

CITY OF APPLETON
Appleton, Wisconsin

FINANCIAL STATEMENTS

December 31, 2008

FINANCE DEPARTMENT

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CITY OF APPLETON

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INTRODUCTORY SECTION

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

June 8, 2009

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, 2008, 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 (77.8 employees), health services (17.2 employees), parks and recreation (36.2 employees), library services (45.5 employees), transportation (51.9 employees) and utilities (35 employees). Of the City's 653 employees, 469 are represented by the following bargaining units:

- International Association of Firefighters, representing City firefighters;

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

Although the City has historically enjoyed a low unemployment rate, with the current downturn in the economy, the rate has risen from 5.2% in December, 2007, to 7.1% in December, 2008. However, the City does maintain an above average gross income per income tax return (\$49,473 for 2007). 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 2008, total valuation of residential building construction was \$23,868,960. There were 54 single-family homes constructed with an average construction cost of \$302,136. In addition, there were 7 two-family residences and 11 (80 units) multiple unit dwellings. Additions or alterations to existing residences added \$4,415,042 in value. While the number of single-family units being built in Appleton has declined over the last five years from 158 units in 2004 to 54 units in 2008, the dollar value of the new homes being constructed has risen dramatically, increasing by 42% during the same five year time period. The average dollar value of a new single-family home increased from \$212,419 in 2004 to \$302,136 in 2008.

Appleton's commercial industrial permits totaled 141 in 2008 with a valuation of \$73,348,852. The largest commercial building permits included: Time Warner Cable Headquarters, ThedaCare Ambulatory Care Center, Appleton Police Department expansion, northside YMCA facility, WE Energies, and Flair Flexible Packaging facility. Construction activity for 2008 exceeded our ten-year average of \$61.5 million.

The City of Appleton continues to maintain its proportionate share of the region's growth. Appleton's total dollar value of construction in 2008 was \$102,632,854, which was \$14 million higher than the 2007 value of \$88,629,488.

The interest by businesses to locate in the downtown slowed in 2008. During the last year, 10 new businesses opened in the downtown while 16 closed resulting in a net loss of 6. The slowdown in the economy coupled with the temporary closing of the College Avenue bridge, the major inlet from the City's east side, are the most likely culprits for the decrease. Once the bridge reopens (scheduled for November, 2009) and the economy picks up strength, interest in the downtown is expected to increase.

In the Southpoint Commerce Park, the City's newest industrial park, Time Warner Cable moved into its new 130,000 square foot Northern Wisconsin headquarters. The facility consists of a 100,000 square foot office building and a 30,000 square foot Technical Operations Center. The project has served as a catalyst for the construction of several other smaller manufacturing facilities in the area.

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, 2008, the City had 36 debt issues outstanding. These issues included \$48,311,298 of general obligation bonds and notes and \$127,713,993 of revenue bonds. The City has maintained its "Aa1" rating from Moody's Investors Service on general obligation debt and its "Aa3" on 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, 2008, the City's net general obligation debt of \$45,662,445 was well below the legal limit of \$235,550,375 (19.39%) and debt per capita equaled \$632. The City adheres to an aggressive repayment policy and uses capital financing to augment a "pay as you go" philosophy.

Cash Management: Cash temporarily idle during the year was invested in demand deposits, U.S. government and agency securities, corporate bonds, the State of Wisconsin Local Government Investment Pool, repurchase agreements, and Government Money Markets. The average yield on all cash investments was 2.96%. The City and its proprietary funds earned investment revenue of \$7,285,381 on all investments for the year ended December 31, 2008.

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 \$250,000. Investments in the State of Wisconsin Local Government Investment Pool, although unsecured, are insured and considered very safe since the pool's primary investment is government securities

Risk Management: The City became a member of the Cities and Villages Mutual Insurance Company on January 1, 1990. To join the insurance mutual, the City issued a \$2,300,000 taxable general obligation promissory note payable to the company. Our

mutual insurance company is comprised of numerous Wisconsin cities and villages pooling their risk in the exposure areas of general liability, auto liability, workers compensation, police professionals and public officials' liability. The pool is capitalized in excess of \$25,000,000 and has experienced 21 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 Baker Tilly Virchow Krause, 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, Baker Tilly Virchow Krause, 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. Remiker, CPA CPFO
Director of Finance

CITY OF APPLETON

Directory of Officials

MAYOR

Timothy M. Hanna

PRESIDENT OF THE COUNCIL

Curt J Konetzke

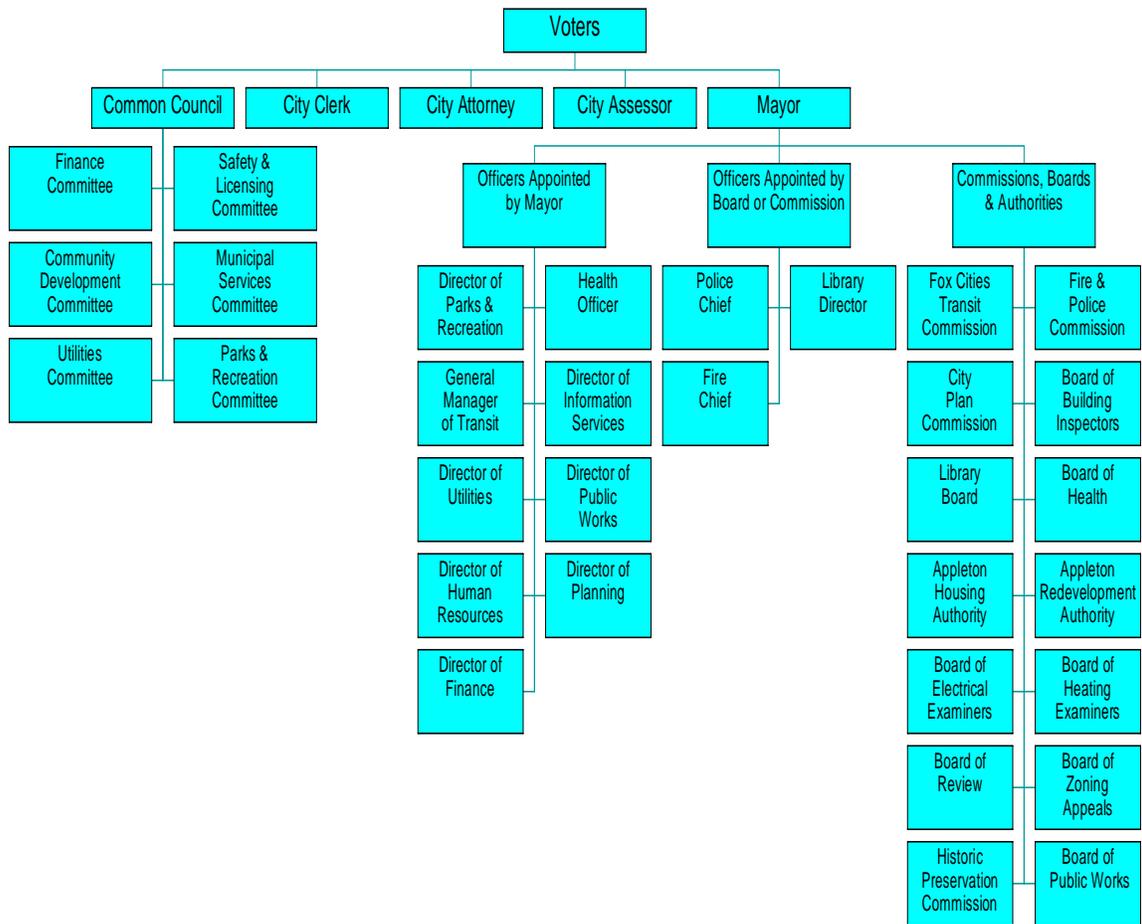
COUNCIL MEMBERS

District 1:	Michael Meyer	District 10:	Michael R. Smith
District 2:	John Robin Hill	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:	Christopher Croatt
District 6:	Chad Van Daalwyk	District 15:	Jeffrey M. Jirschele
District 7:	Kathy Plank	District 16:	George W. Holzknrecht
District 8:	Joe Martin		
District 9:	Peter J. Stueck		

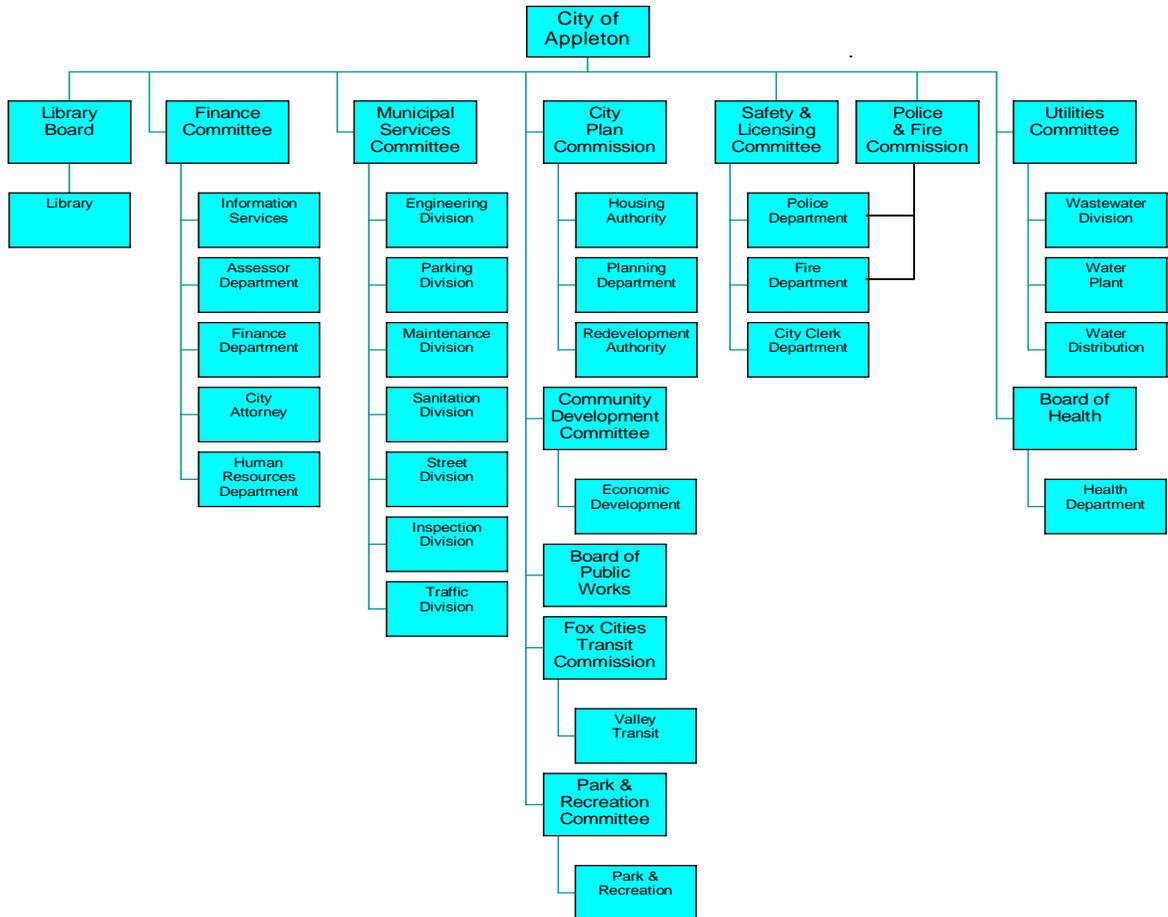
DEPARTMENT/DIVISION HEADS

Director of Human Resources	Sandra A. Neisen
City Attorney	James P. Walsh
Fire Chief	Vacant
Director of Library	Terry P. Dawson
Director of Community Develop.	Karen Harkness
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. Remiker
Director of Facilities	Dean R. Gazza

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, 2008, 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, 2008, 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.

As described in Note I.B., the City adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, effective January 1, 2008.

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 other required supplementary information as listed in the table of contents 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.

Madison, Wisconsin
June 8, 2009

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2008

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, 2008. 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 \$509,364,446. Of this amount, \$39,711,802 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 it may be used or invested in infrastructure capital assets.
- The City's total net assets increased by \$26,911,325. Due to the slowdown in the economy, the number of building permits issued decreased from 705 in 2007 to 577 in 2008. However, the value of those permits increased over \$14 million from \$88,629,488 in 2007 to \$102,632,854 in 2008. The biggest contributors to this increase were for the construction of the ThedaCare Ambulatory Center (\$34.1 million) and the Time Warner Cable Facility (\$13 million). The City's equalized value also increased \$135.4 million from 2007 to 2008 with the commercial sector leading the way with 52% of the growth followed by the residential sector which accounted for 35% of the increase.
- As of the close of the current fiscal year, the City of Appleton's governmental funds reported combined ending fund balances of \$45,216,533, an increase of \$5,357,089 in comparison to the prior year. The bulk of this increase was due to unspent debt proceeds received late in the year for the Police Station expansion project.
- At the end of the current fiscal year, the undesignated and unreserved balance in the general fund is \$2,466,273. These funds will be held pending the uncertainty of the State budget, to replenish the Subdivision Fund Balance to bring back into compliance with its reserve policy, and for the reduction of long-term liabilities.

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, 2008

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 major business-type activities of the City include Valley Transit and the Water, Stormwater, and Wastewater 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, 2008

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 41 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 and TIF District No. 3, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary Funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Wastewater, Water, Stormwater and Parking Utilities in addition to Valley Transit and Reid Golf Course. The City uses internal service funds to account for its central equipment agency, and its facilities management, insurance, and post employment benefit 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 enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report. All internal service funds are also combined into a single, aggregated column in the proprietary fund financial statements. Individual fund information is provided in the Supplementary Section of this report.

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

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

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2008

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 to 76 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a detailed budgetary comparison schedule for the General Fund and TIF District # 3, as well as a schedule of funding progress for the City's post-employment benefits plan. These schedules and the related notes can be found on pages 77 to 80 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds, proprietary funds, and other information related to the individual funds are presented immediately following the required supplementary information. Combining and individual statements and schedules can be found on pages 81 to 104 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 \$509,364,446 as of December 31, 2008.

The largest portion of the City's net assets (approximately 88%) 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.

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CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2008

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

CITY OF APPLETON'S NET ASSETS

	<u>Governmental Activities 2008</u>	<u>Business- Type Activities 2008</u>	<u>Totals</u>
Current and Other Assets	\$ 112,651,829	\$ 75,133,674	\$ 187,785,503
Capital Assets	<u>292,937,946</u>	<u>273,263,862</u>	<u>566,201,808</u>
Total Assets	<u>405,589,775</u>	<u>348,397,536</u>	<u>753,987,311</u>
Long-term Liabilities	57,693,240	130,840,425	188,533,665
Other Liabilities	<u>51,640,705</u>	<u>4,448,495</u>	<u>56,089,200</u>
Total Liabilities	<u>109,333,945</u>	<u>135,288,920</u>	<u>244,622,865</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	275,565,973	175,623,218	448,610,849
Restricted	6,874,327	14,167,468	21,041,795
Unrestricted (deficit)	<u>13,815,530</u>	<u>23,317,930</u>	<u>39,711,802</u>
Total Net Assets	<u>\$ 296,255,830</u>	<u>\$ 213,108,616</u>	<u>\$ 509,364,446</u>

	<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>538,573,415</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>3,334,621</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>

An additional portion of the City's net assets (approximately 4.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$39,711,802 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, 2008

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, 2008. Governmental activities increased the City of Appleton's net assets by \$19,987,535. Of this amount, \$12,243,283 was contributed from others. Business-type activities increased the City's net assets by \$6,923,790. Capital contributions in the business-type activities were \$3,524,441.

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

	Governmental Activities 2008	Business- Type Activities 2008	Totals
Revenues:			
Program Revenues:			
Charges for services	\$ 4,256,826	\$ 37,227,762	\$ 41,484,588
Operating grants and contributions	5,734,618	5,526,780	11,261,398
Capital grants and contributions	14,461,771	3,388,620	17,850,391
General Revenues:			
Property taxes	41,461,893	-	41,461,893
Other taxes	869,514	-	869,514
Intergovernmental	14,866,313	-	14,866,313
Investment income	4,634,775	3,726,367	8,361,142
Gain (loss) on sale of assets	275,699	1,251	276,950
Miscellaneous	130,482	6,219	136,701
Total Revenues	<u>\$ 86,691,891</u>	<u>\$ 49,876,999</u>	<u>\$ 136,568,890</u>
Expenses:			
General government	\$ 9,034,711	\$ -	\$ 9,034,711
Public safety	26,734,234	-	26,734,234
Public works	18,453,713	-	18,453,713
Education and recreation	9,558,936	-	9,558,936
Community development	1,893,734	-	1,893,734
Interest and fiscal charges	2,537,817	-	2,537,817
Water Utility	-	13,794,313	13,794,313
Wastewater Utility	-	11,200,392	11,200,392
Valley Transit	-	8,194,083	8,194,083
Stormwater Utility	-	5,504,427	5,504,427
Other non-major proprietary funds	-	2,751,205	2,751,205
Total Expenses	<u>\$ 68,213,145</u>	<u>\$ 41,444,420</u>	<u>\$ 109,657,565</u>
Increases in net assets before transfers	\$ 18,478,746	\$ 8,432,579	\$ 26,911,325
Transfers	<u>1,508,789</u>	<u>(1,508,789)</u>	<u>-</u>
Increase in net assets	19,987,535	6,923,790	26,911,325
Net Assets – January 1, 2008	<u>276,268,295</u>	<u>206,184,826</u>	<u>482,453,121</u>
Net Assets – December 31, 2008	<u>\$ 296,255,830</u>	<u>\$ 213,108,616</u>	<u>\$ 509,364,446</u>

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2008

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

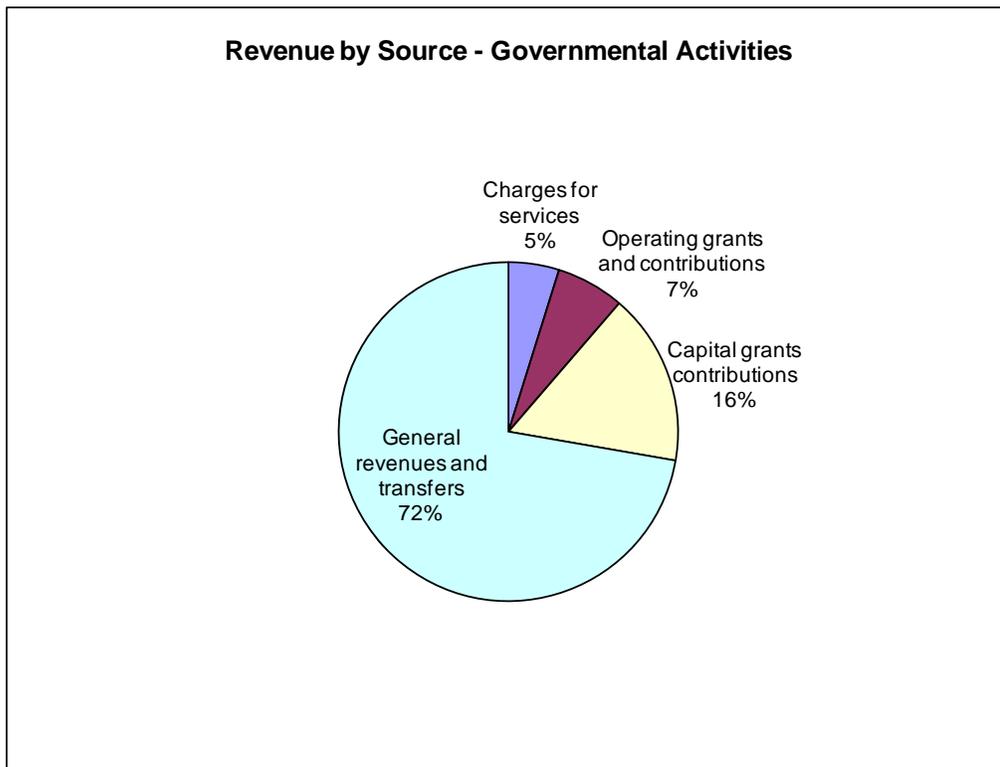
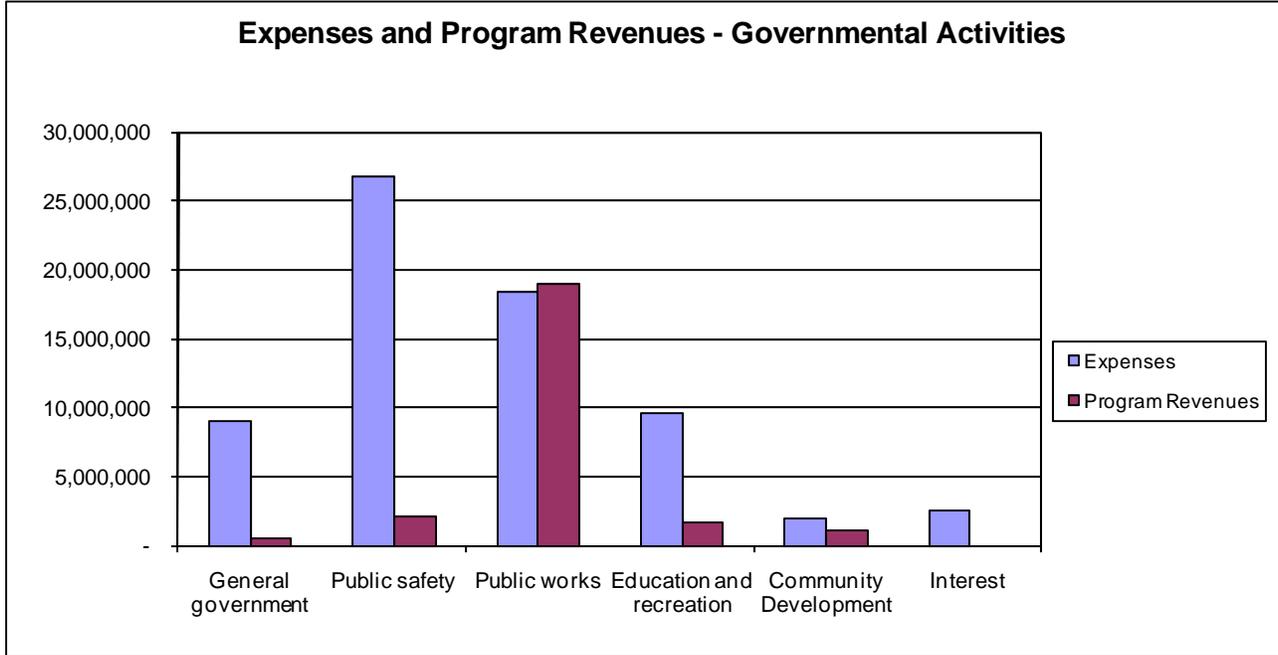
CITY OF APPLETON CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (cont.)

	Governmental Activities 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	\$ 75,165,985	\$ 48,692,245	\$ 123,858,230
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	\$ 63,850,937	\$ 40,290,044	\$ 104,140,981
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	264,045,823	198,690,049	462,735,872
Net Assets – December 31, 2007	\$ 276,268,295	\$ 206,184,826	\$ 482,453,121

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2008

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

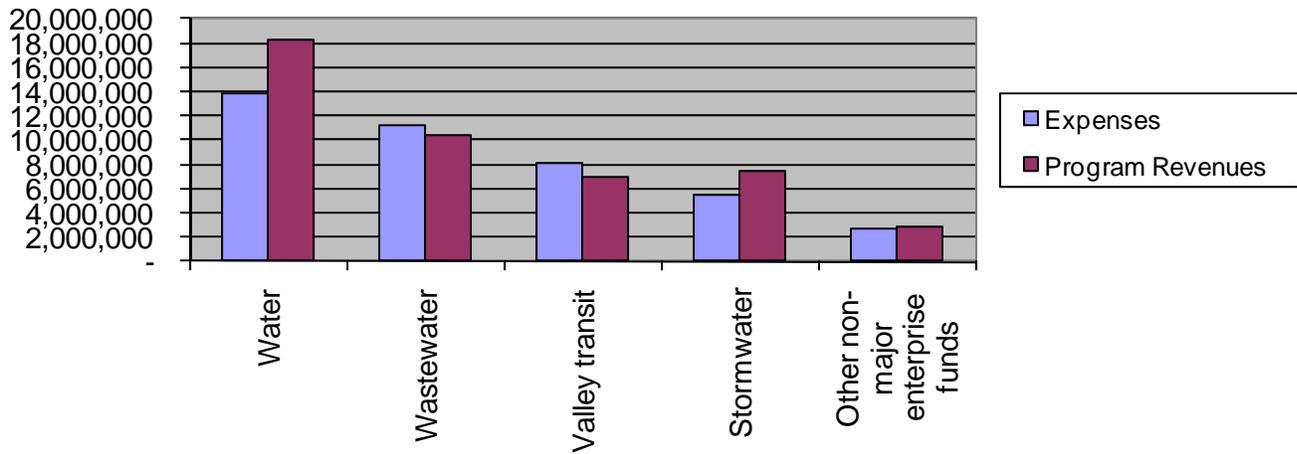


CITY OF APPLETON

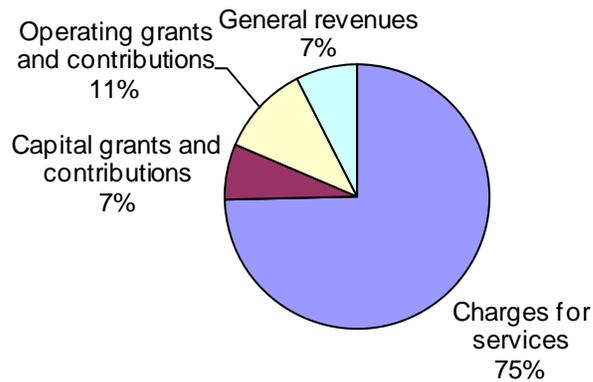
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2008

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

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2008

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 \$45,216,533. The fund balance that is reserved to indicate that it is not available for new spending because it has already been committed equals \$18,096,723. It includes: 1) \$6,321,647 to pay for encumbrances, 2) \$541,052 for prepaid items, 3) \$575,485 for inventories, 4) \$10,040,207 for loans receivable, 5) \$584,586 for debt retirement and 6) \$33,746 for trust purposes.

