

**CITY OF APPLETON**

Appleton, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

Year Ended December 31, 2009

**FINANCE DEPARTMENT**

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

# CITY OF APPLETON

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# INTRODUCTORY SECTION

May 28, 2010

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, 2009, 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 the 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 (135.5 full-time equivalents (FTE's)), fire protection (98.5 FTE's), public works (94.8 FTE's), administrative offices (63.4 FTE's), health services (16.2 FTE's), parks and recreation (33.9 FTE's), library services (45 FTE's), transportation (52.6 FTE's), facilities management (8.7 FTE's) and water, wastewater, stormwater and parking utilities (96.4 FTE's). Of the City's 645 employees, 466 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 Facilities 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 7.1% in December, 2008, to 10.3% in December, 2009. However, the City does maintain an above average gross income per income tax return (\$50,501 for 2008). 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 2009, total valuation of residential building construction was \$17,382,180. There were 74 single-family homes constructed with an average construction cost of \$202,539. In addition, there were 4 two-family residences and 3 (36 units) multiple unit dwellings. Additions or alterations to existing residences added \$3,589,613 in value. The number of single-family units built in Appleton had declined steadily over the last six years from 203 units in 2003 to 54 units in 2008. However, housing starts began to pick up in 2009 when the number of single family units increased by 20 to 74.

Appleton's commercial permits totaled 136 in 2009 with a valuation of \$80,985,593. The largest commercial building permits included the: Appleton Medical Center bed tower, new Copps grocery store, Foremost Farms expansion, St. Elizabeth Heart Pavilion and Boys and Girls Club expansion. Construction activity for 2009 exceeded our ten-year average of \$61.1 million.

The City of Appleton continues to maintain its proportionate share of the region's growth accounting for 38.5% of all growth in the Fox Cities during 2009. Appleton's total dollar value of construction in 2009 was \$101,957,386, which almost duplicated the 2008 value of \$102,632,854.

Despite the slowdown in the economy, businesses continue to gravitate towards the City's downtown. During the last year, 22 new businesses opened in the downtown while 14 closed resulting in a net gain of 8. This improvement contrasts to the net loss of 6 businesses in the downtown in 2008.

In the City's Northeast Business Park, ThedaCare opened its new \$34 million three story Encircle Health Facility. The facility is a partnership between ThedaCare and a number of local private physicians who provide a variety of outpatient services under one roof. The new facility employs approximately 300 people, and is the first of several buildings planned for the 53 acre medical campus.

In other health-care related construction, progress continues on Appleton Medical Center's new \$53 million, 8-story, 580,948 square foot bed tower. The new 112 bed addition will replace beds in the hospital's north tower originally built in 1958. Additionally, in December of 2009, St. Elizabeth Hospital announced a three year \$65 million expansion and renovation plan for its current facility.

In other areas of the City, the Southpoint Commerce Park, the City's newest industrial park, is located in one of the City's fastest growing areas. The park presently has over 100 shovel-ready acres poised for development ranging in size from 1.3 to 14.6 acres and priced at \$40,000 - \$50,000 per acre. Included in the price are all utilities and regional stormwater detention, eliminating the need for costly on-site detention.

With more than 100 acres of fully improved industrial sites in the Southpoint Commerce Park, a large selection of residential lots in the Apple Hill Farms, Glacier Ridge and Clearwater Creek subdivisions, 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, 2009, the City had 35 debt issues outstanding. These issues included \$47,460,343 of general obligation bonds and notes and \$130,113,990 of revenue bonds. The City enjoys an "Aaa" rating from Moody's Investors Service on general obligation debt and an "Aa2" 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, however, the City's own policy limits debt to 40% of that calculated amount. As of December 31, 2009, the City's net general obligation debt of \$44,890,325 was well below the legal limit of \$239,453,145 (18.75%) and debt per capita equaled \$640. 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 .39%. The City and its proprietary funds earned investment revenue of \$2,037,499 on all investments for the year ended December 31, 2009.

