	93.283	389,221	-	389,221	-
CDC Investigations - Bioterrorism Grant - 1/1/07 - 12/31/07	93.283	-	449,786	103,307	(346,479)
Total CDC Investigations - Technical Assistance		<u>393,406</u>	<u>449,786</u>	<u>492,528</u>	<u>(350,664)</u>
Project Grants Cooperative Agreement for Tuberculosis Control Programs - 1/1/02 - 12/31/02	93.116	1,663	2,084	2,397	(1,350)
Total U.S. Department of Health and Human Services		<u>415,653</u>	<u>517,354</u>	<u>543,326</u>	<u>(389,681)</u>
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	12,200	58,236	70,436	-
Total U.S. Department of Military Affairs		<u>12,200</u>	<u>58,236</u>	<u>70,436</u>	<u>-</u>
TOTAL FEDERAL AWARDS		<u>\$ 112,912</u>	<u>\$ 4,370,448</u>	<u>\$ 4,262,540</u>	<u>\$ (220,820)</u>

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

CITY OF APPLETON, WISCONSIN

SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the Year Ended December 31, 2007

State Grantor/Program Title	State I.D. Number	(Accrued) Deferred Revenue January 1, 2007	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2007
WISCONSIN DEPARTMENT OF TRANSPORTATION					
Transit Operating Aids					
2006	395.104	\$ (6,391)	\$ -	\$ -	\$ 6,391
2007	395.104	-	<u>1,612,094</u>	<u>1,791,214</u>	<u>179,120</u>
Total Wisconsin Department of Transportation		<u>(6,391)</u>	<u>1,612,094</u>	<u>1,791,214</u>	<u>185,511</u>
WISCONSIN DEPARTMENT OF NATURAL RESOURCES					
Recreational Boating Facilities	370.573	<u>134,650</u>	-	<u>277,157</u>	<u>142,507</u>
WISCONSIN DEPARTMENT OF HEALTH AND FAMILY SERVICES					
T Melvin Public Education - 1/1/01 - 12/31/01	435.158853	930	-	-	(930)
Lead Poisoning - 1/1/05 - 12/31/05	435.157720	3,319	-	3,319	-
Lead Poisoning - 1/1/06- 12/31/06	435.157720	-	<u>11,388</u>	<u>9,793</u>	<u>(1,595)</u>
Total Wisconsin Department of Health and Family Services		<u>4,249</u>	<u>11,388</u>	<u>13,112</u>	<u>(2,525)</u>
TOTAL STATE AWARDS		<u>\$ 132,508</u>	<u>\$ 1,623,482</u>	<u>\$ 2,081,483</u>	<u>\$ 325,493</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, 2007

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, 2007

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Reportable condition(s) identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

FEDERAL OR STATE AWARDS

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Reportable condition(s) identified that are not considered to be material weakness(es)? yes X none reported

Type of auditor’s report issued on compliance for major programs: *unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes X no

Auditee qualified as low-risk auditee? yes X no yes X no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
93.283	CDC Investigation and Prevention
20.500/20.507	Federal Transit Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

CITY OF APPLETON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2007

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

FEDERAL OR STATE AWARDS (cont.)

Identification of major state programs:

<u>State Number</u>	<u>Name of State Program</u>
370.573	Recreational Boating Facilities
395.104	Transit Operating Aids

SECTION II – FINANCIAL STATEMENT FINDINGS

FINDING 07-1: Internal Control Over Financial Reporting

The definition of a material weakness in internal control includes consideration of the year end financial reporting process including the preparation of financial statements. In order for your municipality to avoid this type of material weakness, the system of internal controls would need to be able to accomplish the following:

1. Maintain the municipality’s books and records in such a condition that the auditor is not able to identify any material journal entries as a result of our audit procedures. As part of the 2007 audit, our procedures discovered a material journal entry in one of the City’s funds.
2. Be capable of preparing a complete set of year end financial statements in such a condition that the auditor is not able to identify any material changes as a result of the audit. We consider your staff capable of meeting this requirement; therefore, this point does not contribute to the material weakness.
3. Avoid material restatements to the opening fund balances or net assets. The 2007 City financial statements included a material restatement to the opening balances. We would like to point out that city management identified this restatement prior to the audit. However, the standards require that any material restatement discovered by the auditors or city management is indicative of a material weakness in internal control over financial reporting.

Under new auditing standards, we must, therefore, inform you that items 1 and 3 above are material weaknesses in your internal control.

Management Response

The City understands the intent of the standards; however, by doing the ethical and morally responsible action of correcting the statements and bringing to the attention of our auditors, it doesn’t seem fair to term this as a material weakness or deficiency on management’s part.