\$27,119,810 constitutes the unreserved fund balance at year end. \$37,993,501 is designated for specific purposes (working capital and debt service for example), leaving a deficit of \$10,873,691 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 the 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 19.39% of the limit or a debt per capita of \$632.

In 2008, the City earned \$890,871 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 final budget for 2008 projected a decrease in fund balance of \$5,196,513, in actuality, fund balance only decreased \$1,554,288.

Tax Incremental District 3: Tax Increment District 3 is closed for project expenditures, but continues to exist in order to recover project costs from tax increments over its remaining statutory life. The District 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 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.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2008

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

PROPRIETARY FUNDS (cont.)

Water Utility: The Water Utility operating income was \$6,994,630 in 2008, or a 6.71% rate of return on the net investment rate base. This compares to operating income of \$6,734,480 in 2007, or a 6.56% rate of return. The 2008 rate of return is still below the 8% authorized by the Public Service Commission on December 22, 2006. The City has reached an agreement with the insurance carrier for the construction company, construction manager and design engineer resolving all claims related to the original design and construction of the water plant. As a result of this agreement, repairs and improvements have commenced. However, while net assets increased \$4,353,517, 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 \$1,162,403 in 2008 compared to an operating loss of \$591,632 in 2007. The biggest contributor to the loss was a decrease in industrial customer revenue. Due to the slowdown in the economy, many of these manufacturers scaled back production, or closed for periods of time during the year which decreased consumption considerably. Despite the operating loss, due to the Utility's favorable investment results in 2008 and continuing infrastructure contributions, the Wastewater Utility's net assets increased by \$971,293.

Valley Transit: Operating revenues increased from \$1,163,950 in 2007 to \$1,310,187 in 2008 due primarily to increases in ridership on both the fixed route and ADA paratransit services. Operating expenses increased \$816,589 driven mainly by increases in wage and fringe benefit expenses, material costs, paratransit contract fees and diesel fuel prices. The end result was a decrease in net assets of \$358,916.

Stormwater Utility: The Stormwater Utility operating income was \$2,074,681 in 2008 compared to an operating income of \$2,240,110 in 2007. Due to Department of Natural Resources regulations, the City is required to significantly reduce the amount of suspended solids that discharge into our water systems. Due to these requirements, large capital projects, and operational and maintenance expenses increased in 2008. Operating expenses increased approximately \$350,000, or 9% over 2007. However, despite the increase in expenses, due to slightly increasing revenues and developer capital contributions, the net assets of the Stormwater Utility increased \$3,005,435 in 2008.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended General Fund budget had total appropriations (including transfers) of \$5,552,558 more than the original budget. The total original appropriations, including those for transfers out, were \$54,456,067, while the final appropriations were \$60,008,625. The majority of the difference was related to the re-appropriation from 2007 to 2008 of \$1,720,771 of unspent general and wage reserve contingency funds, cable settlement funds designated to support public education access purposes, and a contingency for transit funding due to the uncertainty of the level of Federal and State support. An additional \$521,047 was also carried over from 2007 to 2008 for departmental projects budgeted, but not completed, in 2007.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2008

GENERAL FUND BUDGETARY HIGHLIGHTS (cont.)

In addition to these amounts re-appropriated from the 2007 budget to the 2008 budget, appropriations of \$2,497,829 were approved to offset the amount to be borrowed for the Police Station expansion project, \$260,269 contingency for potential additional snow and ice removal expenses, \$290,000 for road and sidewalk improvement projects, and \$60,000 to cover an increase in county landfill tipping fees approved after the City budget was adopted. The remaining increase of approximately \$202,642 was for various items approved by the City Council throughout the year.

CAPITAL ASSETS

At the end of 2008, the City had invested a total of \$566,201,808 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 \$5.1 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 \$525,000 of capital asset costs with the addition of a twelfth stage of water filtering membranes.

Wastewater: Significant additions included \$1.8 million in improvements to the wastewater collection system in addition to over \$1 million in improvements to treatment equipment, including the replacement of the third belt filter press and improvements to the bar screen filtering system. An additional \$600,000 was spent on a new regional lift station in the Glacier Ridge subdivision on the City's north side in anticipation of growth in that area. Finally, approximately \$190,000 was invested in the treatment plant on lighting upgrades and automation of the HVAC system.

Stormwater: Improvements necessary to continue our efforts in the management of stormwater in the City accounted for \$2.4 million in additions to land, mains, detention ponds and facilities in order to comply with regulations. There are also approximately \$3.6 million in other various projects in process at the end of 2008.

General: The City continued its efforts to maintain existing infrastructure. Approximately \$13.7 million was invested in various street, bridge and related infrastructure projects throughout the City. In terms of facility and equipment improvements, the City expended approximately \$4.8 million on the Police Station expansion, approximately \$900,000 on improvements to parks, trails and recreation facilities, \$288,000 on technology equipment, and \$216,000 on improvements to Library and Fire Department facilities.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2008

CAPITAL ASSETS (cont.)

CAPITAL ASSETS AT YEAR-END NET OF ACCUMULATED DEPRECIATION

	Governmental Activities 2008	Business- Type Activities 2008	Totals
Land	\$ 13,908,103	\$ 22,903,088	\$ 36,811,191
Right-of-ways	70,039,765	-	70,039,765
Land improvements	37,657,234	-	37,657,234
Improvements	4,658,133	-	4,658,133
Buildings	21,713,226	214,155,633	235,868,859
Equipment, furniture and fixtures	13,677,173	30,094,897	43,772,070
Streets	77,500,411	-	77,500,411
Sidewalks	16,435,727	-	16,435,727
Traffic signals	2,685,950	-	2,685,950
Bridges	20,172,162	-	20,172,162
Construction in progress	14,490,062	6,110,244	20,600,306
Totals	\$ 292,937,946	\$ 273,263,862	\$ 566,201,808

	Governmental Activities 2007	Business- Type Activities 2007	Totals
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	\$ 271,414,692	\$ 267,122,723	\$ 538,537,415

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2008

LONG-TERM DEBT

During 2008, the City issued \$11,305,000 and retired \$6,664,027 of general obligation bonds and notes resulting in an outstanding balance of \$48,311,298 at December 31, 2008. This results in a per capita general obligation debt of \$632. \$26,726,077 of this outstanding debt 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 \$45,622,445 (\$48,311,298 less reserves on hand) which is considerably below the maximum of \$235,550,375.

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

	Governmental Activity 2008	Business-Type Activity 2008	Totals
General obligation bonds and notes payable	\$ 47,602,789	\$ 708,509	\$ 48,311,298
Revenue bonds	-	127,713,993	127,713,993
Total Outstanding General Obligation and Revenue Bonds	\$ 47,602,789	\$ 128,422,502	\$ 176,025,291
	Governmental Activity 2007	Business-Type Activity 2007	Totals
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	\$ 44,241,816	\$ 111,098,498	\$ 153,340,314

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

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

Paper manufacturing, insurance, health care, higher education and public sector institutions dominate the local employment base. The paper industry continues to experience pricing pressures, although employment at the largest local paper manufacturing company, Appleton, remains relatively stable. The impact of the national economic slowdown has been felt locally, however, as unemployment has risen to 6.1%. Building permits issued have continued to decrease. However, the dollar value of the new homes being constructed has risen dramatically, increasing by 42% over the last five years.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2008

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS (cont.)

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 89% of general obligation debt repaid in ten years, not including revenue bonds issued on behalf of the City's utilities which are self-supporting.

The City's equalized value increased \$135.4 million in 2008. Leading the growth was the commercial sector which increased \$70.9 million. The residential sector accounted for \$46.7 million of the increase, followed by personal property values which increased \$13.5 million and the manufacturing sector which increased \$4.3 million. So despite the national economic slowdown, the City continues to experience continued growth.

Appleton's \$4.7 billion tax base has experienced steady growth during recent years with equalized values growing at an average of 5.3% over the last five years. Although the housing market has slowed, commercial and industrial development continues in the City's Tax Incremental Financing Districts (TID's). Time Warner Cable moved into its new \$18 million Northern Wisconsin headquarters in TID 6. TID 1, covering a portion of the downtown area, closed in 2008 adding over \$90 million to the tax base, and TID 4 is expected to close in 2009 adding another \$162 million in taxable value.

As the Northeast Business Park in TID 4 nears capacity, construction activity has shifted to the Southpoint Commerce Park in TID 6. Spurred by the opening of the Time Warner Cable facility, and with over 100 acres of fully improved industrial sites for commercial/industrial needs, this area is primed for substantial growth. Couple this with the opening of Phase III of Apple Hill Farms, Glacier Ridge, and Clearwater Creek subdivisions 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. Remiker, CPA, CPFO at 1.920.832.5502 or Lisa.Remiker@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, 2008

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
ASSETS				
Cash and investments	\$ 54,553,986	\$ 17,856,452	\$ 72,410,438	\$ 1,601,956
Receivables				
Taxes	44,107,889	-	44,107,889	-
Deferred loans	6,195,833	-	6,195,833	-
Accounts	355,446	6,781,822	7,137,268	-
Special assessments	1,678,421	800,013	2,478,434	-
Delinquent special assessments	7,060	-	7,060	-
Developer loans	1,303,544	-	1,303,544	2,754,263
Accrued interest	481,352	-	481,352	-
Other	1,341,449	691,186	2,032,635	318,332
Due from other governments	408,143	763,314	1,171,457	-
Internal balances -interfunds	(1,166,636)	1,166,636	-	-
Inventories	606,359	664,747	1,271,106	33,122
Prepaid items	567,822	9,067	576,889	50,998
Restricted Assets				
Temporarily restricted:				
Cash and investments	-	44,268,359	44,268,359	318,893
Accrued interest	-	343,483	343,483	-
Investment in WMIC	2,020,950	-	2,020,950	-
Property held for future use	-	95,011	95,011	-
Other assets	190,211	1,693,584	1,883,795	-
Capital Assets				
Land	121,605,102	22,903,088	144,508,190	906,117
Construction in progress	14,490,062	6,110,244	20,600,306	-
Depreciable capital assets, net of depreciation	<u>156,842,782</u>	<u>244,250,530</u>	<u>401,093,312</u>	<u>11,930,343</u>
Total Assets	<u>405,589,775</u>	<u>348,397,536</u>	<u>753,987,311</u>	<u>17,914,024</u>
LIABILITIES				
Accounts payable	2,790,959	2,969,456	5,760,415	121,763
Other accrued liabilities and deposits	2,481,517	773,006	3,254,523	119,043
Claims payable	4,100,000	-	4,100,000	-
Due to other governments	-	655,771	655,771	-
Unearned revenue	42,268,229	35,779	42,304,008	245,279
Customer advance	-	14,483	14,483	-
Security deposit	-	-	-	99,710
Tenant FSS escrow	-	-	-	73,048
Commercial tenants credit	-	-	-	13,260
Noncurrent Liabilities				
Due within one year	9,870,801	4,397,046	14,267,847	-
Due in more than one year	<u>47,822,439</u>	<u>126,443,379</u>	<u>174,265,818</u>	<u>60,103</u>
Total Liabilities	<u>109,333,945</u>	<u>135,288,920</u>	<u>244,622,865</u>	<u>732,206</u>
NET ASSETS				
Invested in capital assets, net of related debt	275,565,973	175,623,218	448,610,849	12,763,097
Restricted For				
Debt service	103,522	5,660,506	5,764,028	-
DNR replacement fund	-	7,878,002	7,878,002	-
Capital replacement fund	-	628,960	628,960	-
Housing programs	-	-	-	2,988,454
Grant programs	6,770,805	-	6,770,805	-
Unrestricted	<u>13,815,530</u>	<u>23,317,930</u>	<u>39,711,802</u>	<u>1,430,267</u>
TOTAL NET ASSETS	<u>\$ 296,255,830</u>	<u>\$ 213,108,616</u>	<u>\$ 509,364,446</u>	<u>\$ 17,181,818</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 9,034,711	\$ 513,089	\$ 278	\$ -
Public safety	26,734,234	1,029,513	1,129,579	-
Public works	18,453,713	1,784,661	2,853,619	14,328,021
Education and recreation	9,558,936	893,079	684,035	133,750
Community development	1,893,734	36,484	1,067,107	-
Interest	2,537,817	-	-	-
Total Governmental Activities	68,213,145	4,256,826	5,734,618	14,461,771
Business-Type Activities				
Water	13,794,313	17,444,729	-	865,631
Wastewater	11,200,392	9,306,429	-	1,184,454
Valley transit	8,194,083	1,310,187	5,526,780	149,030
Stormwater	5,504,427	6,336,084	-	1,189,505
Other non-major enterprise funds	2,751,205	2,830,333	-	-
Total Business-Type Activities	41,444,420	37,227,762	5,526,780	3,388,620
Total Primary Government	\$ 109,657,565	\$ 41,484,588	\$ 11,261,398	\$ 17,850,391
Component Units				
Appleton Redevelopment Authority	\$ 56,496	\$ 6,000	\$ -	\$ -
Housing Authority	4,775,056	869,891	3,940,441	133,247
Business Improvement District	200,315	223,708	-	-
Total Component Units	\$ 5,031,867	\$ 1,099,599	\$ 3,940,441	\$ 133,247

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

NET ASSETS - ENDING

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Totals	
\$ (8,521,344)	\$ -	\$ (8,521,344)	\$ -
(24,575,142)	-	(24,575,142)	-
512,588	-	512,588	-
(7,848,072)	-	(7,848,072)	-
(790,143)	-	(790,143)	-
(2,537,817)	-	(2,537,817)	-
<u>(43,759,930)</u>	<u>-</u>	<u>(43,759,930)</u>	<u>-</u>
-	4,516,047	4,516,047	-
-	(709,509)	(709,509)	-
-	(1,208,086)	(1,208,086)	-
-	2,021,162	2,021,162	-
-	79,128	79,128	-
<u>-</u>	<u>4,698,742</u>	<u>4,698,742</u>	<u>-</u>
(43,759,930)	4,698,742	(39,061,188)	-
-	-	-	(50,496)
-	-	-	168,523
-	-	-	23,393
38,158,450	-	38,158,450	-
3,303,443	-	3,303,443	-
869,514	-	869,514	-
14,866,313	-	14,866,313	-
4,634,775	3,726,367	8,361,142	65,610
275,699	1,251	276,950	-
130,482	6,219	136,701	-
1,508,789	(1,508,789)	-	-
<u>63,747,465</u>	<u>2,225,048</u>	<u>65,972,513</u>	<u>65,610</u>
19,987,535	6,923,790	26,911,325	207,030
<u>276,268,295</u>	<u>206,184,826</u>	<u>482,453,121</u>	<u>16,974,788</u>
<u>\$ 296,255,830</u>	<u>\$ 213,108,616</u>	<u>\$ 509,364,446</u>	<u>\$ 17,181,818</u>

See accompanying notes to financial statements.

CITY OF APPLETON

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2008

	General	Tax Incremental District No. 3	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 24,846,253	\$ 773,153	\$ 26,016,224	\$ 51,635,630
Receivables				
Taxes	29,933,617	1,312,539	12,861,733	44,107,889
Deferred loans	-	-	6,195,833	6,195,833
Accounts	-	-	355,446	355,446
Special assessments	1,132,675	-	545,746	1,678,421
Delinquent special assessments	7,060	-	-	7,060
Developer loans	1,303,544	-	-	1,303,544
Accrued interest	479,910	-	1,442	481,352
Other	472,899	-	730,000	1,202,899
Due from other governments	72,716	-	335,427	408,143
Due from other funds	1,307,514	-	10,166	1,317,680
Inventories	575,485	-	-	575,485
Prepaid items	1,856	-	539,196	541,052
Advances to other funds	14,054,488	-	-	14,054,488
TOTAL ASSETS	\$ 74,188,017	\$ 2,085,692	\$ 47,591,213	\$ 123,864,922
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 635,059	\$ -	\$ 2,017,433	\$ 2,652,492
Other accrued liabilities	1,700,965	-	70,130	1,771,095
Claims payable	2,600,000	-	-	2,600,000
Due to other funds	1,072,569	-	90,263	1,162,832
Deposits	-	-	20,000	20,000
Deferred revenues	34,781,950	1,312,539	20,292,993	56,387,482
Advances from other funds	-	13,225,488	829,000	14,054,488
Total Liabilities	<u>40,790,543</u>	<u>14,538,027</u>	<u>23,319,819</u>	<u>78,648,389</u>
Fund Balances				
Reserved for				
Inventories	575,485	-	-	575,485
Prepaid items	1,856	-	539,196	541,052
Noncurrent receivables/advances	10,040,207	-	-	10,040,207
Debt service	-	-	584,586	584,586
Encumbrances	1,997,140	-	4,324,507	6,321,647
Trust purposes	-	-	33,746	33,746
Unreserved and designated, reported in				
General fund	18,316,513	-	-	18,316,513
Special revenue funds	-	-	9,623,983	9,623,983
Capital projects funds	-	-	10,053,005	10,053,005
Unreserved and undesignated (deficit), reported in				
General fund	2,466,273	-	-	2,466,273
Special revenue funds	-	(12,452,335)	(652,578)	(13,104,913)
Capital projects funds	-	-	(235,051)	(235,051)
Total Fund Balances	<u>33,397,474</u>	<u>(12,452,335)</u>	<u>24,271,394</u>	<u>45,216,533</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 74,188,017	\$ 2,085,692	\$ 47,591,213	
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.				282,321,398
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.				14,170,702
Internal service funds are reported in the statement of net assets as governmental funds.				10,944,560
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II.A.				<u>(56,397,363)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES				<u>\$ 296,255,830</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, 2008

	<u>General</u>	<u>Tax Incremental District No. 3</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 27,509,925	\$ 1,272,620	\$ 13,548,862	\$ 42,331,407
Intergovernmental	17,282,395	16,308	2,246,267	19,544,970
Licenses and permits	809,009	-	-	809,009
Fines and forfeitures	346,338	-	-	346,338
Special assessments	857,493	-	954,194	1,811,687
Investment income	4,865,143	74,682	1,279,591	6,219,416
Charges for services	1,340,784	-	682,197	2,022,981
Other	1,650,781	-	2,629,259	4,280,040
Total Revenues	<u>54,661,868</u>	<u>1,363,610</u>	<u>21,340,370</u>	<u>77,365,848</u>
EXPENDITURES				
Current				
General government	6,857,915	1,788	478,042	7,337,745
Public safety	25,407,008	-	765,331	26,172,339
Public works	12,683,413	-	3,375,587	16,059,000
Education and recreation	8,762,949	-	268,281	9,031,230
Community development	718,082	-	1,496,259	2,214,341
Capital Outlay	-	-	15,824,263	15,824,263
Debt Service				
Principal	-	-	5,944,027	5,944,027
Interest and fiscal charges	-	639,309	1,914,310	2,553,619
Total Expenditures	<u>54,429,367</u>	<u>641,097</u>	<u>30,066,100</u>	<u>85,136,564</u>
Excess (deficiency) of revenues over (under) expenditures	<u>232,501</u>	<u>722,513</u>	<u>(8,725,730)</u>	<u>(7,770,716)</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	11,195,000	11,195,000
Premium on debt issued	-	-	19,785	19,785
Discount on debt issued	-	-	(126,196)	(126,196)
Sale of city property	19,380	-	343,251	362,631
Transfers in	1,418,201	900,000	9,312,796	11,630,997
Transfers out	<u>(3,224,370)</u>	<u>(1,610,302)</u>	<u>(5,119,740)</u>	<u>(9,954,412)</u>
Total Other Financing Sources (Uses)	<u>(1,786,789)</u>	<u>(710,302)</u>	<u>15,624,896</u>	<u>13,127,805</u>
Net Change in Fund Balances	(1,554,288)	12,211	6,899,166	5,357,089
FUND BALANCES (DEFICIT) - Beginning	<u>34,951,762</u>	<u>(12,464,546)</u>	<u>17,372,228</u>	<u>39,859,444</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 33,397,474</u>	<u>\$(12,452,335)</u>	<u>\$ 24,271,394</u>	<u>\$ 45,216,533</u>

See accompanying notes to financial statements.