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 22 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

Joseph Martin

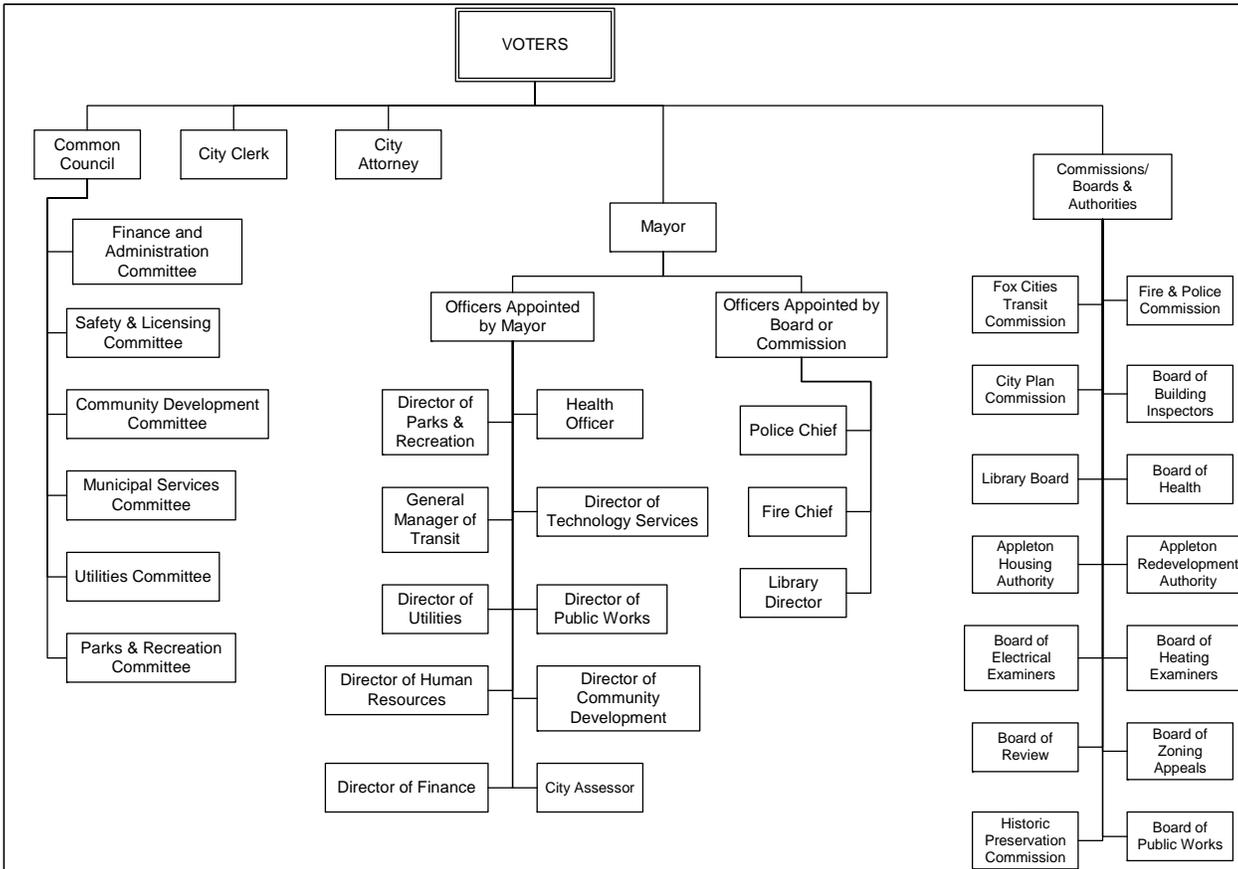
### COUNCIL MEMBERS

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:	Greg Dannecker	District 15:	Jeffrey M. Jirschele
District 7:	Kathy Plank	District 16:	Kole Oswald
District 8:	Joseph Martin		
District 9:	Peter J. Stueck		