CITY OF APPLETON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008

Net change in fund balances - total governmental funds		\$ 5,357,089
Amounts reported for governmental activities in the statement of activities are different because:		
<p>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.</p>		
Total capital asset additions - paid for with City funds	\$ 20,131,000	
Total capital asset additions - contributed to the City	12,243,283	
Less: capital outlay and expenditures capitalized in the internal service funds	(2,235,521)	
Less: close-out of prior year CWIP	(2,467,921)	27,670,841
Depreciation is reported in the government-wide statements		(4,883,758)
Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets.		(1,715,230)
<p>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.</p>		
Interest charged on advances	(1,380,999)	
Developer loans	(378,368)	
Rehabilitation loans	28,597	
Accounts receivable/interest income	(14,434)	
Special assessments	314,924	(1,430,280)
<p>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.</p>		
Debt issued		(11,195,000)
Principal repaid		5,944,027
<p>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.</p>		
Compensated absences		(165,293)
Disability benefits		8,021
Pension liability		39,732
Postclosure care cost		90,000
Accrued interest on debt		36,571
<p>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.</p>		
Debt issuance costs		126,196
Premium		4,050
Amortization of loss on advance refunding		(23,031)
Amortization of issuance costs		(21,572)
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.		145,172
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		\$ 19,987,535

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
December 31, 2008

		<u>Business-Type Activities - Enterprise Funds</u>		
		<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
ASSETS				
Current Assets				
Cash and investments		\$ -	\$ 6,212,490	\$ 925,920
Accounts Receivable				
Customer accounts		3,936,293	1,637,422	-
Special assessments		2,817	712,497	-
Other		56,879	206,325	261,815
Due From Other Governments				
Federal government		-	-	566,030
State of Wisconsin		-	-	197,284
Due from other funds		373,929	495,573	-
Inventories		368,696	183,865	112,186
Prepaid items		-	-	9,067
Restricted Assets				
Cash and investments		<u>14,834,492</u>	<u>515,500</u>	<u>-</u>
Total Current Assets		<u>19,573,106</u>	<u>9,963,672</u>	<u>2,072,302</u>
Non-Current Assets				
Advance to other funds		-	3,172,963	-
Restricted Assets				
Cash and investments		9,893,553	13,532,948	628,960
Accrued interest		134,997	156,693	-
Investment in WMIC		-	-	-
Capital Assets				
Land		1,158,049	511,937	891,831
Construction in progress		1,380,343	1,158,241	-
Building and improvements		106,403,713	115,997,033	3,476,015
Equipment, furniture and vehicles		28,090,630	33,992,478	8,459,092
Less: Accumulated depreciation		(28,804,570)	(70,105,096)	(7,226,453)
Other Assets				
Property held for future use		95,011	-	-
Unamortized debt expense		<u>1,030,662</u>	<u>147,303</u>	<u>-</u>
Total Non-Current Assets		<u>119,382,388</u>	<u>98,564,500</u>	<u>6,229,445</u>
Total Assets		<u>138,955,494</u>	<u>108,528,172</u>	<u>8,301,747</u>

<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>	
\$ 9,010,995	\$ 1,707,047	\$ 17,856,452	\$ 2,918,356
1,208,107	-	6,781,822	-
84,699	-	800,013	-
110,510	55,657	691,186	138,550
-	-	566,030	-
-	-	197,284	-
192,901	-	1,062,403	-
-	-	664,747	30,874
-	-	9,067	26,770
<u>2,179,625</u>	<u>-</u>	<u>17,529,617</u>	<u>-</u>
<u>12,786,837</u>	<u>1,762,704</u>	<u>46,158,621</u>	<u>3,114,550</u>
-	-	3,172,963	-
2,683,281	-	26,738,742	-
51,793	-	343,483	-
-	-	-	2,020,950
17,328,964	3,012,307	22,903,088	-
3,571,660	-	6,110,244	-
62,653,808	23,995,774	312,526,343	-
657	656,803	71,199,660	22,870,930
(18,367,630)	(14,971,724)	(139,475,473)	(12,254,382)
-	-	95,011	-
515,619	-	1,693,584	-
<u>68,438,152</u>	<u>12,693,160</u>	<u>305,307,645</u>	<u>12,637,498</u>
<u>81,224,989</u>	<u>14,455,864</u>	<u>351,466,266</u>	<u>15,752,048</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
December 31, 2008

		<u>Business-Type Activities - Enterprise Funds</u>		
		<u>Water</u>	<u>Wastewater</u>	<u>Valley</u>
		<u>Utility</u>	<u>Utility</u>	<u>Transit</u>
LIABILITIES				
Current Liabilities				
Accounts payable		\$ 338,947	\$ 859,675	\$ 672,473
Compensated absences		145,236	107,165	197,265
Other accrued liabilities		79,037	50,287	83,398
Claims payable		-	-	-
Due to other governments		-	-	655,771
Due to other funds		1,217,251	-	-
Unearned revenues		-	-	35,779
Customer advance		-	-	-
Current Liabilities Payables From Restricted Assets				
Revenue bonds payable		-	2,395,003	-
Accrued interest		-	131,447	-
Total Current Liabilities		<u>1,780,471</u>	<u>3,543,577</u>	<u>1,644,686</u>
Noncurrent Liabilities				
General obligation debt payable		-	-	-
Revenue bonds and notes payable		78,577,289	13,459,051	-
Postemployment benefits liability		-	-	-
Advance from other funds		3,172,963	-	-
Compensated absences		281,110	110,166	336,496
Unamortized premium of debt issuance		<u>2,761,548</u>	<u>37,782</u>	<u>-</u>
Total Noncurrent Liabilities		<u>84,792,910</u>	<u>13,606,999</u>	<u>336,496</u>
Total Liabilities		<u>86,573,381</u>	<u>17,150,576</u>	<u>1,981,182</u>
NET ASSETS				
Invested in capital assets, net of related debt		50,985,978	69,350,947	5,600,485
Restricted for				
Debt service		1,892,065	2,654,805	-
DNR replacement fund		-	7,878,002	-
Capital replacement fund		-	-	628,960
Unrestricted (deficit)		<u>(495,930)</u>	<u>11,493,842</u>	<u>91,120</u>
TOTAL NET ASSETS		<u>\$ 52,382,113</u>	<u>\$ 91,377,596</u>	<u>\$ 6,320,565</u>

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

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

NET ASSETS OF BUSINESS-TYPE ACTIVITIES

<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Stormwater</u>	<u>Other</u>		<u>Activities -</u>
<u>Utility</u>	<u>Enterprise</u>	<u>Totals</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service Funds</u>
\$ 1,041,836	\$ 56,525	\$ 2,969,456	\$ 138,467
61,626	55,751	567,043	98,507
27,254	49,483	289,459	59,381
-	-	-	1,500,000
-	-	655,771	-
-	-	1,217,251	-
-	-	35,779	51,449
14,483	-	14,483	-
1,435,000	-	3,830,003	-
352,100	-	483,547	-
<u>2,932,299</u>	<u>161,759</u>	<u>10,062,792</u>	<u>1,847,804</u>
-	708,509	708,509	110,000
29,950,000	-	121,986,340	-
-	-	-	1,464,245
-	-	3,172,963	-
70,595	84,949	883,316	63,955
65,884	-	2,865,214	-
<u>30,086,479</u>	<u>793,458</u>	<u>129,616,342</u>	<u>1,638,200</u>
<u>33,018,778</u>	<u>955,217</u>	<u>139,679,134</u>	<u>3,486,004</u>
37,701,157	11,984,651	175,623,218	10,616,548
1,113,636	-	5,660,506	-
-	-	7,878,002	-
-	-	628,960	-
<u>9,391,418</u>	<u>1,515,996</u>	<u>21,996,446</u>	<u>1,649,496</u>
<u>\$ 48,206,211</u>	<u>\$ 13,500,647</u>	<u>211,787,132</u>	<u>\$ 12,266,044</u>
		<u>1,321,484</u>	
		<u>\$ 213,108,616</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, 2008

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
OPERATING REVENUES			
Charges for services	\$ 17,044,119	\$ 8,687,025	\$ 1,207,374
Other	400,610	619,404	102,813
Total Operating Revenues	<u>17,444,729</u>	<u>9,306,429</u>	<u>1,310,187</u>
OPERATING EXPENSES			
Operation and maintenance	7,533,995	6,501,214	7,646,131
Depreciation	2,916,104	3,967,618	507,946
Total Operating Expenses	<u>10,450,099</u>	<u>10,468,832</u>	<u>8,154,077</u>
Operating Income (Loss)	<u>6,994,630</u>	<u>(1,162,403)</u>	<u>(6,843,890)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	967,606	1,694,051	165,573
Interest expense	(3,228,267)	(477,766)	-
Amortization of debt expense	(112,946)	(14,200)	-
Gain (loss) on sale of capital assets	-	(113,491)	-
Amortization of prior losses on refunding of bonds	(260,776)	(34,994)	-
Amortization of premium on debt issuance	352,797	13,092	-
Subsidies from other governmental units	-	-	5,526,780
Other	5,893	-	-
Total Nonoperating Revenues (Expenses)	<u>(2,275,693)</u>	<u>1,066,692</u>	<u>5,692,353</u>
Income (Loss) Before contributions and transfers	4,718,937	(95,711)	(1,151,537)
Capital contributions	865,631	1,184,454	149,030
Transfer in	-	-	643,591
Transfers out - tax equivalent	(1,217,251)	-	-
Transfers out	(13,800)	(117,450)	-
Change in Net Assets	4,353,517	971,293	(358,916)
TOTAL NET ASSETS - Beginning	<u>48,028,596</u>	<u>90,406,303</u>	<u>6,679,481</u>
TOTAL NET ASSETS - ENDING	<u>\$ 52,382,113</u>	<u>\$ 91,377,596</u>	<u>\$ 6,320,565</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>
\$ 6,151,106	\$ 2,249,651	\$ 35,339,275	\$ 6,908,036
184,978	580,682	1,888,487	65,656
<u>6,336,084</u>	<u>2,830,333</u>	<u>37,227,762</u>	<u>6,973,692</u>
2,787,726	1,602,343	26,071,409	7,848,220
<u>1,473,677</u>	<u>1,040,261</u>	<u>9,905,606</u>	<u>1,780,404</u>
<u>4,261,403</u>	<u>2,642,604</u>	<u>35,977,015</u>	<u>9,628,624</u>
<u>2,074,681</u>	<u>187,729</u>	<u>1,250,747</u>	<u>(2,654,932)</u>
797,892	101,245	3,726,367	71,218
(1,140,153)	(59,732)	(4,905,918)	-
(46,196)	-	(173,342)	-
-	1,251	(112,240)	223,773
-	-	(295,770)	-
6,385	-	372,274	-
-	-	5,526,780	-
-	326	6,219	34,750
<u>(382,072)</u>	<u>43,090</u>	<u>4,144,370</u>	<u>329,741</u>
1,692,609	230,819	5,395,117	(2,325,191)
1,325,326	-	3,524,441	2,151,180
-	-	643,591	-
-	-	(1,217,251)	-
<u>(12,500)</u>	<u>(927,200)</u>	<u>(1,070,950)</u>	<u>(31,975)</u>
3,005,435	(696,381)	7,274,948	(205,986)
<u>45,200,776</u>	<u>14,197,028</u>		<u>12,472,030</u>
<u>\$ 48,206,211</u>	<u>\$ 13,500,647</u>		<u>\$ 12,266,044</u>
		<u>(351,158)</u>	
		<u>\$ 6,923,790</u>	

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPES
 For the Year Ended December 31, 2008

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 17,670,911	\$ 9,269,344	\$ 1,313,398
Paid to suppliers for goods and services	(5,983,852)	(5,219,857)	(4,825,339)
Paid to employees for services	(1,510,888)	(1,259,286)	(2,341,661)
Net Cash Flows From Operating Activities	<u>10,176,171</u>	<u>2,790,201</u>	<u>(5,853,602)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Tax equivalent paid to municipality	(1,167,745)	-	-
Transfers out	(13,800)	(117,450)	-
Operation subsidies received from other governmental units	-	-	5,466,813
Repayment of advances to other funds	(1,483,802)	1,483,802	-
Net Cash Flows From Noncapital Financing Activities	<u>(2,665,347)</u>	<u>1,366,352</u>	<u>5,466,813</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(5,828,939)	(3,298,247)	(9,640)
Proceeds from sale of capital assets	-	-	-
Cost of removal of capital assets	-	-	-
General obligation debt issued	-	-	-
Revenue bonds issued	15,215,000	4,330,000	-
Costs of issuing revenue bonds	(203,251)	(98,720)	-
Premium for debt refinancing	-	-	-
Principal paid on long-term debt	(4,105,000)	(2,170,996)	-
Interest paid on long-term debt	(3,250,233)	(516,769)	-
Capital contributed by others	14,284	66,087	151,064
Special assessments received	4,906	499,510	-
Net Cash Flows From Capital and Related Financing Activities	<u>1,846,767</u>	<u>(1,189,135)</u>	<u>141,424</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	953,992	1,676,554	165,573
Investments sold and matured	1,100,756	2,846,356	-
Purchases of investments	(2,599,134)	(4,929,980)	-
Net Cash Flows From Investing Activities	<u>(544,386)</u>	<u>(407,070)</u>	<u>165,573</u>
Net Increase (Decrease) in Cash and Cash Equivalents	8,813,205	2,560,348	(79,792)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>6,365,493</u>	<u>4,440,099</u>	<u>1,634,672</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 15,178,698</u>	<u>\$ 7,000,447</u>	<u>\$ 1,554,880</u>

Business-Type Activities - Enterprise Funds			Governmental
Stormwater Utility	Other Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 6,275,010	\$ 2,778,785	\$ 37,307,448	\$ 6,966,750
(2,096,181)	(724,623)	(18,849,852)	(4,281,719)
<u>(709,566)</u>	<u>(864,713)</u>	<u>(6,686,114)</u>	<u>(2,023,796)</u>
3,469,263	1,189,449	11,771,482	661,235
-	-	(1,167,745)	-
(12,500)	(927,200)	(1,070,950)	(31,975)
-	-	5,466,813	-
-	-	-	-
<u>(12,500)</u>	<u>(927,200)</u>	<u>3,228,118</u>	<u>(31,975)</u>
(3,982,922)	(38,263)	(13,158,011)	(84,343)
-	1,251	1,251	227,489
-	12,483	12,483	-
-	-	-	110,000
6,010,000	-	25,555,000	-
(141,869)	-	(443,840)	-
-	-	-	-
(1,955,000)	-	(8,230,996)	-
(1,165,908)	(60,897)	(4,993,807)	-
2,164	-	233,599	-
111,540	-	615,956	-
<u>(1,121,995)</u>	<u>(85,426)</u>	<u>(408,365)</u>	<u>253,146</u>
790,927	101,245	3,688,291	71,218
493,257	-	4,440,369	-
<u>(1,273,162)</u>	<u>-</u>	<u>(8,802,276)</u>	<u>-</u>
11,022	101,245	(673,616)	71,218
2,345,790	278,068	13,917,619	953,624
<u>7,501,131</u>	<u>1,428,979</u>	<u>21,370,374</u>	<u>1,964,732</u>
<u>\$ 9,846,921</u>	<u>\$ 1,707,047</u>	<u>\$ 35,287,993</u>	<u>\$ 2,918,356</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPES
 For the Year Ended December 31, 2008

	<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)	\$ 6,994,630	\$ (1,162,403)	\$ (6,843,890)
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities			
Non-operating income	5,893	-	-
Depreciation expense	2,916,104	3,967,618	507,946
Depreciation charged to other funds	224,652	-	-
Changes in Noncash Components of Working Capital			
Customer accounts receivable	34,683	(6,857)	-
Other accounts receivable	(17,719)	(23,049)	(3,178)
Due from other funds	(15,508)	(594)	-
Inventories	(81,313)	6,550	5,864
Prepaid items	-	-	(55)
Accounts payable	72,870	(22,781)	439,378
Accrued liabilities	31,280	11,335	33,944
Accrued compensated absences	10,599	20,382	-
Postemployment benefits liability	-	-	-
Unearned revenues	-	-	6,389
	<u> </u>	<u> </u>	<u> </u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 10,176,171</u>	<u>\$ 2,790,201</u>	<u>\$ (5,853,602)</u>
 RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS			
Cash and investments - statement of net assets - proprietary fund	\$ -	\$ 6,212,490	\$ 925,920
Restricted cash and investments - statement of net assets - proprietary fund			
Current	14,834,492	515,500	-
Non-current	9,893,553	13,532,948	628,960
Less: Non-cash equivalents	<u>(9,549,347)</u>	<u>(13,260,491)</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 15,178,698</u>	<u>\$ 7,000,447</u>	<u>\$ 1,554,880</u>
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributed property and equipment	\$ 851,346	\$ 634,755	\$ -
Capital costs invoiced to customers	-	-	-
New special assessments	-	732,781	-
Capital advances applied	-	-	-
Adjustments to prior year contributions	-	(249,169)	-

<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>
\$ 2,074,681	\$ 187,729	\$ 1,250,747	\$ (2,654,932)
-	326	6,219	34,750
1,473,677	1,040,261	9,905,606	1,780,404
-	-	224,652	-
(63,264)	-	(35,438)	-
-	(51,874)	(95,820)	(93,141)
2,190	-	(13,912)	-
-	-	(68,899)	35,367
-	-	(55)	(26,770)
(20,737)	31	468,761	12,686
2,817	9,576	88,952	35,612
(101)	3,400	34,280	21,565
-	-	-	1,464,245
-	-	6,389	51,449
<u>\$ 3,469,263</u>	<u>\$ 1,189,449</u>	<u>\$ 11,771,482</u>	<u>\$ 661,235</u>
\$ 9,010,995	\$ 1,707,047	\$ 17,856,452	\$ 2,918,356
2,179,625	-	17,529,617	-
2,683,281	-	26,738,742	-
<u>(4,026,980)</u>	<u>-</u>	<u>(26,836,818)</u>	<u>-</u>
<u>\$ 9,846,921</u>	<u>\$ 1,707,047</u>	<u>\$ 35,287,993</u>	<u>\$ 2,918,356</u>
\$ 1,134,480	\$ -	\$ 2,620,581	\$ 2,151,180
110,510	-	110,510	-
80,336	-	813,117	-
33,586	-	33,586	-
-	-	(249,169)	-

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF FIDUCIARY NET ASSETS AGENCY FUND December 31, 2008

	<u>Tax Collection Fund</u>
ASSETS	
Cash and investments	\$ 45,538,451
Property taxes receivable	<u>16,325,680</u>
TOTAL ASSETS	<u>\$ 61,864,131</u>
LIABILITIES	
Due to other taxing authorities	\$ 61,779,319
Accounts payable	<u>84,812</u>
TOTAL LIABILITIES	<u>\$ 61,864,131</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET ASSETS - COMPONENT UNITS
December 31, 2008

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 73,235	\$ 1,302,861	\$ 225,860	\$ 1,601,956
Other accounts receivable	-	235,016	83,316	318,332
Inventories	20,000	13,122	-	33,122
Prepaid items	-	50,998	-	50,998
Total Current Assets	<u>93,235</u>	<u>1,601,997</u>	<u>309,176</u>	<u>2,004,408</u>
Non-Current Assets				
Restricted Assets				
Cash and investments	-	318,893	-	318,893
Rehabilitation loans, net	-	2,754,263	-	2,754,263
Capital Assets				
Land	-	906,117	-	906,117
Buildings and improvements	-	16,948,421	-	16,948,421
Equipment, furniture and vehicles	-	668,559	-	668,559
Less: Accumulated depreciation	-	<u>(5,686,637)</u>	-	<u>(5,686,637)</u>
Total Non-Current Assets	<u>-</u>	<u>15,909,616</u>	<u>-</u>	<u>15,909,616</u>
Total Assets	<u>93,235</u>	<u>17,511,613</u>	<u>309,176</u>	<u>17,914,024</u>

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ -	\$ 80,289	\$ 41,474	\$ 121,763
Other accrued liabilities	-	119,043	-	119,043
Security deposits	-	99,710	-	99,710
Tenant FSS escrow	-	73,048	-	73,048
Commercial tenants credit	-	13,260	-	13,260
Unearned revenue	-	22,745	222,534	245,279
Total Current Liabilities	<u>-</u>	<u>408,095</u>	<u>264,008</u>	<u>672,103</u>
Noncurrent Liabilities				
Mortgage payable	-	51,603	-	51,603
Commercial tenants credit	-	8,500	-	8,500
Total Noncurrent Liabilities	<u>-</u>	<u>60,103</u>	<u>-</u>	<u>60,103</u>
Total Liabilities	<u>-</u>	<u>468,198</u>	<u>264,008</u>	<u>732,206</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	12,763,097	-	12,763,097
Restricted - housing programs	-	2,988,454	-	2,988,454
Unrestricted	93,235	1,291,864	45,168	1,430,267
TOTAL NET ASSETS	<u>\$ 93,235</u>	<u>\$ 17,043,415</u>	<u>\$ 45,168</u>	<u>\$ 17,181,818</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, 2008

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
OPERATING REVENUES				
Charges for services	\$ 6,000	\$ 869,891	\$ 223,708	\$ 1,099,599
Operating grants and contributions	-	3,940,441	-	3,940,441
Total Operating Revenues	<u>6,000</u>	<u>4,810,332</u>	<u>223,708</u>	<u>5,040,040</u>
OPERATING EXPENSES				
Operating expenses	37,788	4,194,715	200,315	4,432,818
Depreciation	-	577,491	-	577,491
Total Operating Expenses	<u>37,788</u>	<u>4,772,206</u>	<u>200,315</u>	<u>5,010,309</u>
Operating Income (Loss)	<u>(31,788)</u>	<u>38,126</u>	<u>23,393</u>	<u>29,731</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	5,058	49,991	10,561	65,610
Capital grants	-	133,247	-	133,247
Miscellaneous expense	(18,708)	-	-	(18,708)
Interest expense	-	(2,850)	-	(2,850)
Total Nonoperating Revenues (Expenses)	<u>(13,650)</u>	<u>180,388</u>	<u>10,561</u>	<u>177,299</u>
Change in Net Assets	(45,438)	218,514	33,954	207,030
TOTAL NET ASSETS - Beginning	<u>138,673</u>	<u>16,824,901</u>	<u>11,214</u>	<u>16,974,788</u>
TOTAL NET ASSETS - ENDING	<u>\$ 93,235</u>	<u>\$ 17,043,415</u>	<u>\$ 45,168</u>	<u>\$ 17,181,818</u>

See accompanying notes to financial statements.

CITY OF APPLETON

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CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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.J. 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, 2008. 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, 2008

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.J. 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, 2008. 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.J. 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, 2008. 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

In June 2004, the GASB issued statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for the measurement, regulation, and display of other postemployment benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

The City made the decision to implement this standard effective January 1, 2008.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

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, 2008

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. 3 Special Revenue Fund – accounts for receipts of district “Incremental” property taxes and other revenues and the corresponding program expenditures.

The City reports the following major enterprise funds:

Major Enterprise Funds

Water Utility – accounts for operations of the water system

Wastewater Utility – accounts for operations of the wastewater system

Valley Transit – accounts for operations of the public transit authority

Stormwater Utility – accounts for operations of the stormwater management

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

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

Tax Incremental District No. 1

Tax Incremental District No. 2

Tax Incremental District No. 4

Community Development

Block Grant

Rental Rehabilitation Grants

Sanitation and Recycling

Program

Health Grants

Police Grants

Safe Route to School Grant

Hazardous Materials Level A

Forestry

Room Tax

Emergency Shelter

Continuum of Care

HOME Homeowner

Housing Rehab

Tuchscherer Disability

Peabody Estate

Balliet Locomotive

Lutz Park

Park Purpose Open Space

Union Spring Park

Project City Park

Universal Playground

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

Debt Service

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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: (cont.)

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

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

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

Frank P. Young Memorial

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

Parking Utility
Reid Municipal Golf Course

In addition, the City reports the following fund types:

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

Central Equipment Agency
Insurance
Facilities Management
Postemployment Benefits

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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.

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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

Fund Financial Statements (cont.)

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to 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.

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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

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.

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:

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

1. Deposits and Investments (cont.)

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.

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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

1. Deposits and Investments (cont.)

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, 2008, 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.

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 – 2008 tax roll:

Lien date and levy date	November 2008
Tax bills mailed	December 2008
Payment in full, or	January 31, 2009
First installment due	January 31, 2009
Second installment due	March 31, 2009
Third installment due	May 31, 2009
Fourth installment due	July 31, 2009
Final settlement with county	August 15, 2009
Personal property taxes in full	January 31, 2009
Tax sale – 2008 delinquent real estate taxes	October 2011

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

2. Receivables (cont.)

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.

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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

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.

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. \$147,381 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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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.)

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.

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, 2008 are determined on the basis of current salary rates and include salary related payments.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

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 \$13,630,958, made up of six issues.

9. Claims and Judgments

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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

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

10. Equity Classifications

Government–Wide Statements

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt 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.

	Governmental Activities	Business-type Activities	Adjustment	Total
Invested in capital assets, net of related debt	\$ 275,565,973	\$ 175,623,218	\$ (2,578,342)	\$ 448,610,849
Unrestricted	13,815,530	23,317,930	2,578,342	39,711,802

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, 2008

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.

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	\$ 121,605,102
Construction in progress	14,490,062
Depreciable capital assets, net of depreciation	<u>156,842,782</u>
Sub-total	292,937,946
Less: Internal service fund capital assets	<u>(10,616,548)</u>
Net Adjustment for Capital Assets	<u>\$ 282,321,398</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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	\$ 47,492,789
Unamortized debt premium	79,382
Unamortized debt issuance costs ¹	(190,211)
Unamortized loss on refunding	(28,788)
Compensated absences	5,484,770
Accrued interest ²	631,041
Disability benefits	131,982
Pension liability	366,398
Postclosure care cost	<u>2,430,000</u>
Net Adjustment for Liabilities	<u>\$ 56,397,363</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, 2008

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 Administrative Services 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 Administrative Services 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, 2008, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Special Revenue Funds		
Tax Incremental District No. 3	\$12,452,335	Remaining development costs to be recovered over time
Tax Incremental District No. 2	544,932	Remaining development costs to be recovered over time.
Community Development Block Grant	4,783	Revenue not received within 60 days of year-end.
Police Grants	36,743	Revenue not received within 60 days of year-end.
Capital Project Funds		
Tax Incremental District No. 5	2,684	Remaining development costs to be recovered over time.
Public Works Equipment	61,429	Timing of expenditures varied from anticipated on two year bridge construction project.

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 other fund deficits are anticipated to be funded with grant revenues.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

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

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. The City is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the percentage change in the City's equalized value due to new construction (2.037% for the 2008 levy payable in 2009). Changes in debt service from one year to the next are generally exempt from this limit. The City also was allowed an additional 1.165% for a terminated Tax Incremental Financing District. The levy limit is set to expire after the 2008 levy.

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	Bank and Investment Balances	Associated Risks
Demand deposits	\$ 15,264,989	\$ 16,567,524	Custodial credit risk
U.S. treasuries	41,942,046	41,942,046	Custodial credit risk, interest rate risk
U.S. agencies	39,461,491	39,461,491	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk, investments highly sensitive to market changes
Money market mutual funds	62,000,655	62,000,655	Credit risk, interest rate risk
Commercial paper	2,996,121	2,996,121	Custodial credit risk, credit risk, investments highly sensitive to market changes
LGIP	497,795	497,795	Credit risk, interest rate risk
Petty Cash	54,151	-	None
Total Cash and Investments	\$ 162,217,248	\$ 163,465,632	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 72,410,438		
Restricted cash and investments	44,268,359		
Per statement of net assets	-		
Fiduciary Funds	45,538,451		
Total Cash and Investments	\$ 162,217,248		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited amounts for noninterest bearing accounts.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

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

A. DEPOSITS AND INVESTMENTS (cont.)

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has 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. This coverage expired on February 15, 2009.

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, 2008, \$16,317,524 of the City's total bank balance of \$16,567,524 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 16,317,524</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, 2008, 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	Bankamerica Corp.	N/A	N/A
Commercial paper	Nordea	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, 2008

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

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

At December 31, 2008, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Mortgage Corporation	U.S. agencies	13.80
Federal National Mortgage Association	U.S. agencies	9.42

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, 2008, the City's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than one year	1 – 5	6 – 27
Money market mutual funds	\$ 62,000,655	\$ 62,000,655	\$ -	\$ -
Commercial paper	2,996,121	2,996,121	-	-
US treasuries	41,942,046	3,798,850	17,455,354	20,687,842
US agencies	39,461,491	17,892,446	6,615,412	14,953,633
External investment pools	497,795	497,795	-	-
Totals	\$ 146,898,108	\$ 87,185,867	\$ 24,070,766	\$ 35,641,475

Investments Highly Sensitive to Market Changes

The City also held various U.S. treasuries and agencies at December 31, 2008 where interest rates fluctuate with inflation. These securities mature on January 15, 2009 and 2010 and April 15, 2011 and 2012. The market value of these investments was \$878,118. In addition, the City held securities of \$7,474,292 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, 2008

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:

	Unavailable	Unearned	Totals
Property taxes receivable	\$ -	\$ 41,920,274	\$ 41,920,274
Interest on advances	5,317,825	-	5,317,825
Interest income	53,442	-	53,442
Developer loans	730,000	-	730,000
Rehabilitation loans	6,195,831	-	6,195,831
Accounts receivable	192,908	-	192,908
Special assessments not yet due	1,680,696	-	1,680,696
Grant drawdowns prior to meeting all eligibility requirements	-	296,506	296,506
Total Deferred/Unearned Revenue for Governmental Funds	\$ 14,170,702	42,216,780	\$ 56,387,482
Internal service unearned revenue		51,449	
Total Unearned Revenue for Government-Wide Statements		\$ 42,268,229	

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, 2008

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, 2008:

	Restricted Assets	Liabilities Payable from Restricted Assets	Restricted Net Assets
Bond redemption account	\$ 4,800,570	\$ 140,064	\$ 4,660,506
Bond reserve account	13,845,153	-	N/A
Bond depreciation account	1,000,000	-	1,000,000
Construction account	16,115,674	-	N/A
DNR equipment replacement account	7,878,002	-	7,878,002
Capital equipment replacement account	628,960	-	628,960
Accrued interest	343,483	343,483	N/A
Total Restricted Assets	\$ 44,611,842	\$ 483,547	\$ 14,167,468

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 14,057,167	\$ -	\$ 149,064	\$ 13,908,103
Right of ways	67,969,854	2,112,896	42,985	70,039,765
Land improvements ⁽¹⁾	37,449,726	207,508	-	37,657,234
Construction in progress	4,529,411	12,428,572	2,467,921	14,490,062
Total Capital Assets				
Not Being Depreciated	124,006,158	14,748,976	2,659,970	136,095,164

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Capital assets being depreciated				
Improvements	\$ 6,085,037	\$ 692,013	\$ -	\$ 6,777,050
Buildings	31,300,083	653,610	24,600	31,929,093
Equipment, furniture and fixtures	26,043,295	3,472,931	1,528,680	27,987,546
Streets	119,776,325	7,114,442	837,193	126,053,574
Sidewalk	23,932,630	1,124,700	717,053	24,340,277
Traffic signals	3,787,650	74,554	-	3,862,204
Bridges	22,802,480	4,493,057	1,578,518	25,717,019
Total Capital Assets Being Depreciated	<u>233,727,500</u>	<u>17,625,307</u>	<u>4,686,044</u>	<u>246,666,763</u>
Less: Accumulated depreciation for				
Improvements	(1,929,580)	(189,337)	-	(2,118,917)
Buildings	(9,737,061)	(497,146)	18,340	(10,215,867)
Equipment, furniture and fixtures	(13,762,608)	(2,026,318)	1,478,553	(14,310,373)
Streets	(46,159,938)	(2,988,966)	595,741	(48,553,163)
Sidewalk	(7,514,379)	(612,186)	222,015	(7,904,550)
Traffic signals	(1,083,215)	(93,039)	-	(1,176,254)
Bridges	(6,132,185)	(257,170)	844,498	(5,544,857)
Total Accumulated Depreciation	<u>(86,318,966)</u>	<u>(6,664,162)</u>	<u>3,159,147</u>	<u>(89,823,981)</u>
Net Capital Assets Being Depreciated	<u>147,408,534</u>			<u>156,842,782</u>
Total Capital Assets, Net of Depreciation	<u>\$ 271,414,692</u>			<u>\$ 292,937,946</u>

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 217,820
Public safety	250,370
Public works, which includes the depreciation of roads, streets, signals, and bridges	4,047,718
Education and recreation	<u>367,850</u>
Sub-Total	4,883,758
Capital assets held by internal service funds charged to the various functions based on their usage of the assets	<u>1,780,404</u>
Total Governmental Activities Depreciation Expense	<u>\$ 6,664,162</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 22,346,924	\$ 556,164	\$ -	\$ 22,903,088
Construction in progress	<u>1,877,587</u>	<u>4,747,134</u>	<u>514,477</u>	<u>6,110,244</u>
Total Capital Assets Not Being Depreciated	<u>24,224,511</u>	<u>5,303,298</u>	<u>514,477</u>	<u>29,013,332</u>
Capital assets being depreciated				
Buildings and improvements	303,444,517	10,192,826	1,111,000	312,526,343
Machinery and equipment	<u>69,738,934</u>	<u>1,736,672</u>	<u>275,946</u>	<u>71,199,660</u>
Total Capital Assets Being Depreciated	<u>373,183,451</u>	<u>11,929,498</u>	<u>1,386,946</u>	<u>383,726,003</u>
Less: Accumulated depreciation for				
Buildings and improvements	(91,983,950)	(7,312,489)	925,729	(98,370,710)
Machinery and equipment	<u>(38,301,289)</u>	<u>(2,817,769)</u>	<u>14,295</u>	<u>(41,104,763)</u>
Total Accumulated Depreciation	<u>(130,285,239)</u>	<u>(10,130,258)</u>	<u>940,024</u>	<u>(139,475,473)</u>
Net Capital Assets Being Depreciated	<u>242,898,212</u>			<u>244,250,530</u>
Capital Assets, Net of Depreciation	<u>\$ 267,122,723</u>			<u>\$ 273,263,862</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 3,140,756
Wastewater	3,967,618
Valley Transit	507,946
Stormwater	1,473,677
Parking	962,788
Reid Municipal Golf Course	<u>77,473</u>
Total Business-type Activities	
Depreciation Expense	<u>\$ 10,130,258</u>

The depreciation difference to the income statement of \$224,652 relates to depreciation charged to other funds.

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfunds 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	\$ 19,174
General	Special Revenue – Emergency Shelter	28,167
General	Special Revenue – Police Grants	42,922
General	Enterprise – Water Utility	1,217,251
Special Revenue – Sanitation and Recycling Programs	General	10,166
Enterprise – Water Utility	General	373,929
Enterprise – Wastewater Utility	General	495,573
Enterprise – Stormwater Utility	General	<u>192,901</u>
Sub-Total – Fund Financial Statements		2,380,083
Add: Internal service allocation		(1,321,484)
Less: Elimination to government-wide		<u>(2,225,235)</u>
Total – Government-wide Financial Statements		<u>\$ (1,166,636)</u>
Governmental Activity	Business-type Activity	\$ 1,217,251
Business-type Activity	Governmental Activity	<u>(2,383,887)</u>
Total		<u>\$ (1,166,636)</u>

All amounts are due within one year.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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 2008, 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	Reid Municipal Golf Course	\$ 480,000	\$ -	\$ 480,000
Parking Utility	Special Revenue - Tax Incremental District No. 3	<u>12,482,496</u>	<u>2,727,923</u>	<u>15,210,419</u>
Totals		<u>\$ 12,962,496</u>	<u>\$ 2,727,923</u>	<u>\$ 15,690,419</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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. 2	\$	\$ 728,	\$ 728,	\$ 6
General	Special Revenue – Tax Incremental District No. 3	8,655,862	4,569,626	13,225,488	13,225,488
General	Capital Projects – Tax Incremental District No.5	80,801	20,054	100,855	100,855
Enterprise – Wastewater Utility	Enterprise – Water Utility	<u>3,172,963</u>	<u>-</u>	<u>3,172,963</u>	<u>3,172,963</u>
Sub-Total – Fund Financial Statements		<u>\$ 11,909,626</u>	<u>\$ 5,317,825</u>	17,227,451	<u>\$ 17,145,983</u>
Less: Fund eliminations				<u>(17,227,451)</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	\$ 30,000	Administrative fees
	Enterprise – Water Utility	13,800	Administrative fees
	Enterprise – Water Utility	1,217,251	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, 2008

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	\$ 62,033	Debt payments
	Capital Project – Industrial Park Land	177,348	Debt payments
	Special Revenue – Tax Incremental District No. 3	1,610,302	Debt payments
	Capital Project – Tax Incremental District No. 5	132,400	Debt payments
	Capital Project – Tax Incremental District No. 6	2,332,852	Debt payments
Special Revenue Funds			
Tax Incremental District No. 3 Sanitation and Recycling	Enterprise – Parking Utility	900,000	Increase advance
Police Grants	General	60,000	Tipping fee surcharge
HOME Homeowner	General	7,900	Grant funds
	Special Revenue – Community Development Block Grant	55	Grant funds
Capital Project Funds			
CEA Replacement Facilities Capital Projects	General	15,050	Capital assets
Facilities Capital Projects	General	2,497,829	Bond proceeds
Facilities Capital Projects	Capital Project – Parks and Recreation Projects	1,164,721	Capital assets
Facilities Capital Projects	Capital Project – Public Safety Facility	1,220,331	Capital assets
CEA Replacement	Internal Service – Facilities Management	31,975	Capital assets
Enterprise			
Valley Transit	General	<u>643,591</u>	Local share of funding
Sub-Total – Fund Financial Statements		12,274,588	
Add: Utility capital assets financed by Governmental Activities		135,821	
Less: Fund eliminations		(9,310,821)	
Government-wide elimination		<u>(1,590,799)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 1,508,789</u>	

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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	\$ 2,288,201
Business-type Activity	Governmental Activity	(779,412)
Total		<u>\$ 1,508,789</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, 2008 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	\$ 42,241,816	\$ 11,195,000	\$ 5,944,027	\$ 47,492,789	\$ 6,585,955
Internal service	-	110,000	-	110,000	-
Add/(Subtract) Deferred Amounts For					
Premiums	83,432	19,785	23,835	79,382	-
Loss on refunding	(51,819)	-	(23,031)	(28,788)	-
Total Bonds and Notes Payable	<u>42,273,429</u>	<u>11,324,785</u>	<u>5,944,831</u>	<u>47,653,383</u>	<u>6,585,955</u>
Other Liabilities					
Vested compensated absences					
General	5,319,477	2,879,908	2,714,615	5,484,770	3,041,059
Internal service	121,758	119,306	78,602	162,462	98,507
Other postemployment benefits					
Internal service	-	1,464,245	-	1,464,245	-
Landfill liability	2,520,000	-	90,000	2,430,000	90,000
Disability benefits	140,003	-	8,021	131,982	19,435
Pension liability	406,130	-	39,732	366,398	35,845
Total Other Liabilities	<u>8,507,368</u>	<u>4,463,459</u>	<u>2,930,970</u>	<u>10,039,857</u>	<u>3,284,846</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 50,780,797</u>	<u>\$ 15,788,244</u>	<u>\$ 8,875,801</u>	<u>\$ 57,693,240</u>	<u>\$ 9,870,801</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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	\$ 1,428,509	\$ -	\$ 720,000	\$ 708,509	\$ -
Revenue bonds	109,669,989	25,555,000	7,510,996	127,713,993	3,830,003
Add/(Subtract) Deferred Amounts For					
Refundings – Gains/(Losses)	(2,193,420)	-	(295,770)	(1,897,650)	-
Premiums	<u>3,237,488</u>	<u>-</u>	<u>372,274</u>	<u>2,865,214</u>	<u>-</u>
Sub-totals	112,142,566	25,555,000	8,307,500	129,390,066	3,830,003
Other Liabilities					
Vested compensated absences	<u>1,394,401</u>	<u>613,642</u>	<u>557,684</u>	<u>1,450,359</u>	<u>567,043</u>
Total Business-type Activities					
Long-Term Liabilities	<u>\$ 113,536,967</u>	<u>\$ 26,168,642</u>	<u>\$ 8,865,184</u>	<u>\$ 130,840,425</u>	<u>\$ 4,397,046</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, 2008.

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, 2008, was \$235,550,375. Total general obligation debt outstanding at year end was \$48,311,298.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-08
Governmental Activities					
General Obligation Bonds					
General Obligation Refunding Bonds,					
Series 1998A	7/1/88	4/1/13	4.00 – 4.75%	\$ 9,570,000	\$ 2,475,000
General Obligation Notes, Series 1999A	7/15/99	4/1/09	4.00 – 4.90%	1,275,000	35,000
General Obligation Notes, Series 1999B	7/15/99	4/1/09	6.50 – 6.60%	2,555,000	430,000

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-08
Governmental Activities					
General Obligation Bonds (cont.)					
General Obligation Notes, Series 2001A	8/1/01	10/1/11	4.00 – 4.44%	\$ 4,070,000	\$ 1,460,000
General Obligation Notes, Series 2001B	8/1/01	10/1/11	6.00%	3,270,000	2,250,000
2001 State Trust Fund Loan	8/24/01	3/15/11	5.00%	2,812,341	1,488,639
General Obligation Funds					
General Obligation Notes, Series 2002A	7/1/02	4/1/12	3.00 – 4.10%	8,535,000	2,740,000
General Obligation Notes, Series 2002B	7/1/02	4/1/12	5.00%	1,995,000	1,830,000
2002 State Trust Fund Loan	2/6/03	3/15/18	5.00%	2,000,000	1,510,644
General Obligation Notes, Series 2003A	9/3/03	4/1/13	1.25 – 3.70%	1,610,000	1,055,000
2003 State Trust Fund Loan	7/23/03	3/15/20	5.00%	2,800,000	2,518,506
General Obligation Refunding Bonds, Series 2005 A	3/15/05	4/1/13	3.00 – 4.00%	5,165,000	3,090,000
General Obligation Notes, Series 2005B	10/12/05	4/1/15	3.00 – 4.00%	6,210,000	5,840,000
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	4,850,000
General Obligation Notes, Series 2008A	8/5/08	4/1/16	3.00 – 4.00%	3,980,000	3,980,000
General Obligation Notes, Series 2008B	11/26/08	4/1/28	3.75 – 5.00%	7,325,000	<u>7,325,000</u>
Total Governmental Activities – General Obligation Debt					<u>\$ 47,602,789</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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 12-31-08</u>
Business-type Activities General Obligation Debt					
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><u>708,509</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 6,585,955	\$ 1,916,168	\$ -	\$ 35,425
2010	5,988,003	1,682,590	-	35,425
2011	6,664,293	1,412,298	-	35,425
2012	6,113,593	1,112,851	-	35,523
2013	4,237,866	890,741	-	35,425
2014 – 2018	12,779,422	2,459,849	228,354	158,238
2019 – 2023	2,448,657	979,397	363,533	86,884
2024 – 2028	<u>2,785,000</u>	<u>363,127</u>	<u>116,622</u>	<u>7,963</u>
Totals	<u>\$ 47,602,789</u>	<u>\$ 10,817,021</u>	<u>\$ 708,509</u>	<u>\$ 430,308</u>

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

General Fund – general obligation debt	\$ 2,064,267
General Fund – compensated absences	4,481,612
Debt Service Fund – general obligation debt	14,563
Special Revenue Fund – Tuchscherer disability	74,676
Capital Projects Fund – general obligation debt	<u>570,023</u>
Total	<u>\$ 7,205,141</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

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

F. LONG-TERM OBLIGATIONS (cont.)

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 \$115,671,523, \$21,090,080, and \$44,026,306, for water, wastewater, and stormwater, respectively. For the current year, the water utility paid \$7,437,401 of principal and interest and had \$10,878,340 of net revenues. The wastewater utility paid \$2,687,765 of principal and interest and had \$4,499,266 of net revenues. The stormwater utility paid \$2,234,707 of principal and interest and had \$4,346,250 of net revenues.

Revenue debt payable at December 31, 2008 consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-08
<u>Water Utility</u>					
Water System Revenue Refunding Bonds, Series 2007A	2/6/07	1/1/25	4.00 – 4.50%	\$ 58,510,000	\$ 51,530,000
Taxable Water System Revenue Refunding Bonds, Series 2007B	2/6/07	1/1/12	5.40 – 5.35%	2,620,000	1,565,000
Water System Revenue Bonds, Series 2007C	3/1/07	1/1/26	4.00 – 4.75%	12,140,000	12,140,000
Water System Revenue Bonds, Series 2008	12/17/08	1/1/28	3.00 – 5.50%	15,215,000	15,215,000
				Total Water Utility	<u>80,450,000</u>
<u>Wastewater Utility</u>					
Sewerage System Mortgage Revenue Bonds, Series 1993B	3/24/93	5/1/12	3.369%	12,989,595	3,743,993
Sewerage System Mortgage Revenue Refunding Bonds, Series 2005	10/15/05	5/1/10	3.50%	4,735,000	2,425,000
Sewerage System Revenue Bonds, Series 2006	8/9/06	5/1/26	4.25 – 5.00%	3,265,000	3,090,000
Sewerage System Revenue Bonds, Series 2007	9/5/07	5/1/27	4.25 – 5.00%	2,350,000	2,290,000
Sewerage System Revenue Bonds, Series 2008	9/10/08	5/1/28	3.00 – 4.50%	4,330,000	4,330,000
				Total Wastewater Utility	<u>15,878,993</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Business-type Activities Revenue Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-08
<u>Stormwater Utility</u>					
Stormwater System Revenue Bonds, Series 1999	8/1/99	4/1/19	3.75 – 5.26%	\$ 3,080,000	\$ 200,000
Stormwater System Revenue Bonds, Series 2000	9/1/00	4/1/20	4.35 – 5.65%	3,255,000	300,000
Stormwater System Revenue Bonds, Series 2001	9/1/01	4/1/21	4.00 – 5.00%	4,810,000	3,885,000
Stormwater System Revenue Bonds, Series 2002	8/23/02	4/1/22	3.00 – 5.00%	2,340,000	1,960,000
Stormwater System Revenue Bonds, Series 2003	10/9/03	4/1/23	2.00 – 4.55%	3,835,000	3,230,000
Stormwater System Revenue Bonds, Series 2004	10/15/04	4/1/24	2.50 – 4.65%	3,535,000	3,125,000
Stormwater System Revenue Refunding Bonds, Series 2006	5/1/06	4/1/26	4.00 – 4.50%	7,855,000	7,680,000
Stormwater System Revenue Bonds, Series 2007	9/5/07	4/1/27	4.25 – 5.00%	5,145,000	4,995,000
Stormwater System Revenue Bonds, Series 2008	9/10/08	4/1/28	3.00 – 4.50%	6,010,000	6,010,000
			Total Stormwater Utility		<u>31,385,000</u>
Total Business-type Activities Revenue Debt					<u>\$ 127,713,993</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 3,830,003	\$ 5,508,732
2010	8,499,988	5,481,907
2011	7,545,982	5,171,930
2012	7,828,020	4,870,312
2013	7,155,000	4,553,963
2014 – 2018	38,895,000	17,624,605
2019 – 2023	37,660,000	8,121,134
2024 – 2028	16,300,000	1,741,333
Totals	<u>\$ 127,713,993</u>	<u>\$ 53,073,916</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

F. LONG-TERM OBLIGATIONS (cont.)

Prior-Year Defeasance of Debt

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2008, \$58,350,000 of bonds outstanding are considered defeased.

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, 2008, are as follows:

	<u>Governmental Activities</u>
2009	\$ 93,617
2010	94,100
2011	92,842
2012	94,767
2013	94,800
2014 – 2018	<u>465,826</u>
Sub-Total	935,952
Less: Amount representing interest	<u>(205,952)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 730,000</u></u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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

H. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover on its Mackville Landfill, which no longer receives solid waste, and to perform certain maintenance and monitoring functions at the site for 40 years after closure. Construction of the cover was completed at December 31, 2002. The City does have postclosure care responsibility at the Mackville Landfill. As of December 31, 2008, a \$2,430,000 liability was estimated based on what it would cost to perform all postclosure care in 2008 and thereafter. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The City incurred approximately \$104,755 of closure costs in 2008.

I. GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2008 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land and land improvements	\$ 121,605,102
Construction in progress	14,490,062
Other capital assets, net of accumulated depreciation	156,842,782
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(17,511,590)
Add: Unamortized debt issuance costs	190,211
Add: Unamortized loss on refunding	28,788
Less: Unamortized debt premium	<u>(79,382)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>275,565,973</u>
Restricted	
Debt service fund	103,522
Grant programs	<u>6,770,805</u>
Total Restricted	<u>6,874,327</u>
Unrestricted	<u>13,815,530</u>
Total Governmental Activities Net Assets	<u>\$ 296,255,830</u>

Governmental fund balances reported on the fund financial statements at December 31, 2008 include the following:

Reserved

Major Fund	
General Fund	
Inventories	\$ 575,485
Prepaid items	1,856
Advance to other fund (principal portion)	8,736,663
Developer loans	1,303,544
Encumbrances	<u>1,997,140</u>
Total	<u>\$ 12,614,688</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

Sanitation and recycling encumbrances	\$ 16,299
Hazardous Material Level A – prepaid items	132,284
Lutz Park – encumbrances	<u>462,509</u>

Total \$ 611,092

Debt Service Fund

Reserved for debt service \$ 14,563

Capital Projects Funds

Industrial park land – debt service	\$ 570,023
Park and recreation projects – encumbrances	796,420
Tax Incremental District No. 6 – encumbrances	10,000
Public safety facilities – prepaid items	397,188
Public safety facilities – encumbrances	20,992
Public works equipment – encumbrances	100,419
CEA replacement – encumbrances	1,600
Riverfront initiatives – encumbrances	326,631
Facilities capital projects – encumbrances	2,242,241
Technology – prepaid items	9,724
Technology – encumbrances	<u>347,396</u>

Total \$ 4,822,634

Permanent fund

Frank P. Young memorial – trust purposes \$ 33,746

Unreserved (deficit)

Major Funds

General fund \$ 2,466,273

Special Revenue Funds

Tax Incremental District No. 3 special revenue fund \$(12,452,335)

Non-Major Funds

Special Revenue Funds

Tax Incremental District No. 2	\$ (544,932)
Community development block grant	(4,783)
Police grants	(36,743)
Lutz Park	<u>(66,120)</u>

Total \$ (652,578)

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

Governmental Activities (cont.)

Unreserved (deficit) (cont.)

Non-Major Funds (cont.)

Capital Projects Fund

Tax Incremental District No. 5	\$ (2,684)
Public works equipment	(161,848)
Technology	<u>(70,519)</u>

Total \$ (235,051)

Unreserved (designated)

Major Funds

General fund designated for:

Water utility tax equivalent	\$ 1,217,251
Working capital	9,523,424
Compensated absences	4,481,612
Unfunded pension liability	366,398
Debt service	2,064,267
Health insurance	<u>663,561</u>

Total \$ 18,316,513

Non-Major Funds

Special Revenue Funds

Tax Incremental District No. 4	\$ 7,811,053
Rental rehabilitation grants	57,246
Sanitation and recycling program	772,702
Hazardous materials level A	354,158
Forestry	5,202
Room tax	22,309
HOME/Homeowner	14,882
Housing rehab	21,184
Tuchscherer disability	74,676
Peabody estate	105,285
Balliet locomotive	10,220
Park purpose open space	347,240
Union Spring park	2,261
Project city park	5,289
Universal playground trust	<u>20,276</u>

Total \$ 9,623,983

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

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

Governmental Activities (cont.)