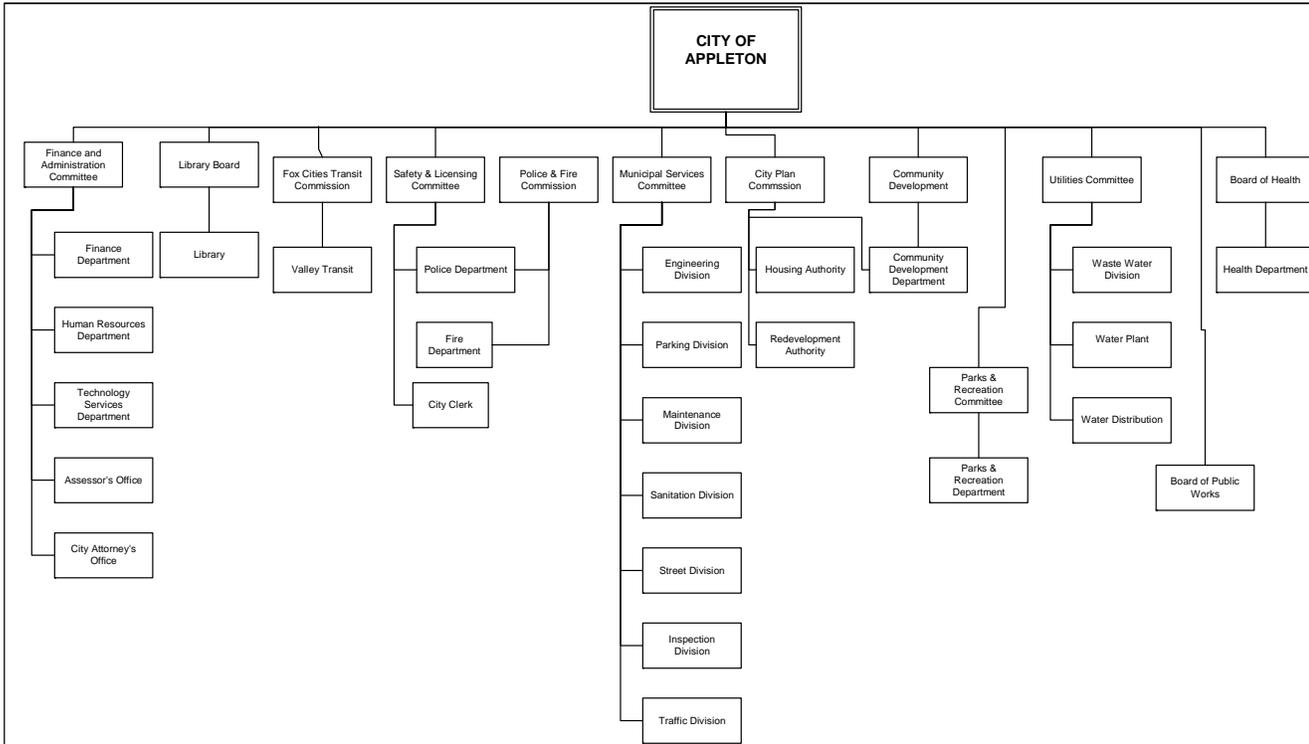
### DEPARTMENT/DIVISION HEADS

Director of Human Resources	Sandra A. Neisen
City Attorney	James P. Walsh
Fire Chief	Len Vander Wyst
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 Structure by Committee



# FINANCIAL SECTION



Baker Tilly Virchow Krause, LLP  
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Madison, WI 53707-7398  
tel 608 249 6622  
fax 608 249 8532  
bakertilly.com

## 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, 2009, 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%, 99%, and 95%, 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, 2009, 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.

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 Honorable Mayor and Members of the Common Council  
City of Appleton

The management's discussion and analysis, budgetary comparison schedules, schedule of funded status, and schedule of funding progress 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 and statements 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 and statements 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.