Unreserved (designated) (cont.)

Non-Major Funds (cont.)

Capital Projects Fund

Subdivision development projects	\$ 351,672
Industrial park land	1,319,953
Parks and recreation projects	66,337
Tax Incremental District No. 6	1,001,873
Tax Incremental District No. 7	777
Public safety facilities	124,528
CEA replacement	2,136,582
Riverfront initiatives	32,250
Library improvements	2,056
Facilities capital projects	<u>5,016,977</u>
Total	<u>\$ 10,053,005</u>

Business-type Activities

Invested in capital assets, net of related debt	
Land	\$ 22,903,088
Construction in progress	6,110,244
Other capital assets, net of accumulated depreciation	244,250,530
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	<u>(97,640,644)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>175,623,218</u>
Restricted	
Debt service	5,660,506
DNR replacement fund	7,878,002
Capital replacement fund	<u>628,960</u>
Total Restricted	<u>14,167,468</u>
Unrestricted	<u>23,317,930</u>
Total Business-type Activities Net Assets	<u>\$ 213,108,616</u>

J. 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, 2008

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

J. 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 \$73,235.

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, 2008

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

b. Cash and Investments (cont.)

The carrying amount of the Authority's cash and investments totaled \$1,621,753 on December 31, 2008 as summarized below:

Petty cash funds	\$ 150
Deposits with financial institutions	<u>1,621,604</u>
Total	<u>\$ 1,621,754</u>

Additional information on the above deposits and investments follows:

Deposits – At year end, the carrying amount of the Authority's deposits was \$1,621,604 and the bank balance was \$1,664,063. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for interest bearing accounts and unlimited amounts 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 \$1,664,063 on December 31, 2008 is categorized below.

<u>Deposit Accounts</u>	<u>Bank Balance</u>
Insured	\$ 571,220
Collateralized:	
Collateral held by the pledging institutions trust department or agent not in the Authority's name	<u>1,092,843</u>
Total Deposits	<u>\$ 1,664,063</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, 2008

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

c. Restricted Assets

Restricted assets at December 31, 2008 consist of the following:

Cash and cash equivalents	<u>\$ 318,893</u>
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d. Receivables

Tenant accounts receivable are recorded net of an allowance for uncollectible accounts. Allowances for bad debts of \$4,000 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, 2008 is as follows:

Deferred loans receivable	\$ 2,874,188
Unamortized grants	(34,960)
Allowance for uncollectible loans	<u>(84,965)</u>
Net Deferred Loans Receivable	<u>\$ 2,754,263</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, 2008

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

f. Capital Assets (cont.)

The capital asset activity for the year ended December 31, 2008 was as follows:

	Balance 1/1/08	Additions	Disposals	Balance 12/31/08
Capital assets, not being depreciated				
Land	\$ 868,907	\$ 37,210	\$ -	\$ 906,117
Total Capital Assets, Not Being Depreciated	868,907	37,210	-	906,117
Capital assets, being depreciated				
Buildings and improvements	16,422,734	243,946	77,139	16,589,541
Land improvements	356,280	2,600	-	358,880
Equipment – dwelling	331,572	5,438	8,417	328,593
Equipment – administration	321,130	44,672	25,836	339,966
Total Capital Assets, Being Depreciated	17,431,716	296,656	111,392	17,616,980
Less: Accumulated depreciation for				
Buildings and improvements	(4,569,450)	(519,886)	16,910	(5,072,426)
Land improvements	(112,064)	(10,910)	-	(122,974)
Equipment – dwelling	(272,679)	(9,564)	8,417	(273,826)
Equipment – administration	(205,442)	(37,131)	25,162	(217,411)
Total Accumulated Depreciation	(5,159,635)	(577,491)	50,489	(5,686,637)
Total Capital Assets Being Depreciated, Net	12,272,081			11,930,343
Total Capital Assets, Net	\$ 13,140,988			\$ 12,836,460

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, 2008 was \$562,173; the Housing Authority’s total payroll was \$572,543. The total required contribution for the year ended December 31, 2008 was \$54,590 which consisted of \$15,860 or 4.6 percent of payroll from the employer and \$33,730 or 6.0 percent of payroll from employees. Total contributions for the years ending December 31, 2007 and 2006 were \$56,040 and \$51,126, respectively, equal to the required contributions for each year.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

J. 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, 2008 of \$1,870,000. The Authority's representative portion is \$478,308. 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, 2008 was \$68,183 and is recorded as part of other accrued liabilities 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 that came due during 2008 and was refinanced for \$53,741. Payments for the next three years (unless refinanced) are 2009 - \$1,055; 2010 - \$1,113; and 2011 - \$49,435.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

k. Long-Term Liabilities (cont.)

The loan calls for monthly payments of \$315, bears interest at the rate of 5.25% for three years with a balloon payment at the end of three years. The entire balance of the loan is due in 2011 unless refinanced. The balance of the loan at December 31, 2008 was \$51,603.

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, 2008 was \$89,500 and accumulated depreciation for those assets was \$23,017. The total amount of future rent credits at December 31, 2008 was \$21,760 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 remaining two years are 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. 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 four 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 \$56,155. Minimum future rentals under these two leases for each of the next two years are 2009 - \$34,500 and 2010 - \$21,655.

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, 2008

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

J. 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 \$225,860.

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 6.0% of their salary (3.0% for Executives and Elected Officials, 3.4% for Protective Occupations with Social Security, and 5.1% 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, 2008 was \$36,789,128; the employer's total payroll was \$38,350,917. The total required contribution for the year ended December 31, 2008 was \$4,804,156 or 13 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, 2007 and 2006 were \$4,675,108 and \$4,424,538, respectively, equal to the required contributions for each year.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2008

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Employees who retire at or after age 65 (62 for elected officials, 54 for protective occupation employees with less than 25 years of service, and 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. 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, 2008, 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 2008 was approximately \$68,193. The total estimated unfunded pension benefit obligation of this plan is approximately \$366,398 as of December 31, 2008, 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 \$366,398 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 11 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, 2008

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 2008, 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, 2008 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, 2008 and amounts expected to arise from claims which have been incurred but have not been reported to the City as of December 31, 2008. The reserve is based on a 2007 actuarial study and actual claims activity in 2005 and 2006. 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, 2008, the City has designated net assets of \$1,368,699 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>
2007	\$ 1,500,000	\$ 442,537	\$ 442,537	\$ 1,500,000
2008	1,500,000	593,068	593,068	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, 2008

NOTE V – OTHER INFORMATION (cont.)

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

Health Care (cont.)

Under this program, the City pays up to a maximum of \$175,000 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 2008 totaled approximately \$396,280.

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, 2008:

Reported and Known Claims	\$ 455,331
Incurred but not Reported Claims	<u>2,144,669</u>
 Total	 <u><u>\$ 2,600,000</u></u>

Changes in the claims payable follow:

	<u>Balance January 1</u>	<u>Incurred Claims</u>	<u>Claims Paid</u>	<u>Balance December 31</u>
2007	\$ 2,600,000	\$ 7,044,092	\$ 7,044,092	\$ 2,600,000
2008	2,600,000	7,199,771	7,199,771	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 2008, 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 Transit Insurance Commission of Wisconsin, are covered by a \$5,000,000 excess insurance policy issued by General Reinsurance Corporation effective January 1, 2008 through January 1, 2009.

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, 2008

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 8.55%. 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 54915-1483.

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

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.

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 \$8,000,000 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 5.053%.

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, 2008

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 2008, the City borrowed \$11,124,000 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 \$4,131,237 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, 2008:

<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
Financial Security Assurance	6,010,000	Full and complete payment	4/1/2028
Financial Security Assurance	4,330,000	Full and complete payment	5/1/2028

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE V – OTHER INFORMATION (cont.)

D. BOND COVENANT DISCLOSURES (cont.)

Number of Customers – Water

<i>Unmetered</i>	
Commercial	36
<i>Metered</i>	
Residential	24,580
Commercial	1,774
Industrial	84
Public Authority	90
Wholesale	<u>2</u>
Total	<u><u>26,566</u></u>

Number of Customers – Sewer

<i>Metered</i>	
Residential	24,475
Commercial	1,734
Industrial	80
Public Authority	<u>78</u>
Total	<u><u>26,367</u></u>

Number of Equivalent Run Off Units – Stormwater

<i>Metered</i>	
Residential	22,746
Commercial	25,667
Industrial	4,036
Public Authority	<u>3,779</u>
Total	<u><u>56,228</u></u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE V – OTHER INFORMATION (cont.)

E. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The City's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in an other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

Plan requirements are established through collective bargaining agreements and City policies and may be amended only through negotiations between the City and the union. The retirees pay 100 percent of the premium amounts under the plan.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the district's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	1,464,245
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
		-
Annual OPEB cost		1,464,245
Contributions made		-
Increase in Net OPEB Obligation (Asset)		1,464,245
Net OPEB Obligation (Asset) – Beginning of Year		-
Net OPEB Obligation (Asset) – End of Year	\$	1,464,245

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/08	\$ 1,464,245	0%	\$ 1,464,245

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2008

NOTE V – OTHER INFORMATION (cont.)

E. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont.)

The funded status of the plans as of January 1, 2008, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 3,002,471
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 3,002,471</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 36,789,182
UAAL as a percentage of covered payroll	8.2%

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions include a 5 percent investment rate of return and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 5 percent after 5 years. Both rates include a 4 percent inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008 was 30 years. The City accounts for these activities in the post-employment benefits internal service fund.

F. SUBSEQUENT EVENTS

Valley Transit fares were increased January 1, 2009 as approved by the Valley Transit Commission.

The water utility increased rates in January of 2009 as authorized by the Public Service Commission of Wisconsin.

Subsequent to year end, the utilities have entered into various contracts for significant capital additions to be completed in 2009.

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 27,451,648	\$ 27,451,648	\$ 27,509,925	\$ 58,277
Intergovernmental	17,028,666	17,050,683	17,282,395	231,712
Licenses and permits	803,566	813,566	809,009	(4,557)
Fines and forfeitures	300,000	300,000	346,338	46,338
Special assessments	1,128,480	1,128,480	857,493	(270,987)
Investment income	3,882,203	3,974,272	4,865,143	890,871
Charges for services	1,370,238	1,403,068	1,340,784	(62,284)
Other	1,032,316	1,231,445	1,650,781	419,336
Total Revenues	<u>52,997,117</u>	<u>53,353,162</u>	<u>54,661,868</u>	<u>1,308,706</u>
EXPENDITURES				
Current				
General government	6,816,120	8,355,545	6,857,915	1,497,630
Public safety	25,395,527	25,601,655	25,407,008	194,647
Public works	11,969,703	12,924,686	12,683,413	241,273
Education and recreation	8,825,375	8,945,413	8,762,949	182,464
Community development	786,648	786,648	718,082	68,566
Total Expenditures	<u>53,793,373</u>	<u>56,613,947</u>	<u>54,429,367</u>	<u>2,184,580</u>
Excess (deficiency) of revenues over expenditures	<u>(796,256)</u>	<u>(3,260,785)</u>	<u>232,501</u>	<u>3,493,286</u>
OTHER FINANCING SOURCES (USES)				
Sale of city property	10,500	10,500	19,380	8,880
Transfers in	1,448,450	1,448,450	1,418,201	(30,249)
Transfers out	(662,694)	(3,394,678)	(3,224,370)	170,308
Total Other Financing Sources (Uses)	<u>796,256</u>	<u>(1,935,728)</u>	<u>(1,786,789)</u>	<u>148,939</u>
Net Change in Fund Balance	-	(5,196,513)	(1,554,288)	3,642,225
FUND BALANCE - Beginning	<u>34,951,762</u>	<u>34,951,762</u>	<u>34,951,762</u>	<u>8,128,025</u>
FUND BALANCE - ENDING	<u>\$ 34,951,762</u>	<u>\$ 29,755,249</u>	<u>\$ 33,397,474</u>	<u>\$ 11,770,250</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,268,011	\$ 1,268,011	\$ 1,272,620	\$ 4,609
Intergovernmental	9,112	9,112	16,308	7,196
Investment income	10,000	10,000	74,682	64,682
Total Revenues	<u>1,287,123</u>	<u>1,287,123</u>	<u>1,363,610</u>	<u>76,487</u>
EXPENDITURES				
Current				
General government	2,000	2,000	1,788	212
Debt Service				
Interest	<u>639,309</u>	<u>639,309</u>	<u>639,309</u>	<u>-</u>
Total Expenditures	<u>641,309</u>	<u>641,309</u>	<u>641,097</u>	<u>212</u>
Excess of revenues over expenditures	645,814	645,814	722,513	76,699
OTHER FINANCING SOURCES (USES)				
Transfers in	900,000	900,000	900,000	-
Transfers out	<u>(1,610,303)</u>	<u>(1,610,303)</u>	<u>(1,610,302)</u>	<u>1</u>
Total Other Financing Sources (Uses)	<u>(710,303)</u>	<u>(710,303)</u>	<u>(710,302)</u>	<u>1</u>
Net Change in Fund Balance	(64,489)	(64,489)	12,211	76,700
FUND BALANCE (DEFICIT) - Beginning	<u>(12,464,546)</u>	<u>(12,464,546)</u>	<u>(12,464,546)</u>	<u>1,623,742</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (12,529,035)</u>	<u>\$ (12,529,035)</u>	<u>\$ (12,452,335)</u>	<u>\$ 1,700,442</u>

See accompanying notes to required supplementary information.

CITY OF APPLETON

OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDING PROGRESS For the Year Ended December 31, 2008

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age Normal Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll	
12/31/2008	\$	- \$	3,002,471	\$ 3,002,471	0%	\$ 36,789,182	8.2%

See accompanying notes to required supplementary information.

CITY OF APPLETON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2008

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.

See independent auditors' report.

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
Property tax	\$ 27,022,848	\$ 27,022,848	\$ 27,023,101	\$ 253
Payment in lieu of taxes	428,800	428,800	486,824	58,024
Total Taxes	<u>27,451,648</u>	<u>27,451,648</u>	<u>27,509,925</u>	<u>58,277</u>
INTERGOVERNMENTAL REVENUES				
State shared revenues	11,446,743	11,446,743	11,471,897	25,154
State aid - exempt computers	296,126	296,126	435,453	139,327
Highway aid - connecting streets	216,425	216,425	216,425	-
State tax disparity act	1,558,978	1,558,978	1,558,309	(669)
State aid - local streets	2,628,990	2,628,990	2,627,194	(1,796)
Miscellaneous federal aids	7,000	7,000	10,395	3,395
Miscellaneous state aids	191,000	201,000	241,232	40,232
Miscellaneous local aids	7,500	7,500	33,568	26,068
Library grants and aids	675,904	675,904	675,904	-
Health grants	-	12,017	12,018	1
Total Intergovernmental Revenues	<u>17,028,666</u>	<u>17,050,683</u>	<u>17,282,395</u>	<u>231,712</u>
LICENSES AND PERMITS				
Licenses				
Amusement devices	10,000	10,000	8,200	(1,800)
Cigarette	7,500	7,500	6,250	(1,250)
Electricians	3,200	3,200	3,190	(10)
Health	115,992	115,992	112,957	(3,035)
Liquor and malt beverages	75,000	85,000	93,412	8,412
Operators	50,000	50,000	52,133	2,133
Heating	750	750	120	(630)
Sundry	23,650	23,650	34,885	11,235
Dog	30,000	30,000	23,293	(6,707)
Cat	10,000	10,000	11,664	1,664
Weights and measures	41,974	41,974	45,951	3,977
Permits				
Building	170,000	170,000	174,269	4,269
Electrical	105,000	105,000	84,794	(20,206)
Heating	53,000	53,000	55,437	2,437
Plumbing and sewer	50,000	50,000	42,407	(7,593)
Burning	22,000	22,000	25,455	3,455
Trailer parking	12,000	12,000	8,325	(3,675)
State building	4,000	4,000	1,830	(2,170)
Signs	3,300	3,300	2,940	(360)
Sidewalk	7,500	7,500	3,535	(3,965)
Street occupancy	1,500	1,500	3,057	1,557
Street excavating and patching	4,200	4,200	8,050	3,850
Sundry	3,000	3,000	6,855	3,855
Total Licenses and Permits	<u>803,566</u>	<u>813,566</u>	<u>809,009</u>	<u>(4,557)</u>
FINES AND FORFEITURES				
Court fines and costs	300,000	300,000	346,338	46,338
Total Fines and Forfeitures	<u>300,000</u>	<u>300,000</u>	<u>346,338</u>	<u>46,338</u>

CITY OF APPLETON

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
SPECIAL ASSESSMENTS				
Asphalt paving	\$ 300,000	\$ 300,000	\$ 360,021	\$ 60,021
Concrete paving	615,000	615,000	297,193	(317,807)
Grade and gravel	20,000	20,000	4,814	(15,186)
Sidewalks	35,000	35,000	15,406	(19,594)
Snow removal	73,480	73,480	76,931	3,451
Weed cutting	35,000	35,000	37,640	2,640
Street light revenue	50,000	50,000	57,228	7,228
Service connections	-	-	2,059	2,059
Miscellaneous	-	-	6,201	6,201
Total Special Assessments	<u>1,128,480</u>	<u>1,128,480</u>	<u>857,493</u>	<u>(270,987)</u>
INVESTMENT INCOME				
Investment income	3,662,203	3,754,272	4,695,717	941,445
Interest on taxes	110,000	110,000	99,305	(10,695)
Interest - deferred special assessments	110,000	110,000	70,121	(39,879)
Total Investment Income	<u>3,882,203</u>	<u>3,974,272</u>	<u>4,865,143</u>	<u>890,871</u>
CHARGES FOR SERVICES				
City clerk	200	200	252	52
Assessor	1,800	1,800	1,335	(465)
Finance	4,000	4,000	6,828	2,828
Human resources	-	-	47	47
City attorney	3,000	3,000	2,165	(835)
Library	95,000	95,000	83,296	(11,704)
Other	30,000	30,000	56,718	26,718
Parks and Recreation				
Park administration	125	125	406	281
Recreation and administration	315,074	343,564	366,918	23,354
Aquatics	292,653	292,653	255,354	(37,299)
Public Works				
Street division	85,000	85,000	36,662	(48,338)
Traffic	66,250	66,250	109,939	43,689
Inspection department	40,000	40,000	31,755	(8,245)
Health department	65,564	69,904	69,342	(562)
Police department	328,072	328,072	272,339	(55,733)
Fire department	43,500	43,500	47,428	3,928
Total Charges for Services	<u>1,370,238</u>	<u>1,403,068</u>	<u>1,340,784</u>	<u>(62,284)</u>
OTHER				
Fees and commissions	621,450	613,650	1,010,245	396,595
Zoning and subdivision fees	30,000	30,000	16,095	(13,905)
Property inquiry fees	100,000	100,000	65,475	(34,525)
Miscellaneous revenue	51,845	57,909	66,877	8,968
Rental of city property	50,000	50,000	35,819	(14,181)

CITY OF APPLETON

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OTHER (cont.)				
Donations and memorials	\$ 18,455	\$ 59,926	\$ 51,869	\$ (8,057)
Damage to city property	52,500	52,500	53,545	1,045
Insurance proceeds	-	-	2,000	2,000
Exempt property fee	-	-	800	800
Other reimbursements	69,297	228,691	313,986	85,295
Leases	35,369	35,369	30,160	(5,209)
Board of appeals	3,400	3,400	3,910	510
Total Other	<u>1,032,316</u>	<u>1,231,445</u>	<u>1,650,781</u>	<u>419,336</u>
Total Revenues	<u>52,997,117</u>	<u>53,353,162</u>	<u>54,661,868</u>	<u>1,308,706</u>
OTHER FINANCING SOURCES				
Sale of city property	<u>10,500</u>	<u>10,500</u>	<u>19,380</u>	<u>8,880</u>
Transfers From				
Room tax fund	30,000	30,000	30,000	-
Water utility fund - property tax equivalent	1,261,300	1,261,300	1,231,051	(30,249)
Wastewater utility fund	117,450	117,450	117,450	-
Parking utility fund	9,300	9,300	9,300	-
Stormwater utility fund	12,500	12,500	12,500	-
Reid municipal golf course fund	17,900	17,900	17,900	-
Total Transfers	<u>1,448,450</u>	<u>1,448,450</u>	<u>1,418,201</u>	<u>(30,249)</u>
Total Other Financing Sources	<u>1,458,950</u>	<u>1,458,950</u>	<u>1,437,581</u>	<u>(21,369)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 54,456,067</u>	<u>\$ 54,812,112</u>	<u>\$ 56,099,449</u>	<u>\$ 1,287,337</u>

CITY OF APPLETON

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
Common council	\$ 125,587	\$ 125,587	\$ 121,461	\$ 4,126
Mayor	289,245	289,505	285,999	3,506
City clerk	767,686	777,686	752,264	25,422
City assessor	547,693	547,693	545,116	2,577
Finance	922,287	927,276	883,362	43,914
Information services	1,857,975	1,881,175	1,881,087	88
Human resources	625,101	625,101	612,678	12,423
City attorney	414,780	421,240	421,130	110
Unclassified				
Severance pay	179,000	179,000	397,090	(218,090)
Insurance	340,801	340,801	341,787	(986)
Reserve for contingencies	137,315	1,631,831	-	1,631,831
City hall	492,416	492,416	533,822	(41,406)
Other	116,234	116,234	82,119	34,115
Total General Government	<u>6,816,120</u>	<u>8,355,545</u>	<u>6,857,915</u>	<u>1,497,630</u>
PUBLIC SAFETY				
Health services	1,169,307	1,181,324	1,134,001	47,323
Police	14,479,092	14,640,722	14,507,870	132,852
Fire	9,747,128	9,779,609	9,765,137	14,472
Total Public Safety	<u>25,395,527</u>	<u>25,601,655</u>	<u>25,407,008</u>	<u>194,647</u>
PUBLIC WORKS	<u>11,969,703</u>	<u>12,924,686</u>	<u>12,683,413</u>	<u>241,273</u>
EDUCATION AND RECREATION				
Library	4,303,161	4,400,706	4,373,305	27,401
Parks and recreation	4,522,214	4,544,707	4,389,644	155,063
Total Education and Recreation	<u>8,825,375</u>	<u>8,945,413</u>	<u>8,762,949</u>	<u>182,464</u>
COMMUNITY DEVELOPMENT	<u>786,648</u>	<u>786,648</u>	<u>718,082</u>	<u>68,566</u>
OTHER FINANCING USES				
Transfers Out To				
Sanitation and recycling	-	60,000	60,000	-
Police grants	-	7,900	7,900	-
CEA replacement	-	-	15,050	(15,050)
Facility capital projects	-	2,497,829	2,497,829	-
Valley transit fund	662,694	828,949	643,591	185,358
Total Other Financing Uses	<u>662,694</u>	<u>3,394,678</u>	<u>3,224,370</u>	<u>170,308</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 54,456,067</u>	<u>\$ 60,008,625</u>	<u>\$ 57,653,737</u>	<u>\$ 2,354,888</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. 1

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

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, homeless, and community development projects.

RENTAL REHABILITATION GRANTS

To account for the proceeds of the Rental Energy Rehabilitation and Rental Rehabilitation 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.

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

SPECIAL REVENUE FUNDS (CONTINUED)

POLICE GRANTS

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

SAFE ROUTES TO SCHOOLS GRANT

To account for the grant proceeds and corresponding expenditures related to providing children with safe walking and bicycle riding routes to school.

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.

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

SPECIAL REVENUE FUNDS (CONTINUED)

HOME HOMEOWNER GRANT

To account for the proceeds of the HOME Grant, and related program income, and the corresponding program expenditures for rehabilitation of owner-occupied homes of low to moderate income residents.

HOUSING REHABILITATION GRANT

To account for a portion of the proceeds of the Community Development Block Grant, and related expenditures, related to the rehabilitation of owner-occupied homes of low to moderate income 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.

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

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.

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

SPECIAL REVENUE FUNDS (CONTINUED)

UNION SPRING PARK

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

UNIVERSAL PLAYGROUND

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

DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs, excluding that payable from proprietary funds.

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.

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

CAPITAL PROJECTS FUNDS (CONTINUED)

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.

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.

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

CAPITAL PROJECTS FUNDS (CONTINUED)

LIBRARY IMPROVEMENTS

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

FACILITIES CAPITAL PROJECTS

To account for the financing and expenditures associated with construction of, and capital improvements to City owned facilities.

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.

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, 2008

	Special Revenue Funds					
	Tax	Tax	Tax	Community	Rental	Sanitation &
	Incremental	Incremental	Incremental	Development	Rehabili-	Recycling
District	District	District	Block	tation	Program	
	No. 1	No. 2	No. 4	Grant	Grants	
ASSETS						
Cash and investments	\$ 802	\$ 183,213	\$ 7,826,434	\$ -	\$ 57,388	\$ 743,116
Receivables						
Taxes	-	162,052	279,242	-	-	2,620,000
Deferred loans	-	-	-	-	845,071	-
Accounts	-	-	-	-	-	147,100
Special assessments	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other governments	-	-	-	53,328	-	-
Due from other funds	-	-	-	-	-	10,166
Prepaid items	-	-	-	-	-	-
TOTAL ASSETS	\$ 802	\$ 345,265	\$ 8,105,676	\$ 53,328	\$ 902,459	\$ 3,520,382
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ 802	\$ -	\$ 14,850	\$ 35,932	\$ -	\$ 42,628
Other accrued liabilities	-	-	531	3,002	142	56,889
Due to other funds	-	-	-	19,174	-	-
Deposits	-	-	-	-	-	-
Deferred revenues	-	162,052	279,242	3	845,071	2,631,864
Advances from other funds	-	728,145	-	-	-	-
Total Liabilities	802	890,197	294,623	58,111	845,213	2,731,381
Fund Balances						
Reserved for						
Prepaid items	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	16,299
Trust purposes	-	-	-	-	-	-
Unreserved						
Designated for subsequent						
year's expenditures	-	-	7,811,053	-	57,246	772,702
Undesignated (deficit)	-	(544,932)	-	(4,783)	-	-
Total Fund Balances	-	(544,932)	7,811,053	(4,783)	57,246	789,001
TOTAL LIABILITIES AND						
FUND BALANCES	\$ 802	\$ 345,265	\$ 8,105,676	\$ 53,328	\$ 902,459	\$ 3,520,382

Special Revenue Funds

Health Grants	Police Grants	Safe Route to School Grant	Hazardous Materials Level A	Forestry	Room Tax	Emergency Shelter	Continuum of Care	HOME Homeowner
\$ 203,273	\$ -	\$ -	\$ 356,640	\$ 5,202	\$ 15,634	\$ -	\$ 12,747	\$ 14,882
-	-	10,000	-	17,850	-	-	-	-
-	-	-	-	-	-	-	-	225,961
903	-	-	-	-	72,311	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
11,924	47,922	-	-	-	-	41,384	30,125	-
-	-	-	-	-	-	-	-	-
-	-	-	132,284	-	-	-	-	-
<u>\$ 216,100</u>	<u>\$ 47,922</u>	<u>\$ 10,000</u>	<u>\$ 488,924</u>	<u>\$ 23,052</u>	<u>\$ 87,945</u>	<u>\$ 41,384</u>	<u>\$ 42,872</u>	<u>\$ 240,843</u>
\$ 1,857	\$ 5,000	\$ -	\$ 2,482	\$ -	\$ 65,636	\$ 13,194	\$ 42,756	\$ -
4,883	-	-	-	-	-	23	116	-
-	42,922	-	-	-	-	28,167	-	-
-	-	-	-	-	-	-	-	-
209,360	36,743	10,000	-	17,850	-	-	-	225,961
-	-	-	-	-	-	-	-	-
<u>216,100</u>	<u>84,665</u>	<u>10,000</u>	<u>2,482</u>	<u>17,850</u>	<u>65,636</u>	<u>41,384</u>	<u>42,872</u>	<u>225,961</u>
-	-	-	132,284	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	354,158	5,202	22,309	-	-	14,882
-	(36,743)	-	-	-	-	-	-	-
-	(36,743)	-	<u>486,442</u>	<u>5,202</u>	<u>22,309</u>	-	-	<u>14,882</u>
<u>\$ 216,100</u>	<u>\$ 47,922</u>	<u>\$ 10,000</u>	<u>\$ 488,924</u>	<u>\$ 23,052</u>	<u>\$ 87,945</u>	<u>\$ 41,384</u>	<u>\$ 42,872</u>	<u>\$ 240,843</u>

CITY OF APPLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)
December 31, 2008

	Special Revenue Funds					
	Housing Rehab	Tuch- scherer Disability	Peabody Estate	Balliet Locomotive	Lutz Park	Park Purpose Open Space
ASSETS						
Cash and investments	\$ 15,055	\$ 74,676	\$ 105,285	\$ 10,220	\$ 555,484	\$ 347,240
Receivables						
Taxes	-	-	-	-	-	-
Deferred loans	5,124,801	-	-	-	-	-
Accounts	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other governments	8,236	-	-	-	142,508	-
Due from other funds	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
TOTAL ASSETS	\$ 5,148,092	\$ 74,676	\$ 105,285	\$ 10,220	\$ 697,992	\$ 347,240
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ 476	\$ -	\$ -	\$ -	\$ 83,578	\$ -
Other accrued liabilities	1,631	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Deferred revenues	5,124,801	-	-	-	218,025	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	5,126,908	-	-	-	301,603	-
Fund Balances						
Reserved for						
Prepaid items	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Encumbrances	-	-	-	-	462,509	-
Trust purposes	-	-	-	-	-	-
Unreserved						
Designated for subsequent year's expenditures	21,184	74,676	105,285	10,220	-	347,240
Undesignated (deficit)	-	-	-	-	(66,120)	-
Total Fund Balances	21,184	74,676	105,285	10,220	396,389	347,240
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,148,092	\$ 74,676	\$ 105,285	\$ 10,220	\$ 697,992	\$ 347,240

Continued on
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Special Revenue Funds			Debt Service Fund	Capital Projects Funds				
Union Spring Park	Project City Park	Universal Playground	Debt Service Fund	Subdivision Development Projects	Industrial Park Land	Parks and Recreation Projects	Tax Incremental District No. 5	Tax Incremental District No. 6
\$ 2,261	\$ 5,289	\$ 21,702	\$ 14,563	\$ 91,367	\$ 1,890,201	\$ 863,687	\$ 98,171	\$ 1,012,116
-	-	-	3,240,038	516,314	-	-	4,446,908	1,553,974
-	-	-	-	-	-	-	-	-
-	-	-	-	42,099	-	-	-	-
-	-	-	-	545,746	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	730,000	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 2,261</u>	<u>\$ 5,289</u>	<u>\$ 21,702</u>	<u>\$ 3,984,601</u>	<u>\$ 1,195,526</u>	<u>\$ 1,890,201</u>	<u>\$ 863,687</u>	<u>\$ 4,545,079</u>	<u>\$ 2,566,090</u>
\$ -	\$ -	\$ 1,426	\$ -	\$ 296,566	\$ 225	\$ 930	\$ -	\$ 61
-	-	-	-	1,542	-	-	-	182
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	3,970,038	545,746	-	-	4,446,908	1,553,974
-	-	-	-	-	-	-	100,855	-
-	-	1,426	3,970,038	843,854	225	930	4,547,763	1,554,217
-	-	-	-	-	-	-	-	-
-	-	-	14,563	-	570,023	-	-	-
-	-	-	-	-	-	796,420	-	10,000
-	-	-	-	-	-	-	-	-
2,261	5,289	20,276	-	351,672	1,319,953	66,337	-	1,001,873
-	-	-	-	-	-	-	(2,684)	-
<u>2,261</u>	<u>5,289</u>	<u>20,276</u>	<u>14,563</u>	<u>351,672</u>	<u>1,889,976</u>	<u>862,757</u>	<u>(2,684)</u>	<u>1,011,873</u>
<u>\$ 2,261</u>	<u>\$ 5,289</u>	<u>\$ 21,702</u>	<u>\$ 3,984,601</u>	<u>\$ 1,195,526</u>	<u>\$ 1,890,201</u>	<u>\$ 863,687</u>	<u>\$ 4,545,079</u>	<u>\$ 2,566,090</u>

CITY OF APPLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)
December 31, 2008

	Capital Projects Funds					
	Tax	Public	Public	CEA	Riverfront	Library
	Incremental District No. 7	Safety Facilities	Works Equipment	Replacement	Initiatives	Improve- ments
ASSETS						
Cash and investments	\$ 20,777	\$ 147,365	\$ 290,981	\$ 2,138,414	\$ 359,984	\$ 2,119
Receivables						
Taxes	15,355	-	-	-	-	-
Deferred loans	-	-	-	-	-	-
Accounts	-	-	93,033	-	-	-
Special assessments	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Prepaid items	-	397,188	-	-	-	-
TOTAL ASSETS	\$ 36,132	\$ 544,553	\$ 384,014	\$ 2,138,414	\$ 359,984	\$ 2,119
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ -	\$ 1,845	\$ 445,344	\$ 232	\$ 1,103	\$ 63
Other accrued liabilities	-	-	99	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits	20,000	-	-	-	-	-
Deferred revenues	15,355	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	35,355	1,845	445,443	232	1,103	63
Fund Balances						
Reserved for						
Prepaid items	-	397,188	-	-	-	-
Debt service	-	-	-	-	-	-
Encumbrances	-	20,992	100,419	1,600	326,631	-
Trust purposes	-	-	-	-	-	-
Unreserved						
Designated for subsequent year's expenditures	777	124,528	-	2,136,582	32,250	2,056
Undesignated (deficit)	-	-	(161,848)	-	-	-
Total Fund Balances	777	542,708	(61,429)	2,138,182	358,881	2,056
TOTAL LIABILITIES AND FUND BALANCES	\$ 36,132	\$ 544,553	\$ 384,014	\$ 2,138,414	\$ 359,984	\$ 2,119

<u>Capital Projects Funds</u>		<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Facilities Capital Projects</u>	<u>Technology</u>	<u>Frank P. Young Memorial</u>	
\$ 8,199,238	\$ 298,394	\$ 32,304	\$ 26,016,224
-	-	-	12,861,733
-	-	-	6,195,833
-	-	-	355,446
-	-	-	545,746
-	-	1,442	1,442
-	-	-	730,000
-	-	-	335,427
-	-	-	10,166
-	9,724	-	539,196
<u>\$ 8,199,238</u>	<u>\$ 308,118</u>	<u>\$ 33,746</u>	<u>\$ 47,591,213</u>
\$ 938,930	\$ 21,517	\$ -	\$ 2,017,433
1,090	-	-	70,130
-	-	-	90,263
-	-	-	20,000
-	-	-	20,292,993
-	-	-	829,000
<u>940,020</u>	<u>21,517</u>	<u>-</u>	<u>23,319,819</u>
-	9,724	-	539,196
-	-	-	584,586
2,242,241	347,396	-	4,324,507
-	-	33,746	33,746
5,016,977	-	-	19,676,988
-	(70,519)	-	(887,629)
<u>7,259,218</u>	<u>286,601</u>	<u>33,746</u>	<u>24,271,394</u>
<u>\$ 8,199,238</u>	<u>\$ 308,118</u>	<u>\$ 33,746</u>	<u>\$ 47,591,213</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2008

	Special Revenue Funds					
	Tax Incremental District No. 1	Tax Incremental District No. 2	Tax Incremental District No. 4	Community Development Block Grant	Rental Rehabili- tation Grants	Sanitation & Recycling Program
	REVENUES					
Taxes	\$ 1,957,741	\$ 255,082	\$ 3,519,900	\$ -	\$ -	\$ 2,463,700
Intergovernmental	149,666	5,304	119,724	562,957	-	-
Special assessments	-	-	-	-	-	-
Investment income	3,015	14,336	399,569	-	-	57,938
Charges for services	-	-	-	-	-	681,940
Other	-	-	19,000	-	103,474	11,449
Total Revenues	<u>2,110,422</u>	<u>274,722</u>	<u>4,058,193</u>	<u>562,957</u>	<u>103,474</u>	<u>3,215,027</u>
EXPENDITURES						
Current						
General government	5,288	1,788	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	3,375,587
Education and recreation	-	-	-	-	-	-
Community development	-	-	-	562,957	132,218	-
Capital Outlay	-	-	1,715,433	-	-	-
Debt Service						
Principal	-	-	-	-	-	-
Interest and fiscal charges	92,069	37,434	-	-	-	-
Total Expenditures	<u>97,357</u>	<u>39,222</u>	<u>1,715,433</u>	<u>562,957</u>	<u>132,218</u>	<u>3,375,587</u>
Excess (deficiency) of revenues over expenditures	<u>2,013,065</u>	<u>235,500</u>	<u>2,342,760</u>	<u>-</u>	<u>(28,744)</u>	<u>(160,560)</u>
OTHER FINANCING SOURCES (USES)						
Debt issued	-	-	-	-	-	-
Premium on debt issue	-	-	-	-	-	-
Discount on debt issue	-	-	-	-	-	-
Sale of city property	-	-	-	-	-	-
Transfer in	-	-	-	-	-	60,000
Transfers out	-	(62,033)	-	(55)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(62,033)</u>	<u>-</u>	<u>(55)</u>	<u>-</u>	<u>60,000</u>
Net Change in Fund Balances	2,013,065	173,467	2,342,760	(55)	(28,744)	(100,560)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(2,013,065)</u>	<u>(718,399)</u>	<u>5,468,293</u>	<u>(4,728)</u>	<u>85,990</u>	<u>889,561</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ (544,932)</u>	<u>\$ 7,811,053</u>	<u>\$ (4,783)</u>	<u>\$ 57,246</u>	<u>\$ 789,001</u>

Special Revenue Funds

Health Grants	Police Grants	Hazardous Materials Level A	Forestry	Room Tax	Emergency Shelter	Continuum of Care	HOME Homeowner
\$ -	\$ -	\$ -	\$ 17,850	\$ 350,382	\$ -	\$ -	\$ -
524,445	44,178	271,002	-	-	121,943	258,623	23,582
-	-	-	-	-	-	-	-
-	-	18,157	492	-	-	-	-
-	-	-	257	-	-	-	-
-	-	12,202	135	-	-	-	14,908
<u>524,445</u>	<u>44,178</u>	<u>301,361</u>	<u>18,734</u>	<u>350,382</u>	<u>121,943</u>	<u>258,623</u>	<u>38,490</u>
-	-	35,504	-	320,490	-	-	-
524,445	88,821	152,065	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	17,796	-	-	-	-
-	-	-	-	-	121,943	258,623	23,663
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>524,445</u>	<u>88,821</u>	<u>187,569</u>	<u>17,796</u>	<u>320,490</u>	<u>121,943</u>	<u>258,623</u>	<u>23,663</u>
-	(44,643)	113,792	938	29,892	-	-	14,827
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	7,900	-	-	-	-	-	55
-	-	-	-	(30,000)	-	-	-
-	<u>7,900</u>	-	-	<u>(30,000)</u>	-	-	<u>55</u>
-	(36,743)	113,792	938	(108)	-	-	14,882
-	-	372,650	4,264	22,417	-	-	-
<u>\$ -</u>	<u>\$ (36,743)</u>	<u>\$ 486,442</u>	<u>\$ 5,202</u>	<u>\$ 22,309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,882</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (cont.)
For the Year Ended December 31, 2008

	Special Revenue Funds					
	Housing Rehab	Tuch- scherer Disability	Peabody Estate	Balliet Locomotive	Lutz Park	Park Purpose Open Space
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	93,823	-	-	-	48,750	-
Special assessments	-	-	-	-	-	-
Investment income	-	4,132	5,636	547	32,348	18,849
Charges for services	-	-	-	-	-	-
Other	304,216	-	-	-	-	-
Total Revenues	<u>398,039</u>	<u>4,132</u>	<u>5,636</u>	<u>547</u>	<u>81,098</u>	<u>18,849</u>
EXPENDITURES						
Current						
General government	-	6,391	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Education and recreation	-	-	-	-	236,798	9,530
Community development	376,855	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>376,855</u>	<u>6,391</u>	<u>-</u>	<u>-</u>	<u>236,798</u>	<u>9,530</u>
Excess (deficiency) of revenues over expenditures	<u>21,184</u>	<u>(2,259)</u>	<u>5,636</u>	<u>547</u>	<u>(155,700)</u>	<u>9,319</u>
OTHER FINANCING SOURCES (USES)						
Debt issued	-	-	-	-	-	-
Premium on debt issue	-	-	-	-	-	-
Discount on debt issue	-	-	-	-	-	-
Sale of city property	-	-	-	-	-	-
Transfer in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	21,184	(2,259)	5,636	547	(155,700)	9,319
FUND BALANCES (DEFICIT) - Beginning of Year	<u>-</u>	<u>76,935</u>	<u>99,649</u>	<u>9,673</u>	<u>552,089</u>	<u>337,921</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 21,184</u>	<u>\$ 74,676</u>	<u>\$ 105,285</u>	<u>\$ 10,220</u>	<u>\$ 396,389</u>	<u>\$ 347,240</u>

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Special Revenue Funds			Debt Service Fund	Capital Projects Funds				
Union Spring Park	Project City Park	Universal Playground	Debt Service	Subdivision Development Projects	Industrial Park Land	Parks and Recreation Projects	Tax Incremental District No. 5	Tax Incremental District No. 6
\$ -	\$ -	\$ -	\$ 3,303,443	\$ -	\$ -	\$ -	\$ 149,881	\$ 1,530,883
-	-	-	-	-	-	-	1,162	21,108
-	-	-	-	954,194	-	-	-	-
122	281	1,242	655	58,500	111,582	57,228	9,295	134,448
-	-	-	-	-	-	-	-	-
-	-	-	93,390	65,344	49,515	85,000	-	14,634
<u>122</u>	<u>281</u>	<u>1,242</u>	<u>3,397,488</u>	<u>1,078,038</u>	<u>161,097</u>	<u>142,228</u>	<u>160,338</u>	<u>1,701,073</u>
60	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	4,157	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	2,085,014	113,203	682,818	51,788	1,260,422
-	-	-	5,944,027	-	-	-	-	-
-	-	-	1,780,004	-	-	-	4,803	-
<u>60</u>	<u>-</u>	<u>4,157</u>	<u>7,724,031</u>	<u>2,085,014</u>	<u>113,203</u>	<u>682,818</u>	<u>56,591</u>	<u>1,260,422</u>
<u>62</u>	<u>281</u>	<u>(2,915)</u>	<u>(4,326,543)</u>	<u>(1,006,976)</u>	<u>47,894</u>	<u>(540,590)</u>	<u>103,747</u>	<u>440,651</u>
-	-	-	71,000	-	-	1,205,748	50,000	1,116,000
-	-	-	19,785	-	-	-	-	-
-	-	-	(126,196)	-	-	-	-	-
-	-	-	-	-	-	-	-	343,251
-	-	-	4,314,935	-	-	-	-	-
-	-	-	-	-	(177,348)	(1,164,721)	(132,400)	(2,332,852)
-	-	-	4,279,524	-	(177,348)	41,027	(82,400)	(873,601)
62	281	(2,915)	(47,019)	(1,006,976)	(129,454)	(499,563)	21,347	(432,950)
<u>2,199</u>	<u>5,008</u>	<u>23,191</u>	<u>61,582</u>	<u>1,358,648</u>	<u>2,019,430</u>	<u>1,362,320</u>	<u>(24,031)</u>	<u>1,444,823</u>
<u>\$ 2,261</u>	<u>\$ 5,289</u>	<u>\$ 20,276</u>	<u>\$ 14,563</u>	<u>\$ 351,672</u>	<u>\$ 1,889,976</u>	<u>\$ 862,757</u>	<u>\$ (2,684)</u>	<u>\$ 1,011,873</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (cont.)
For the Year Ended December 31, 2008

	Capital Projects Funds					
	Tax	Public	Public	CEA	Riverfront	Library
	Incremental District No. 7	Safety Facilities	Works Equipment	Replacement	Initiatives	Improve- ments
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Investment income	1,124	27,056	43,677	106,946	19,969	657
Charges for services	-	-	-	-	-	-
Other	-	-	282,146	1,563,255	-	-
Total Revenues	<u>1,124</u>	<u>27,056</u>	<u>325,823</u>	<u>1,670,201</u>	<u>19,969</u>	<u>657</u>
EXPENDITURES						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Education and recreation	-	-	-	-	-	-
Community development	20,000	-	-	-	-	-
Capital Outlay	715	114,983	2,098,355	2,036,203	46,369	121,482
Debt Service						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>20,715</u>	<u>114,983</u>	<u>2,098,355</u>	<u>2,036,203</u>	<u>46,369</u>	<u>121,482</u>
Excess (deficiency) of revenues over expenditures	<u>(19,591)</u>	<u>(87,927)</u>	<u>(1,772,532)</u>	<u>(366,002)</u>	<u>(26,400)</u>	<u>(120,825)</u>
OTHER FINANCING SOURCES (USES)						
Debt issued	-	429,801	416,960	-	17,522	25,000
Premium on debt issue	-	-	-	-	-	-
Discount on debt issue	-	-	-	-	-	-
Sale of city property	-	-	-	-	-	-
Transfers in	-	-	-	47,025	-	-
Transfers out	-	(1,220,331)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(790,530)</u>	<u>416,960</u>	<u>47,025</u>	<u>17,522</u>	<u>25,000</u>
Net Change in Fund Balances	(19,591)	(878,457)	(1,355,572)	(318,977)	(8,878)	(95,825)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>20,368</u>	<u>1,421,165</u>	<u>1,294,143</u>	<u>2,457,159</u>	<u>367,759</u>	<u>97,881</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 777</u>	<u>\$ 542,708</u>	<u>\$ (61,429)</u>	<u>\$ 2,138,182</u>	<u>\$ 358,881</u>	<u>\$ 2,056</u>

Capital Projects Funds		Permanent Fund	Total Nonmajor Governmental Funds
Facilities Capital Projects	Technology	Frank P. Young Memorial	
\$ -	\$ -	\$ -	\$ 13,548,862
-	-	-	2,246,267
-	-	-	954,194
138,770	11,408	1,612	1,279,591
-	-	-	682,197
10,000	-	591	2,629,259
<u>148,770</u>	<u>11,408</u>	<u>2,203</u>	<u>21,340,370</u>
107,971	-	550	478,042
-	-	-	765,331
-	-	-	3,375,587
-	-	-	268,281
-	-	-	1,496,259
5,127,431	370,047	-	15,824,263
-	-	-	5,944,027
-	-	-	1,914,310
<u>5,235,402</u>	<u>370,047</u>	<u>550</u>	<u>30,066,100</u>
<u>(5,086,632)</u>	<u>(358,639)</u>	<u>1,653</u>	<u>(8,725,730)</u>
7,462,969	400,000	-	11,195,000
-	-	-	19,785
-	-	-	(126,196)
-	-	-	343,251
4,882,881	-	-	9,312,796
-	-	-	(5,119,740)
<u>12,345,850</u>	<u>400,000</u>	<u>-</u>	<u>15,624,896</u>
7,259,218	41,361	1,653	6,899,166
-	245,240	32,093	17,372,228
<u>\$ 7,259,218</u>	<u>\$ 286,601</u>	<u>\$ 33,746</u>	<u>\$ 24,271,394</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, 2008

	Enterprise Funds		Totals
	Parking Utility	Reid Municipal Golf Course	
ASSETS			
Current Assets			
Cash and investments	\$ 1,650,554	\$ 56,493	\$ 1,707,047
Other accounts receivable	55,638	19	55,657
Total Current Assets	<u>1,706,192</u>	<u>56,512</u>	<u>1,762,704</u>
Non-Current Assets			
Capital Assets			
Land	1,583,640	1,428,667	3,012,307
Building and improvements	22,916,619	1,079,155	23,995,774
Equipment, furniture and vehicles	535,155	121,648	656,803
Less: Accumulated depreciation	<u>(13,936,465)</u>	<u>(1,035,259)</u>	<u>(14,971,724)</u>
Total Non-Current Assets	<u>11,098,949</u>	<u>1,594,211</u>	<u>12,693,160</u>
Total Assets	<u>12,805,141</u>	<u>1,650,723</u>	<u>14,455,864</u>
LIABILITIES			
Current Liabilities			
Accounts payable	53,766	2,759	56,525
Compensated absences	38,097	17,654	55,751
Other accrued liabilities	16,384	33,099	49,483
Total Current Liabilities	<u>108,247</u>	<u>53,512</u>	<u>161,759</u>
Noncurrent Liabilities			
General obligation debt payable	-	708,509	708,509
Compensated absences	47,580	37,369	84,949
Total Noncurrent Liabilities	<u>47,580</u>	<u>745,878</u>	<u>793,458</u>
Total Liabilities	<u>155,827</u>	<u>799,390</u>	<u>955,217</u>
NET ASSETS			
Invested in capital assets, net of related debt	11,098,949	885,702	11,984,651
Unrestricted (deficit)	<u>1,550,365</u>	<u>(34,369)</u>	<u>1,515,996</u>
TOTAL NET ASSETS	<u>\$ 12,649,314</u>	<u>\$ 851,333</u>	<u>\$ 13,500,647</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS - NONMAJOR PROPRIETARY FUNDS
For the Year Ended December 31, 2008

	Enterprise Funds		Totals
	Parking Utility	Reid Municipal Golf Course	
OPERATING REVENUES			
Charges for services	\$ 1,716,293	\$ 533,358	\$ 2,249,651
Other	567,807	12,875	580,682
Total Operating Revenues	2,284,100	546,233	2,830,333
OPERATING EXPENSES			
Operation and maintenance	1,175,254	427,089	1,602,343
Depreciation	962,788	77,473	1,040,261
Total Operating Expenses	2,138,042	504,562	2,642,604
Operating Income	146,058	41,671	187,729
NONOPERATING REVENUES (EXPENSES)			
Investment income	96,828	4,417	101,245
Interest expense	-	(59,732)	(59,732)
Gain on sale of capital assets	-	1,251	1,251
Other	326	-	326
Total Nonoperating Revenues (Expenses)	97,154	(54,064)	43,090
Income (Loss) Before Transfers and Capital Contributions	243,212	(12,393)	230,819
Transfers out	(909,300)	(17,900)	(927,200)
Change in Net Assets	(666,088)	(30,293)	(696,381)
TOTAL NET ASSETS - Beginning	13,315,402	881,626	14,197,028
TOTAL NET ASSETS - ENDING	\$ 12,649,314	\$ 851,333	\$ 13,500,647

CITY OF APPLETON

COMBINING STATEMENT OF CASH FLOWS NONMAJOR PROPRIETARY FUNDS For the Year Ended December 31, 2008

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 2,231,886	\$ 546,899	\$ 2,778,785
Paid to suppliers for goods and services	(529,250)	(195,373)	(724,623)
Paid to employees for services	(640,311)	(224,402)	(864,713)
Net Cash Flows From Operating Activities	1,062,325	127,124	1,189,449
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(909,300)	(17,900)	(927,200)
Net Cash Flows From Noncapital Financing Activities	(909,300)	(17,900)	(927,200)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(21,779)	(16,484)	(38,263)
Proceeds from the sale of capital assets	-	1,251	1,251
Cost of removal of capital assets	12,483	-	12,483
Interest paid on long-term debt	-	(60,897)	(60,897)
Net Cash Flows From Capital and Related Financing Activities	(9,296)	(76,130)	(85,426)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	96,828	4,417	101,245
Net Cash Flows From Investing Activities	96,828	4,417	101,245
Net Increase in Cash and Cash Equivalents	240,557	37,511	278,068
CASH AND CASH EQUIVALENTS - Beginning of Year	1,409,997	18,982	1,428,979
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,650,554	\$ 56,493	\$ 1,707,047

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES			
Operating income	\$ 146,058	\$ 41,671	\$ 187,729
Adjustments to reconcile operating income to net cash flows from operating activities			
Non-operating income	326	-	326
Depreciation	962,788	77,473	1,040,261
Change in assets and liabilities			
Other accounts receivable	(52,540)	666	(51,874)
Accounts payable	-	31	31
Accrued liabilities	4,091	5,485	9,576
Compensated absences	1,602	1,798	3,400
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 1,062,325</u>	 <u>\$ 127,124</u>	 <u>\$ 1,189,449</u>

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

None

INTERNAL SERVICE FUNDS

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

CENTRAL EQUIPMENT AGENCY

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

RISK MANAGEMENT

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

FACILITIES MANAGEMENT

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

POST EMPLOYMENT BENEFIT

To account for the actuarially determined liability associated with other post employment benefits (OPEB) in accordance with Government Accounting Standards Board (GASB) Statements No. 43 and 45.