*Baker Tilly Vuchow Krause, LLP*

Madison, Wisconsin  
May 28, 2010

# CITY OF APPLETON

## MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2009 UNAUDITED

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, 2009. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

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### FINANCIAL HIGHLIGHTS

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- > The assets of the City of Appleton exceeded its liabilities at the close of the most recent fiscal year by \$534,889,835. Of this amount, \$42,266,904 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 \$24,116,692. Due to the slowdown in the national economy, the number of building permits issued decreased slightly from 577 in 2008 to 552 in 2009. However, despite the decrease in the number of permits, the value remained relatively constant from \$102,632,854 in 2008 to \$101,957,386 in 2009. A few of the larger construction projects in 2009 included the Appleton Medical Center bed tower (\$53 million), new Copps Grocery Store (\$4.6 million), Foremost Farms expansion (\$4 million) and St. Elizabeth Hospital Heart Pavilion (\$3.9 million). The City's equalized value also increased \$78.1 million from 2008 to 2009 with the commercial sector leading the way with 7.4% increase over the prior year.
- > As of the close of the current fiscal year, the City of Appleton's governmental funds reported combined ending fund balances of \$41,256,568, a decrease of \$3,959,965 in comparison to the prior year. The bulk of this decrease was due to the expenditure of debt proceeds that were received in 2008 for the Police Station expansion project. These funds were received late in 2008 which temporarily inflated the year-end fund balance.
- > At the end of the current fiscal year, the undesignated and unreserved balance in the general fund is \$428,088. This balance represents a \$2,038,185 decrease from the 2008 balance. The decrease was a result of a planned use of these funds to aid in funding road improvement projects, including the new College Avenue bridge, that otherwise would have been debt-financed, to replenish the Subdivision Fund Balance to bring it closer to complying with its reserve policy, and for the payment of long-term debt.

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### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

# CITY OF APPLETON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2009 UNAUDITED

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

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#### ***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, 2009 UNAUDITED

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

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#### *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 45 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.

# CITY OF APPLETON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2009 UNAUDITED

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

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#### *FUND FINANCIAL STATEMENTS* (cont.)

*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.

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 78 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 79 to 83 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 84 to 107 of this report.

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### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Appleton, assets exceeded liabilities by \$534,889,835 as of December 31, 2009.

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.

# CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For Year Ended December 31, 2009  
UNAUDITED

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

### CITY OF APPLETON'S NET ASSETS

	Governmental Activities 2009	Business- Type Activities 2009	Totals
Current and Other Assets	\$ 107,806,811	\$ 69,687,454	\$ 177,494,265
Capital Assets	318,510,222	282,333,371	600,843,593
Total Assets	426,317,033	352,020,825	778,337,858
Long-term Liabilities	55,870,757	133,218,192	189,088,949
Other Liabilities	51,363,830	2,995,244	54,359,074
Total Liabilities	107,234,587	136,213,436	243,448,023
Net Assets:			
Invested in Capital Assets, Net of Related Debt	292,088,865	181,388,463	471,187,897
Restricted	6,778,453	14,656,581	21,435,034
Unrestricted	20,215,128	19,762,345	42,266,904
Total Net Assets	\$ 319,082,446	\$ 215,807,389	\$ 534,889,835

	Governmental Activities 2008	Business- Type Activities 2008	Totals
Current and Other Assets	\$ 112,651,829	\$ 75,133,674	\$ 187,785,503
Capital Assets	292,937,946	273,263,862	566,201,808
Total Assets	405,589,775	348,397,536	753,987,311
Long-term Liabilities	57,693,240	130,840,425	188,533,665
Other Liabilities	51,640,705	4,448,495	56,089,200
Total Liabilities	109,333,945	135,288,920	244,622,865
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	13,815,530	23,317,930	39,711,802
Total Net Assets	\$ 296,255,830	\$ 213,108,616	\$ 509,364,446

An additional portion of the City's net assets (approximately 4.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$42,266,904 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, 2009  
UNAUDITED

**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, 2009. Governmental activities increased the City of Appleton's net assets by \$21,417,919. Of this amount, \$12,569,217 was contributed from others. Business-type activities increased the City's net assets by \$2,698,773. Capital contributions in the business-type activities were \$2,290,162.