CITY OF APPLETON

COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS

December 31, 2008

	Central Equipment Agency	Insurance	Facilities Management	Post- employment Benefits	Totals
ASSETS					
Current Assets					
Cash and investments	\$ 526,412	\$ 812,747	\$ 114,952	\$ 1,464,245	\$ 2,918,356
Other receivable	8,891	129,659	-	-	138,550
Inventories	30,874	-	-	-	30,874
Prepaid items	-	-	26,770	-	26,770
Total Current Assets	<u>566,177</u>	<u>942,406</u>	<u>141,722</u>	<u>1,464,245</u>	<u>3,114,550</u>
Non-Current Assets					
Restricted Assets					
Investment in WMIC	-	2,020,950	-	-	2,020,950
Capital Assets					
Equipment	1,540,216	-	-	-	1,540,216
Vehicles	21,330,714	-	-	-	21,330,714
Less: Accumulated depreciation	<u>(12,254,382)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,254,382)</u>
Total Non-Current Assets	<u>10,616,548</u>	<u>2,020,950</u>	<u>-</u>	<u>-</u>	<u>12,637,498</u>
Total Assets	<u>11,182,725</u>	<u>2,963,356</u>	<u>141,722</u>	<u>1,464,245</u>	<u>15,752,048</u>
LIABILITIES					
Current Liabilities					
Accounts payable	33,206	22,117	83,144	-	138,467
Compensated absences	52,633	14,805	31,069	-	98,507
Other accrued liabilities	33,206	6,316	19,859	-	59,381
Claims payable	-	1,500,000	-	-	1,500,000
Unearned revenue	-	51,449	-	-	51,449
Total Current Liabilities	<u>119,045</u>	<u>1,594,687</u>	<u>134,072</u>	<u>-</u>	<u>1,847,804</u>
Noncurrent Liabilities					
General obligation debt	110,000	-	-	-	110,000
Postemployment benefits liability	-	-	-	1,464,245	1,464,245
Compensated absences	<u>56,305</u>	<u>-</u>	<u>7,650</u>	<u>-</u>	<u>63,955</u>
Total Noncurrent Liabilities	<u>166,305</u>	<u>-</u>	<u>7,650</u>	<u>1,464,245</u>	<u>1,638,200</u>
Total Liabilities	<u>285,350</u>	<u>1,594,687</u>	<u>141,722</u>	<u>1,464,245</u>	<u>3,486,004</u>
NET ASSETS					
Invested in capital assets	10,616,548	-	-	-	10,616,548
Unrestricted	<u>280,827</u>	<u>1,368,669</u>	<u>-</u>	<u>-</u>	<u>1,649,496</u>
TOTAL NET ASSETS	<u>\$ 10,897,375</u>	<u>\$ 1,368,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,266,044</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS -
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2008

	Central Equipment Agency	Insurance	Facilities Management	Post- employment Benefits	Totals
OPERATING REVENUES					
Charges for services	\$ 2,641,538	\$ 606,508	\$ 2,195,745	\$ 1,464,245	\$ 6,908,036
Other	9,426	56,230	-	-	65,656
Total Operating Revenue	<u>2,650,964</u>	<u>662,738</u>	<u>2,195,745</u>	<u>1,464,245</u>	<u>6,973,692</u>
OPERATING EXPENSES					
Operation and maintenance	2,941,577	1,276,400	2,165,998	1,464,245	7,848,220
Depreciation	<u>1,780,404</u>	-	-	-	<u>1,780,404</u>
Total Operating Expenses	<u>4,721,981</u>	<u>1,276,400</u>	<u>2,165,998</u>	<u>1,464,245</u>	<u>9,628,624</u>
Operating Income (Loss)	<u>(2,071,017)</u>	<u>(613,662)</u>	<u>29,747</u>	-	<u>(2,654,932)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	19,157	52,061	-	-	71,218
Gain on the sale of capital assets	223,773	-	-	-	223,773
Other	<u>6,239</u>	<u>26,283</u>	<u>2,228</u>	-	<u>34,750</u>
Total Nonoperating Revenues (Expenses)	<u>249,169</u>	<u>78,344</u>	<u>2,228</u>	-	<u>329,741</u>
Income (Loss) Before Transfers and Contributions	(1,821,848)	(535,318)	31,975	-	(2,325,191)
Capital contributions	2,151,180	-	-	-	2,151,180
Transfers out	<u>-</u>	<u>-</u>	<u>(31,975)</u>	<u>-</u>	<u>(31,975)</u>
Change in Net Assets	329,332	(535,318)	-	-	(205,986)
TOTAL NET ASSETS - Beginning	<u>10,568,043</u>	<u>1,903,987</u>	<u>-</u>	<u>-</u>	<u>12,472,030</u>
TOTAL NET ASSETS - ENDING	<u>\$ 10,897,375</u>	<u>\$ 1,368,669</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,266,044</u>

CITY OF APPLETON

COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2008

	Central Equipment Agency	Insurance	Facilities Management	Post- employment Benefits	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 2,653,677	\$ 650,855	\$ 2,197,973	\$ 1,464,245	\$ 6,966,750
Paid to suppliers for goods and services	(1,804,857)	(961,253)	(1,515,609)	-	(4,281,719)
Paid to employees for services	(1,078,648)	(294,066)	(651,082)	-	(2,023,796)
Net Cash Flows From Operating Activities	<u>(229,828)</u>	<u>(604,464)</u>	<u>31,282</u>	<u>1,464,245</u>	<u>661,235</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out	-	-	(31,975)	-	(31,975)
Net Cash Flows From Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>(31,975)</u>	<u>-</u>	<u>(31,975)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	227,489	-	-	-	227,489
Acquisition and construction of capital assets	(84,343)	-	-	-	(84,343)
General obligation debt issued	110,000	-	-	-	110,000
Net Cash Flows From Capital and Related Financing Activities	<u>253,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253,146</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	19,157	52,061	-	-	71,218
Net Cash Flows From Investing Activities	<u>19,157</u>	<u>52,061</u>	<u>-</u>	<u>-</u>	<u>71,218</u>
Net Increase (Decrease) in Cash and Cash Equivalents	42,475	(552,403)	(693)	1,464,245	953,624
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>483,937</u>	<u>1,365,150</u>	<u>115,645</u>	<u>-</u>	<u>1,964,732</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 526,412</u>	<u>\$ 812,747</u>	<u>\$ 114,952</u>	<u>\$ 1,464,245</u>	<u>\$ 2,918,356</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ (2,071,017)	\$ (613,662)	\$ 29,747	\$ -	\$ (2,654,932)
Adjustments to reconcile income (loss) to net cash flows from operating activities:					
Non-operating income	6,239	26,283	2,228	-	34,750
Depreciation	1,780,404	-	-	-	1,780,404
Change in assets and liabilities:					
Other accounts receivable	(3,526)	(89,615)	-	-	(93,141)
Inventories	35,367	-	-	-	35,367
Prepays	-	-	(26,770)	-	(26,770)
Accounts payable	(18,936)	18,552	13,070	-	12,686
Accrued liabilities	22,592	1,763	11,257	-	35,612
Accrued compensated absences	19,049	766	1,750	-	21,565
Postemployment benefits liability	-	-	-	1,464,245	1,464,245
Unearned revenue	-	51,449	-	-	51,449
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (229,828)</u>	<u>\$ (604,464)</u>	<u>\$ 31,282</u>	<u>\$ 1,464,245</u>	<u>\$ 661,235</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Contributed property and equipment	<u>\$ 2,151,180</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,151,180</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, 2008

	<u>Balance 1-1-08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12-31-08</u>
TAX COLLECTIONS				
Assets				
Cash and investments	\$ 46,295,710	\$ 45,538,451	\$ 46,295,710	\$ 45,538,451
Property taxes receivable	<u>12,402,653</u>	<u>16,325,680</u>	<u>12,402,653</u>	<u>16,325,680</u>
 TOTAL ASSETS	 <u>\$ 58,698,363</u>	 <u>\$ 61,864,131</u>	 <u>\$ 58,698,363</u>	 <u>\$ 61,864,131</u>
 Liabilities				
Due to other taxing authorities	\$ 58,605,031	\$ 61,779,218	\$ 58,605,031	\$ 61,779,218
Accounts payable	<u>93,332</u>	<u>84,913</u>	<u>93,332</u>	<u>84,913</u>
 TOTAL LIABILITIES	 <u>\$ 58,698,363</u>	 <u>\$ 61,864,131</u>	 <u>\$ 58,698,363</u>	 <u>\$ 61,864,131</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>	<u>2008</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	\$ 275,565,973
Restricted	218,516	6,429,747	6,796,749	6,868,633	6,825,544	6,874,327
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>	<u>13,815,530</u>
Total Governmental Activities Net Assets	218,437,356	226,048,893	253,758,590	264,045,823	276,268,295	296,255,830
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	175,623,218
Restricted	9,927,016	10,482,382	10,852,698	9,249,057	11,781,325	14,167,468
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>	<u>23,317,930</u>
Total Business-type Activities Net Assets	193,535,404	200,025,567	194,571,956	199,366,224	206,184,826	213,108,616
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	448,610,849
Restricted	10,145,532	16,912,129	17,649,447	16,117,690	18,606,869	21,041,795
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>	<u>39,711,802</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>	<u>\$ 509,364,446</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>	<u>2008</u>
Expenses						
Governmental Activities:						
General Government	\$ 6,492,619	\$ 6,419,439	\$ 6,945,784	\$ 6,791,974	\$ 8,800,555	\$ 9,034,711
Public Safety	22,639,969	23,575,858	24,424,002	24,478,781	25,981,454	26,734,234
Public Works	15,379,335	15,521,570	16,935,291	16,394,553	15,318,805	18,453,713
Education & Recreation	8,820,286	8,667,868	8,706,013	8,827,228	8,977,181	9,558,936
Community Development	4,356,058	2,450,493	2,532,059	2,300,154	1,982,044	1,893,734
Interest	4,080,710	3,983,171	2,070,103	4,731,390	2,790,898	2,537,817
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>	<u>68,213,145</u>
Business-type Activities						
Water	11,436,383	11,384,777	12,075,437	13,734,286	14,431,806	13,794,313
Wastewater	10,442,858	10,901,021	10,714,320	10,527,573	10,919,223	11,193,807
Valley Transit	5,951,388	6,454,888	6,577,385	6,884,932	7,367,991	8,194,083
Stormwater	3,032,606	3,974,123	4,347,493	4,711,912	5,036,135	5,504,427
Other non-major enterprise funds	2,507,622	2,482,916	2,454,170	2,482,848	2,534,889	2,751,205
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>	<u>41,437,835</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>	<u>\$ 109,650,980</u>
Program Revenues						
Governmental Activities:						
Charges for Service	\$ 4,945,020	\$ 4,285,207	\$ 4,195,931	\$ 4,629,519	\$ 4,192,537	\$ 4,256,826
Operating Grants & Contributions	2,320,915	2,470,595	2,984,118	2,986,715	2,734,921	5,734,618
Capital Grants & Contributions	4,416,370	7,176,121	6,861,161	6,332,043	5,922,608	14,461,771
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>	<u>24,453,215</u>
Business-type Activities						
Charges for Service						
Water	14,503,814	14,143,690	14,251,543	14,373,765	17,773,481	17,444,729
Wastewater	8,381,938	8,153,375	7,942,307	9,684,273	9,737,880	9,299,844
Valley Transit	845,530	899,244	983,778	1,136,722	1,163,950	1,310,187
Stormwater	3,102,677	3,835,617	3,933,221	5,713,662	6,151,417	6,336,084
Other non-major enterprise funds	2,566,566	2,575,747	2,593,791	2,847,392	2,863,151	2,830,333
Operating Grants & Contributions	4,355,203	4,560,499	4,401,611	4,599,362	5,006,545	5,526,780
Capital Grants & Contributions	4,345,345	7,303,800	4,995,504	4,094,711	2,398,543	3,388,620
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>	<u>46,136,577</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>	<u>\$ 70,589,792</u>
Net (Expense)/Revenue						
Governmental Activities	(50,086,672)	(46,686,476)	(47,572,042)	(49,575,803)	(51,000,871)	(43,759,930)
Business-Type Activities	4,730,216	6,274,247	2,932,950	4,108,336	4,804,923	4,698,742
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>	<u>\$ (39,061,188)</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>	<u>2008</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	41,461,893
Other Taxes	866,069	1,195,606	1,060,335	790,509	989,071	869,514
Intergovernmental revenues not restricted to specific programs	17,271,606	16,084,242	16,015,538	16,833,670	17,219,716	14,866,313
Investment income	2,030,374	2,182,845	1,682,999	5,470,655	4,877,181	4,634,775
Gain (Loss) on the sale of assets	206,811	135,307	2,255,997	532,942	432,440	275,699
Miscellaneous	568,296	1,224,976	790,190	-	51,861	130,482
Transfers	641,359	591,386	11,918,030	836,691	907,424	1,508,789
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>	<u>63,747,465</u>
Business-type Activities						
Investment income	1,142,573	788,552	791,730	1,452,672	3,098,764	3,726,367
Gain (Loss) on the sale of assets	(3,206)	-	-	-	338,957	1,251
Miscellaneous	8,940	18,750	11,816	68,918	159,557	6,219
Transfers	(641,359)	(591,386)	(11,918,030)	(836,691)	(907,424)	(1,508,789)
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>	<u>2,225,048</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>	<u>\$ 65,972,513</u>
Change in Net Assets						
Governmental Activities:	\$ 4,112,098	\$ 7,611,537	\$ 21,060,998	\$ 11,732,397	\$ 12,222,472	\$ 19,987,535
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>	<u>6,923,790</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>	<u>\$ 26,911,325</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>	<u>2008</u>
Governmental Activities:						
General Government	\$ 252,984	\$ 560,841	\$ 551,625	\$ 922,350	\$ 719,464	\$ 513,367
Public Safety	1,719,607	1,869,967	2,059,771	2,020,978	1,912,579	2,159,092
Public Works	6,064,272	8,825,461	8,363,126	7,513,891	6,787,697	18,966,301
Education & Recreation	1,636,676	1,645,419	1,690,834	1,623,161	2,087,549	1,710,864
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>	<u>1,103,591</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>	<u>24,453,215</u>
Business-type Activities						
Water	15,516,139	15,087,868	15,044,585	14,865,848	17,808,923	18,310,360
Wastewater	9,227,688	9,273,617	9,353,598	10,907,330	10,265,003	10,484,298
Valley Transit	5,159,558	8,957,170	6,514,788	6,192,470	6,317,752	6,985,997
Stormwater	5,631,122	5,577,570	5,594,993	7,636,847	7,814,638	7,525,589
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>	<u>2,830,333</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>	<u>46,136,577</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>	<u>\$ 70,589,792</u>

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

	<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>	<u>2008</u>
General Fund										
Reserved for:										
Inventories	\$ 385,886	\$ 355,214	\$ 434,194	\$ 443,632	\$ 730,647	\$ 624,307	\$ 631,367	\$ 598,994	\$ 512,923	\$ 575,485
Prepaid items	76,069	37,832	18,098	40,342	231,697	37,156	15,564	9,792	4,475	1,856
Noncurrent receivables/advances	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	10,040,207
Encumbrances	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	1,997,140
Unreserved	<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>	<u>20,782,786</u>
Total General Fund	<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>	<u>\$ 33,397,474</u>
All Other Governmental Funds										
Reserved for:										
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ 82,614	\$ -	\$ -	\$ 313,569	\$ 16,588	\$ 539,196
Debt service	2,549,859	1,571,943	899,984	152,081	218,516	1,308,374	1,187,549	986,156	808,953	584,586
Encumbrances	474,236	712	2,556,635	803,204	1,437,827	1,327,663	4,058,957	2,686,620	4,801,361	4,721,695
Trust purposes ⁽¹⁾	11,376	12,419	13,231	15,423	15,922	15,703	16,070	16,364	32,093	33,746
Unreserved, reported in:										
Special revenue funds	(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)	(3,480,930)
Capital projects funds	<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>	<u>9,420,766</u>
Total All Other Governmental Funds	<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>	<u>11,819,059</u>
Total Governmental Funds	<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>	<u>\$ 45,216,533</u>

Notes:
¹ This presentation shows non-expendable fiduciary funds for all years as Trust funds. 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>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>	<u>2008</u>
REVENUES										
Taxes	\$ 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	\$ 42,331,407
Intergovernmental	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	19,544,970
Licenses and permits	702,779	750,035	791,011	884,000	857,425	855,231	921,707	938,603	858,761	809,009
Fines and forfeitures	417,360	444,667	550,333	355,125	277,692	281,958	251,401	271,530	315,809	346,338
Special assessments	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	1,811,687
Investment income	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	6,219,416
Charges for services	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	2,022,981
Other	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	4,280,040
Total Revenues	<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>	<u>77,365,848</u>
EXPENDITURES										
Current:										
General government	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	7,337,745
Public safety	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	26,172,339
Public works	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	16,059,000
Education and recreation	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	9,031,230
Community development	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	2,214,341
Capital Outlay	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	15,824,263
Debt Service:										
Principal retirement	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	5,944,027
Interest and fiscal charges	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	2,553,619
Total Expenditures	<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>	<u>85,136,564</u>
Excess (deficiency) of revenues over (under) expenditures	<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>	<u>(7,770,716)</u>
OTHER FINANCING SOURCES (USES)										
Debt issued	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	11,195,000
Premium on debt issued	-	-	-	-	-	-	133,344	886	21,395	19,785
Refunding debt issued	-	-	-	-	-	-	-	-	-	(126,196)
Payments to escrow agents	-	-	-	-	-	-	(5,240,154)	-	-	-
Sale of city properties	1,124,747	382,082	740,827	1,741,379	683,294	1,683,147	4,376,356	605,603	214,675	362,631
Transfers in	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	11,630,997
Transfers out	(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)	(9,954,412)
Total Other Financing Sources (Uses)	<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>	<u>13,127,805</u>
Net Change in Fund Balances	(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	5,357,089
FUND BALANCES (DEFICIT) - Beginning (as restated)	<u>27,653,906*</u>	<u>18,536,525</u>	<u>18,000,914</u>	<u>16,096,917</u>	<u>15,677,717</u>	<u>13,890,021</u>	<u>10,905,103</u>	<u>35,926,512</u>	<u>35,181,965</u>	<u>39,859,444</u>
FUND BALANCES (DEFICIT) - ENDING	<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>	<u>\$ 45,216,533</u>

Debt service as a percent of non-capital expenditures ⁽¹⁾ 45.8% 21.1% 21.6% 23.4% 19.1% 20.7% 16.2% 27.1% 18.6% 15.0%

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^A</u>	<u>Total Direct Tax Rate^B</u>	<u>Estimated Actual Taxable Value^C</u>	<u>Assessed as Percent of Estimated Actual Value^D</u>
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%
2008	2009	3,326,884,100	1,014,816,800	156,247,000	206,400	143,801,600	4,641,955,900	7.9594	4,711,007,500	98.53%

Notes:

^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.

^D. 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 Year	Collection Year	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate ⁽¹⁾	Appleton School District	FVTC	Outagamie County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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	7.13	0.80	7.93	7.96	1.69	4.33	0.17	22.08	1.28	20.79 *
2008	2009	7.20	0.76	7.96	8.13	1.71	4.37	0.17	22.34	1.36	20.98

OUTAGAMIE COUNTY/MENASHA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate ⁽¹⁾	Menasha School District	FVTC	Outagamie County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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	7.13	0.80	7.93	8.33	1.69	4.33	0.17	22.45	1.28	21.16 *
2008	2009	7.20	0.76	7.96	8.78	1.71	4.37	0.17	22.99	1.36	21.63

* 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

<u>Levy Year</u>	<u>Collection Year</u>	<u>Basic Rate</u>	<u>G.O. Debt Service</u>	<u>City of Appleton Direct Rate ⁽¹⁾</u>	<u>Freedom School District</u>	<u>FVTC</u>	<u>Outagamie County</u>	<u>State of Wisconsin</u>	<u>Gross Tax Rate</u>	<u>State Tax Credits</u>	<u>Net Tax Rate</u>
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	7.13	0.80	7.93	8.19	1.69	4.33	0.17	22.31	1.28	21.01 *
2008	2009	7.20	0.76	7.96	7.90	1.71	4.37	0.17	22.11	1.36	20.75

OUTAGAMIE COUNTY/HORTONVILLE SCHOOL DISTRICT

Per \$1,000 of Assessed Value

<u>Levy Year</u>	<u>Collection Year</u>	<u>Basic Rate</u>	<u>G.O. Debt Service</u>	<u>City of Appleton Direct Rate ⁽¹⁾</u>	<u>Freedom School District</u>	<u>FVTC</u>	<u>Outagamie County</u>	<u>State of Wisconsin</u>	<u>Gross Tax Rate</u>	<u>State Tax Credits</u>	<u>Net Tax Rate</u>
1999	2000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2000	2001	-	-	-	-	-	-	-	-	-	-
2001	2002	-	-	-	-	-	-	-	-	-	-
2002	2003	-	-	-	-	-	-	-	-	-	-
2003	2004	-	-	-	-	-	-	-	-	-	-
2004	2005	-	-	-	-	-	-	-	-	-	-
2005	2006	-	-	-	-	-	-	-	-	-	-
2006	2007	-	-	-	-	-	-	-	-	-	-
2007	2008	-	-	-	-	-	-	-	-	-	-
2008	2009	7.20	0.76	7.96	8.22	1.71	4.37	0.17	22.43	1.36	21.08 *

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

Note: The 2003 and 2008 Levy Years are the first years Outagamie County had property apportioned within the Freedom and Hortonville School Districts, respectively.