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

	Governmental Activities 2009	Business- Type Activities 2009	Totals
Revenues:			
Program Revenues:			
Charges for services	\$ 5,736,414	\$ 37,649,609	\$ 43,386,023
Operating grants and contributions	6,242,490	5,499,174	11,741,664
Capital grants and contributions	15,244,780	2,290,162	17,534,942
General Revenues:			
Property taxes	41,920,273	-	41,920,273
Other taxes	743,076	-	743,076
Intergovernmental	14,309,349	-	14,309,349
Investment income	1,562,496	475,003	2,037,499
Gain (loss) on sale of assets	298,632	255	298,887
Miscellaneous	116,175	49	116,224
Total Revenues	<u>\$ 86,173,685</u>	<u>\$ 45,914,252</u>	<u>\$ 132,087,937</u>
Expenses:			
General government	\$ 9,803,592	\$ -	\$ 9,803,592
Public safety	26,793,172	-	26,793,172
Public works	15,845,722	-	15,845,722
Education and recreation	9,505,050	-	9,505,050
Community development	2,362,625	-	2,362,625
Interest and fiscal charges	2,624,393	-	2,624,393
Water Utility	-	14,218,376	14,218,376
Wastewater Utility	-	11,004,780	11,004,780
Valley Transit	-	7,869,264	7,869,264
Stormwater Utility	-	5,754,175	5,754,175
Other non-major proprietary funds	-	2,190,096	2,190,096
Total Expenses	<u>\$ 66,934,554</u>	<u>\$ 41,036,691</u>	<u>\$ 107,971,245</u>
Increases in net assets before transfers	\$ 19,239,131	\$ 4,877,561	\$ 24,116,692
Transfers	<u>2,178,788</u>	<u>(2,178,788)</u>	<u>-</u>
Increase in net assets	21,417,919	2,698,773	24,116,692
Net Assets – January 1, 2009 (as restated)	<u>297,664,527</u>	<u>213,108,616</u>	<u>510,773,143</u>
Net Assets – December 31, 2009	<u>\$ 319,082,446</u>	<u>\$ 215,807,389</u>	<u>\$ 534,889,835</u>

# CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For Year Ended December 31, 2009  
UNAUDITED

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

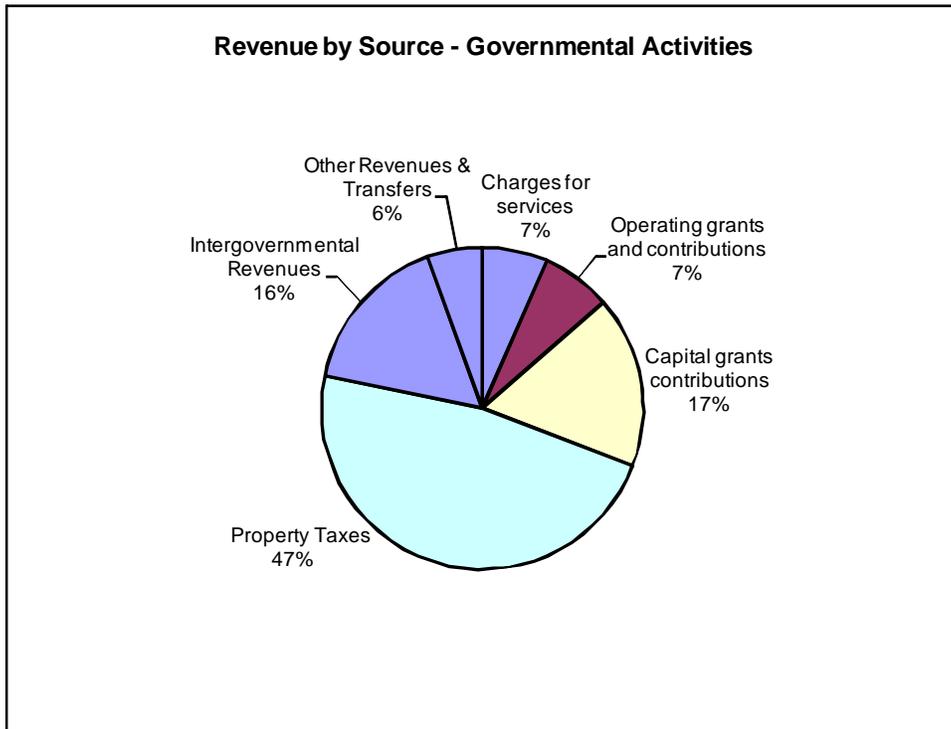
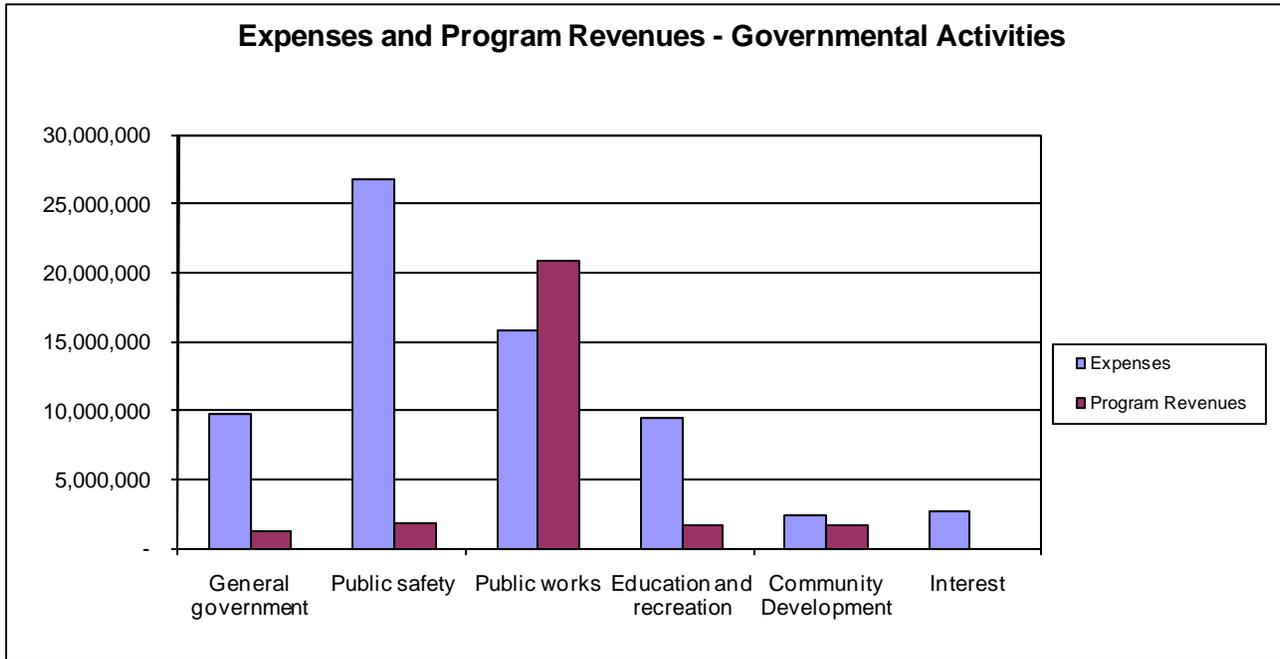
### CITY OF APPLETON CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (cont.)

	Governmental Activities 2008	Business- Type Activities 2008	Totals
<b>Revenues:</b>			
<b>Program Revenues:</b>			
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
<b>General Revenues:</b>			
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
<b>Total Revenues</b>	<b>\$ 86,691,891</b>	<b>\$ 49,876,999</b>	<b>\$ 136,568,890</b>
<b>Expenses:</b>			
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
<b>Total Expenses</b>	<b>\$ 68,213,145</b>	<b>\$ 41,444,420</b>	<b>\$ 109,657,565</b>
Increases in net assets before transfers	\$ 18,478,746	\$ 8,432,579	\$ 26,911,325
Transfers	1,508,789	(1,508,789)	-
Increase (decrease) in net assets	19,987,335	6,923,790	26,911,325
Net Assets – January 1, 2008	276,268,295	206,184,826	482,453,121
Net Assets – December 31, 2008	\$ 296,255,830	\$ 213,108,616	\$ 509,364,446

# CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
 For Year Ended December 31, 2009  
 UNAUDITED

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

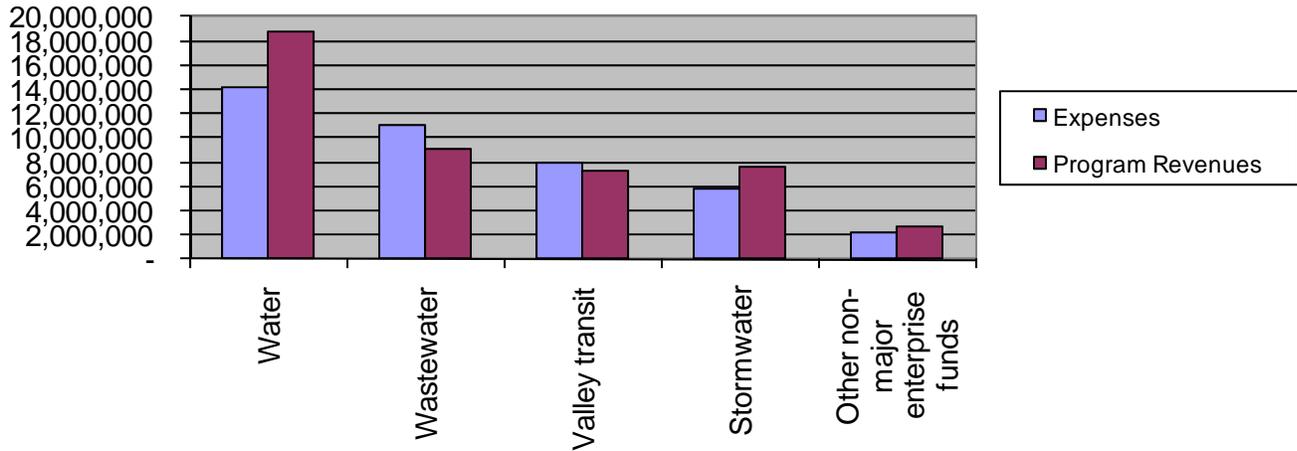


# CITY OF APPLETON

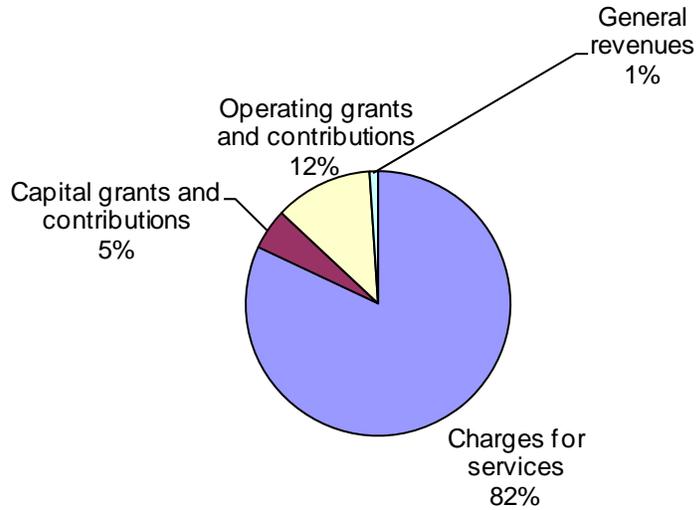
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
 For Year Ended December 31, 2009  
 UNAUDITED

## 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, 2009 UNAUDITED

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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#### *GOVERNMENTAL FUNDS*

The focus of the City of Appleton's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At the end of current fiscal year, the City of Appleton's governmental funds reported combined ending fund balances of \$41,256,568. The fund balance that is reserved to indicate that it is not available for new spending because it has already been committed equals \$15,550,383. It includes: 1) \$5,444,721 to pay for encumbrances, 2) \$60,015 for prepaid items, 3) \$684,658 for inventories, 4) \$8,935,430 for loans receivable, 5) \$391,516 for debt retirement and 6) \$34,043 for trust purposes.