**Schedule 7
CITY OF APPLETON
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (Continued)**

Last Ten Fiscal Years

CALUMET COUNTY/APPLETON AREA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate ⁽¹⁾	Appleton School District	FVTC	Calumet County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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	7.16	0.80	7.96	7.99	1.69	4.11	0.17	21.92	1.29	20.64 *
2008	2009	7.16	0.75	7.91	8.09	1.70	4.13	0.17	22.00	1.38	20.62

CALUMET COUNTY/KIMBERLY AREA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate ⁽¹⁾	Kimberly School District	FVTC	Calumet County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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	7.16	0.80	7.96	9.38	1.69	4.11	0.17	23.31	1.29	22.03 *
2008	2009	7.16	0.75	7.91	9.02	1.70	4.13	0.17	22.93	1.38	21.56 *

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

**Schedule 7
CITY OF APPLETON
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (Continued)**

Last Ten Fiscal Years

WINNEBAGO COUNTY/APPLETON AREA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate ⁽¹⁾	Appleton School District	FVTC	Winnebago County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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	7.43	0.83	8.26	8.29	1.76	5.73	0.18	24.22	1.63	22.58 *
2008	2009	7.24	0.76	8.00	8.17	1.72	5.55	0.17	23.61	1.65	21.96

WINNEBAGO COUNTY/MENASHA JOINT SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate ⁽¹⁾	Menasha School District	FVTC	Winnebago County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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	26.41	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	7.43	0.83	8.26	8.68	1.76	5.73	0.18	24.61	1.63	22.97 *
2008	2009	7.24	0.76	8.00	8.82	1.72	5.55	0.17	24.26	1.65	22.61 *

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

(1) 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>2008</u>			<u>1999</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	\$ 34,172,400	0.74	1	\$ 20,424,406	0.72	3
Pfefferle/Hoffman/Evans	Real Estate Development	27,968,200	0.60	2			
Thomas Wright, et al	Rental Properties	26,420,900	0.57	3			
Appleton, Inc. (Appleton Papers)	NCR Paper Products	24,258,100	0.52	4	22,610,700	0.80	1
Watermark Montclair	Hotel	22,014,600	0.47	5	15,902,970	0.56	5
Thrivent/Northmeadows Inv.	Insurance ^(C)	18,937,800	0.41	6	21,186,170	0.75	2
Livesey	Real Estate Development	16,288,500	0.35	7			
Voith, Inc./Voith Fabrics	Industrial Machines/Papermaker Felts	16,106,300	0.35	8	11,980,700	0.42	7
Wal-Mart	Retail Sales	15,173,800	0.33	9			
RF-ACM Appleton, LLC	Real Estate Development	14,835,300	0.32	10			
VH Enterprises/Warehouse Specialists	Warehouse Storage				12,320,368	0.43	6
Guardian Life Insurance	Insurance				16,105,800	0.57	4
Miller Electric Mfg.	Electric Arc Welders				11,518,000	0.41	8
Secura Insurance	Insurance				10,632,406	0.37	9
Appleton Mills, Inc.	Papermaker Felts				9,866,300	0.35	10
TOTAL		\$ 216,175,900	4.66		\$ 152,547,820	5.38	

^(A) Per City Assessor's records.

^(B) Based on the city's total January 1, 2008 and 1999 assessed valuation of \$4,641,955,900 and \$2,840,053,880, 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
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
2008	32,807,841	32,085,754	97.80	32,786,569	99.94	21,272	0.06

^(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>
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
2008	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			
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	6.99%	2,125
2008	47,602,789	708,509	-	80,450,000	15,878,993	31,385,000	176,025,291	N/A *	2,435

* 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⁾
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
2008	48,311,298	(2,648,853)	45,662,445	0.97	632

- (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)	\$ 45,662,445	100.0000 %	<u>\$ 45,662,445</u>
<u>Overlapping Debt</u>			
Appleton Area School District	49,408,168	61.1000	30,188,391
Menasha Joint School District	18,876,674	3.9606	747,630
Kimberly Area School District	45,320,000	1.2000	543,840
Freedom Area School District	10,625,000	7.4100	787,313
Fox Valley Technical College	41,234,390	13.0300	5,372,841
Outagamie County	42,774,569	29.8800	12,781,041
Calumet County	2,670,546	18.1800	485,505
Winnebago County	60,515,415	0.5913	<u>357,828</u>
Total Overlapping Debt			<u>51,264,389</u>
Total Direct And Overlapping Debt			<u>\$ 96,926,834</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 2008:

Equalized Value of Real & Personal Property	<u>\$ 4,711,007,500</u>
Outagamie County	4,004,200,900
Calumet County	640,384,300
Winnebago County	66,422,300
 Legal Debt Limit (5% of equalized value)	 <u>235,550,375</u>
 Amount of Debt Applicable to Debt Limitation:	
Total General Obligation Bonds and Notes Outstanding at December 31, 2008	 48,311,298
 Less: Assets in Government Fund Types Available for Debt Service	 <u>(2,648,853)</u>
 Amount of Debt Applicable to Debt Limit	 <u>45,662,445</u>
 Remaining Legal Debt Margin	 <u>\$ 189,887,930</u>

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	Fiscal Year									
	<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>	<u>2008</u>
Debt Limit	\$ 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	\$ 235,550,375
Total net debt applicable to limit	<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>	<u>45,662,445</u>
Legal Debt Margin	<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>	<u>\$ 189,887,930</u>
Total net debt applicable to limit as a percentage of debt limit	32.53%	33.01%	32.53%	31.05%	28.91%	24.16%	22.78%	19.01%	17.06%	19.39%

**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>	
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	18,648,036	8,073,424	10,574,612	6,314,707	3,332,401	9,647,108	1.10
2008 ⁽³⁾	18,412,335	7,533,995	10,878,340	5,015,000	3,121,486	8,136,486	1.34

(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 and 2008 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	
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	11,080,701	6,533,954	4,546,747	2,359,987	340,571	2,700,558	1.68
2008 ⁽³⁾	10,993,895	6,494,629	4,499,266	2,514,987	510,398	3,025,385	1.49

(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, 2007, and 2008 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	
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	6,777,951	2,574,353	4,203,598	1,235,000	1,149,707	2,384,707	1.76
2008 ⁽³⁾	7,133,976	2,787,726	4,346,250	1,500,000	1,335,648	2,835,648	1.53

⁽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, 2007, and 2008 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⁾	Annual Average Unemployment Rate ⁽⁵⁾
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	2,193,539,875	49,473	15,143	5.9
2008	72,297	N/A *	N/A *	15,148	5.8

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>2008</u>			<u>1999</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	1,836	1	4.7 %	2,045	2	4.7 %
Appleton Area School District	Education	1,758	2	4.5	1,600	3	3.7
Miller Electric Manufacturing	Electric Arc Welders	1,600	3	4.1	1,175	8	2.7
Appleton, Inc.	NCR Paper Products	1,535	4	3.9	2,277	1	5.2
St. Elizabeth Hospital	Medical & Health Care Facility	1,398	5	3.6	1,217	5	2.8
Outagamie County	Government	1,243	6	3.2	1,193	7	2.7
Appleton Medical Center	Medical & Health Care Facility	1,230	7	3.1	1,200	6	2.7
West Business Services	Communication Services	1,000	8	2.5			
Valley Packaging Industries, Inc.	Hi-speed Packager	790	9	2.0	750	9	1.7
Voith Allis, Inc.	Paper Machines & Fabric Mfg.	770	10	2.0			
Guardian Life	Insurance				700	10	1.6
Pierce Manufacturing, Inc.	Fire Engine Manufacturer				1,300	4	3.0
Total		<u>13,160</u>		<u>33.6 %</u>	<u>13,457</u>		<u>30.8 %</u>
Total Employment		<u>39,352</u>			<u>43,830</u>		

* 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	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Assessor's Office	8.00	8.00	8.00	8.00	7.00	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	15.00	15.00	15.00	15.70	15.80
Human Resources	8.00	8.00	8.00	8.60	8.60	8.60	8.60	8.60	8.60	8.60
Information Services	10.00	13.00	14.00	15.40	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	2.00	3.00	3.00	3.00	3.00
Facilities Management	-	-	-	-	-	-	-	-	8.00	8.00
Total - General Government	55.00	58.00	59.00	61.00	60.00	58.00	59.00	59.00	67.70	67.80
Community Development	12.00	12.50	12.50	12.50	12.50	11.00	11.00	10.00	10.00	10.00
Recreation/Library/Transit										
Parks & Recreation	40.50	40.50	40.50	39.50	39.50	36.17	36.17	36.17	36.17	36.17
Library	46.50	45.50	45.50	45.50	46.00	46.00	46.00	45.50	45.50	45.50
Valley Transit	62.50	62.50	56.10	56.50	56.50	55.50	55.30	54.80	54.30	51.90
Total - Recreation/Library/Transit	149.50	148.50	142.10	141.50	142.00	137.67	137.47	136.47	135.97	133.57
Public Works	161.00	159.50	160.00	160.00	160.00	155.00	154.00	153.00	153.00	153.00
Public Health & Safety										
Health Department	12.75	12.75	13.55	14.10	14.05	16.55	17.55	17.60	17.40	17.20
Fire Department										
Firefighters and Officers	82.00	82.00	90.00	90.00	90.00	90.00	90.00	90.00	89.00	89.00
Civilian & Administrative	11.00	11.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Police Department										
Sworn	106.00	110.00	106.00	107.00	107.00	102.00	102.00	102.00	105.00	105.00
Civilian	31.00	31.00	31.00	33.00	33.00	33.00	32.00	31.00	30.00	30.00
Total - Public Health & Safety	242.75	246.75	252.55	256.10	256.05	253.55	253.55	252.60	253.40	253.20
Water & Sewer Utilities	43.00	44.00	45.00	47.00	47.00	43.00	43.00	41.00	35.00	35.00
Total Regular Employees	663.25	669.25	671.15	678.10	677.55	658.22	658.02	652.07	655.07	652.57

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									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government										
Building permits issued	1,043	939	858	916	906	854	757	712	705	577
Est. construction value (\$000)	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	102,632.9
School aged children vaccinated	99.0%	98.0%	98.0%	98.0%	99.2%	99.6%	97.8%	99.4%	99.5%	99.5%
Accurate weights & measures devices	93.1%	93.1%	91.3%	88.1%	93.4%	95.9%	91.8%	95.0%	91.7%	93.5%
Food-borne disease outbreaks	2	1	0	0	0	0	0	0	0	1
Police										
Calls for service	N/A	N/A	N/A	N/A	55,570	51,926	52,154	55,947	54,956	54,494
Reported Part 1 crimes	1,917	1,961	2,340	2,046	2,139	2,554	2,487	2,547	2,561	2,824
Reported Part 2 crimes	9,888	10,840	10,722	9,615	10,320	10,886	11,089	11,764	11,758	14,515
Cases assigned to investigators	468	550	1,232	1,140	1,365	1,435	1,356	1,250	N/A *	N/A *
Arrests resulting in referral to DA	275	350	700	450	650	571	643	481	N/A *	N/A *
Fire										
Emergency response < 4 min.	N/A	76%	78%	80%	81%	72%	67%	62%	72.0%	67.0%
Fire loss (\$000)	549.0	617.4	656.2	2,095.6	746.5	832.5	276.9	1,284.0	953.8	1,580.5
Fire-related deaths	0	1	0	0	0	0	0	0	0	0
Emergency calls	2,941	2,829	3,166	2,330	2,232	2,317	2,511	2,439	2,739	2,991
Public Works										
Tons of refuse collected	N/A	28,208	29,058	29,201	29,712	31,226	29,945	30,600	30,300	29,301
Tons of recycling collected	N/A	8,819	3,952	8,058	8,179	8,060	7,579	6,962	7,024	6,704
Cu. Yds. of debris - street sweeping	N/A	3,790	2,290	1,850	2,525	2,537	2,165	2,722	2,161	3,351
Cost/ton - residential auto pickup	N/A	\$ 50.67	\$ 54.39	\$ 54.51	\$ 56.86	\$ 52.35	\$ 57.67	\$ 57.67	\$ 61.38	\$ 67.47
Miles of street reconstructed	3.13	5.46	7.54	6.75	6.02	6.64	3.47	3.39	1.68	3.37
Parks & Recreation										
Sports league participants	10,844	10,105	9,951	8,437	8,348	8,425	6,709	6,675	5,824	5,425
Aquatics program participants ^{1, 2}	4,350	4,220	3,641	2,523	3,679	3,689	2,120	2,218	2,616	2,750
Open swim attendance ²	102,500	102,410	102,050	97,838	93,452	71,676	96,375	86,315	83,616	75,846
Rounds of golf played	45,000	47,850	46,409	45,576	46,320	44,342	39,313	35,595	34,870	34,666
Trees pruned	3,500	3,000	1,000	3,500	2,500	2,375	3,780	3,600	6,100	5,600
Public Library										
Volumes	282,646	303,663	315,741	318,898	342,514	332,036	350,256	299,295	382,690	307,777
Materials circulated	868,796	893,958	984,442	1,075,224	1,109,668	1,104,215	1,153,946	1,231,738	1,392,057	1,445,373
Annual door count	508,173	483,561	523,179	552,005	559,789	534,075	551,072	537,057	533,291	554,125
Water										
Avg. daily consumption (000 gal.)	9,341	8,273	8,708	8,397	8,385	8,135	8,108	8,096	7,937	7,593
Peak daily consumption (000 gal.)	14,473	14,746	17,255	15,126	13,222	13,153	14,635	13,765	13,941	11,659
Number of customers ³	24,331	24,588	24,849	25,161	24,849	25,161	26,785	26,963	27,101	27,257
Wastewater										
Avg. daily sewage treatment (000 gal.)	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	13,122.0
Valley Transit										
Total route miles	961,238	987,471	963,514	922,456	908,792	894,824	894,756	880,219	893,218	895,168
Passengers	986,403	966,291	971,692	970,417	909,197	937,410	954,725	937,297	958,359	1,001,325
Cost per trip	\$ 3.19	\$ 3.53	\$ 3.61	\$ 3.66	\$ 4.15	\$ 4.42	\$ 4.25	\$ 4.20	\$ 4.54	\$ 4.72

* N/A = Not Available; Police is refining measures.

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>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>	<u>2008</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	82	82	82	82	82	83	83	83	83	83
Fire										
Stations	5	5	6	6	6	6	6	6	6	6
Fire suppression units	10	12	9	9	10	11	11	12	11	11
Public Works										
Miles of streets	292.0	305.0	310.0	313.0	322.0	332.7	335.0	335.0	352.1	358.3
Refuse packers	14	14	14	14	14	14	14	14	14	13
Single- and tri-axle dump trucks	23	24	24	24	24	24	24	24	23	23
Other heavy vehicles	19	19	19	20	20	20	19	19	20	20
Parks & Recreation										
Parks	26	26	26	32	32	32	32	32	32	32
Acreage	399.2	399.2	399.2	499.6	499.6	496.1	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	311.9	317.2	332.3	333.7	341.1	348.9	354.5	361.9	362.9	366.6
Storage capacity (000 gallons)	8,550	8,550	6,800	6,800	7,300	7,300	7,300	7,300	7,300	7,300
Wastewater										
Miles of mains	272.8	276.2	280.6	282.1	287.1	292.7	298.6	303.0	303.8	307.3
Stormwater										
Miles of mains	231.7	239.7	247.4	251.9	259.6	272.8	281.7	286.5	289.1	293.5

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, 2008 which collectively comprise the City of Appleton's basic financial statements and have issued our report thereon dated June 8, 2009. Our report was modified to include a reference to other auditors and a statement that the City implemented GASB Statement No. 45. 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 opinion 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.

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.

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

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.

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 internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in the City of Appleton's internal control over financial reporting that we consider to be material weaknesses, as defined above.

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's in a separate letter dated June 8, 2009.

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.

Madison, Wisconsin
June 8, 2009

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

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

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, 2008. 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 include the operation of the Housing Authority of the City of Appleton which received \$3,882,408 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, 2008. Our audit, described below, did not include the operations of the Housing Authority 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.

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

In our opinion, the City of Appleton's 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, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is disclosed in the accompanying schedule of findings and questioned costs as item 2008-1.

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.

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

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, 2008, which collectively comprise the City of Appleton's basic financial statements and have issued our report thereon dated June 8, 2009. 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 financial statements of the Housing Authority of the City of Appleton, as described in our report on the City of Appleton's financial statements. Our report was also modified because the City implemented GASB Statement No. 45. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Madison, Wisconsin
June 8, 2009

CITY OF APPLETON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	(Accrued) Deferred Revenue January 1, 2008	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2008
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Direct Programs					
Community Development Block Grant Entitlement Program (CDBG)					
Entitlement Program	14.218	\$ (93,142)	\$ 971,389	\$ 939,811	\$ 61,564
Passed Through State of Wisconsin Department of Commerce					
Emergency Shelter Grant (ESG)	14.231	(55,893)	136,451	121,942	41,384
Supportive Housing Program (SHP)	14.235	(10,081)	216,092	258,623	52,612
HOME Investment Partnership Program (Homeowner Rehab)	14.239	-	23,582	23,582	-
Total U.S. Department of Housing and Urban Development		<u>(159,116)</u>	<u>1,347,514</u>	<u>1,343,958</u>	<u>155,560</u>
U.S. DEPARTMENT OF TRANSPORTATION					
Federal Transit Cluster					
Passed Through State of Wisconsin Department of Transportation					
Federal Transit Formula Grants	20.507	-	1,616,430	2,155,239	538,809
Federal Transit Capital Improvement Grants					
WI-03-0080	20.500	(6,230)	8,350	4,592	2,472
WI-03-0084	20.500	(3,516)	8,036	21,558	17,038
WI-03-0087	20.500	-	-	7,711	7,711
Total Federal Transit Cluster		<u>(9,746)</u>	<u>1,632,816</u>	<u>2,189,100</u>	<u>566,030</u>
Section 5310 - JARC/WETAP	20.516	-	62,639	62,639	-
State and Community Highway Safety	20.600	-	45,879	45,879	-
Total U.S. Department of Transportation		<u>(9,746)</u>	<u>1,741,334</u>	<u>2,297,618</u>	<u>566,030</u>

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

CITY OF APPLETON

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2008**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	(Accrued) Deferred Revenue January 1, 2008	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2008
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed Through State of Wisconsin Department of Health & Family Services					
Childhood Immunization Grant - 1/1/07 - 12/31/07	93.268	\$ 3,544	\$ -	\$ 3,544	\$ -
Childhood Immunization Grant - 1/1/08 - 12/31/08	93.268	-	23,693	15,705	(7,988)
Total Childhood Immunization Grant		<u>3,544</u>	<u>23,693</u>	<u>19,249</u>	<u>(7,988)</u>
Preventative Health and Health Services Block Grant 1/1/05 - 12/31/05	93.991	8,455	-	8,455	-
Preventative Health and Health Services Block Grant 1/1/06 - 12/31/06	93.991	7,831	-	4,078	(3,753)
Preventative Health and Health Services Block Grant 1/1/07 - 12/31/07	93.991	8,229	-	-	(8,229)
Preventative Health and Health Services Block Grant 1/1/08 - 12/31/08	93.991	-	8,229	-	(8,229)
Total Preventative Health and Health Services Block Grant		<u>24,515</u>	<u>8,229</u>	<u>12,533</u>	<u>(20,211)</u>
Maternal and Child Health Services Block Grant 1/1/07 - 12/31/07	93.994	9,608	-	9,608	-
Maternal and Child Health Services Block Grant 1/1/08 - 12/31/08	93.994	-	33,581	23,988	(9,593)
Total Maternal and Child Health Services Block Grant		<u>9,608</u>	<u>33,581</u>	<u>33,596</u>	<u>(9,593)</u>
CDC Investigations - Technical Assistance - 1/1/05 - 12/31/05	93.283	4,185	-	906	(3,279)
CDC Investigations - Bioterrorism Grant - 1/1/07 - 12/31/07	93.283	346,479	-	346,479	-
CDC Investigations - Bioterrorism Grant - 1/1/08 - 12/31/08	93.283	-	265,300	99,385	(165,915)
Total CDC Investigations Technical Assistance		<u>350,664</u>	<u>265,300</u>	<u>446,770</u>	<u>(169,194)</u>
Project Grants Cooperative Agreement for Tuberculosis Control Programs - 1/1/02 - 12/31/02	93.116	1,350	2,067	1,832	(1,585)
Total U.S. Department of Health and Human Services		<u>389,681</u>	<u>332,870</u>	<u>513,980</u>	<u>(208,571)</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	-	181,029	25,301	(155,728)
Total U.S. Department of Military Affairs		-	<u>181,029</u>	<u>25,301</u>	<u>(155,728)</u>
TOTAL FEDERAL AWARDS		<u>\$ 220,819</u>	<u>\$ 3,602,747</u>	<u>\$ 4,180,857</u>	<u>\$ 357,291</u>

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

CITY OF APPLETON

SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended December 31, 2008

State Grantor/Program Title	State I.D. Number	(Accrued) Deferred Revenue January 1, 2008	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2008
WISCONSIN DEPARTMENT OF TRANSPORTATION					
Transit Operating Aids					
2006	395.104	\$ (6,391)	\$ 6,391	\$ -	\$ -
2007	395.104	(179,120)	179,120	-	-
2008	395.104	<u>-</u>	<u>1,775,556</u>	<u>1,972,840</u>	<u>197,284</u>
		(185,511)	1,961,067	1,972,840	197,284
WETAP	395.316	<u>-</u>	<u>28,814</u>	<u>28,814</u>	<u>-</u>
Total Wisconsin Department of Transportation		<u>(185,511)</u>	<u>1,989,881</u>	<u>2,001,654</u>	<u>197,284</u>
WISCONSIN DEPARTMENT OF NATURAL RESOURCES					
Recreational Boating Facilities 2006-2008	350.573	(142,507)	-	-	142,507
Recreational Boating Facilities 2008-2010	350.573	<u>-</u>	<u>124,267</u>	<u>48,750</u>	<u>(75,517)</u>
Total Wisconsin Department of Natural Resources		<u>(142,507)</u>	<u>124,267</u>	<u>48,750</u>	<u>66,990</u>
WISCONSIN DEPARTMENT OF HEALTH AND FAMILY SERVICES					
T. Melvin Public Education (associated with PHHS) - 1/1/01 - 12/31/01	435.158853	930	-	-	(930)
Lead Poisoning - 1/1/07 - 12/31/07	435.157720	-	-	-	-
Lead Poisoning - 1/1/08 - 12/31/08	435.157720	<u>1,595</u>	<u>11,894</u>	<u>12,513</u>	<u>(976)</u>
Total Wisconsin Department of Health and Family Services		<u>2,525</u>	<u>11,894</u>	<u>12,513</u>	<u>(1,906)</u>
TOTAL STATE AWARDS		<u>\$ (325,493)</u>	<u>\$ 2,126,042</u>	<u>\$ 2,062,917</u>	<u>\$ 262,368</u>

See 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, 2008

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, 2008

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

FEDERAL OR STATE AWARDS (cont.)

Identification of major state program:

<u>State Number</u>	<u>Name of State Program</u>
395.104	Transit Operating Aids

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AND STATE FINDINGS AND QUESTIONED COSTS

Finding 2008-1: Federal Transit Cluster 20.500/20.507

Condition – Valley Transit did not submit semi-annual reports as required for the Disadvantaged Business Enterprise (DBE) program in 2008.

Criteria – Recipients of Department of Transportation CFDA 20.507 are required to implement a DBE program. To monitor the progress of the DBE program, the recipient is required to submit semi-annual reports based on a recordkeeping system (49 CFR section 26.11 and Appendix B to part 26).

Effect – Although Valley Transit could lose FTA grant funding for noncompliance of the required reporting, neither 2008 nor 2009 funding is currently at risk.

Cause – For most of 2008, there was no Transit accountant to help assist and ensure that required reporting was done. In December of 2008, the transit accountant position was filled.

Recommendation – We recommend Valley Transit file these required semi-annual reports for the DBE program.