\$25,706,185 constitutes the unreserved fund balance at year end. \$38,223,751 is designated for specific purposes (working capital and debt service for example), leaving a deficit of \$12,517,566 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 Finance and Administration 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 18.75% of the limit or a debt per capita of \$640.

In 2009, due to the slowdown in the national economy causing both investment values and interest rates to plummet, investment income (including unrealized gains and losses) earned by the City's General Fund was \$2,969,059 less than budgeted. The City holds most investments to maturity, so it is expected that many of the unrealized losses required to be recorded in 2009 will never be realized, and investment income will rebound in future years. This book loss was partially offset by higher than expected special assessment collections as well as positive expense variances throughout all general fund departments. Additionally, in accordance with City policy, \$1,255,647 of positive fund balance variance from 2008 was transferred to capital projects to fund planned projects versus incurring debt. The combination of these variances and planned use of fund balance led to an overall 2009 fund balance decrease of \$2,191,362.

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 the majority of principal or any 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 \$1,000,000 in 2009.

## CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For Year Ended December 31, 2009  
UNAUDITED

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

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#### *PROPRIETARY FUNDS*

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

**Water Utility:** The Water Utility operating income was \$8,030,315 in 2009, or a 7.43% rate of return on the net investment rate base. This compares to operating income of \$6,994,630 in 2008, or a 6.71% rate of return. The 2009 rate of return is just below the 8% authorized by the Public Service Commission of Wisconsin (PSCW) on December 22, 2008. The increase in the operating income was spurred by a rate increase that went into effect January 1, 2009. However, the full effect of the rate increase was somewhat muted by a decrease in consumption by all customer types during the year. Additionally, the stagnant national economy hampered the value of cash investments, as well as the interest yields, decreasing the Utility's investment income \$800,886 from 2008. However, prudent management has stabilized operating expenses allowing the Utility's net assets to still increase \$3,312,200 for the year.

**Wastewater Utility:** The Wastewater Utility realized an operating loss of \$1,619,734 in 2009 compared to an operating loss of \$1,162,403 in 2008. The biggest contributor to the loss was a 6.5% decrease in operating revenue led by a 17.4% decrease in industrial customer consumption. Due to the slowdown in the economy, many of these manufacturers scaled back production, or implemented conservation measures which have decreased consumption considerably. Additionally, the stagnant economy drove down the value of cash investments decreasing the Utility's investment income \$1,509,832 from 2008. In November of 2009, the Common Council approved the use of existing cash reserves in excess of policy to defease the 2005 bonds and finance additional capital projects thus delaying the need for a rate increase. The rates will need to be increased in 2011. So despite experiencing a small decrease in operating expenses, the revenue shortcomings resulted in a \$1,792,617 decrease in net assets for the year.

**Valley Transit:** Operating revenues increased \$142,401 in 2009 primarily due to a fare increase that went into effect January 1, 2009. The economic downturn had a direct effect on non-operating revenue; bus advertising sales decreased \$40,999. Operating expenses decreased \$309,014 driven mostly by lower fuel prices and a decrease in the cost of purchased transportation. The end result was a decrease in net assets of \$180,083.

**Stormwater Utility:** The Stormwater Utility operating income was \$1,938,627 in 2009 compared to an operating income of \$2,074,681 in 2008. Operating expenses increased only \$91,643 or 2.1% over 2008, while operating revenues crept up a mere \$44,411, or less than 1%. However, due to investment by private developers, the net assets of the Stormwater Utility increased \$2,034,683 in 2009.

# CITY OF APPLETON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2009 UNAUDITED

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### GENERAL FUND BUDGETARY HIGHLIGHTS

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The final amended General Fund budget had total appropriations (including transfers) of \$4,922,134 more than the original budget. The total original appropriations, including those for transfers out, were \$56,020,143, while the final appropriations were \$60,942,277. The majority of the difference was related to unspent general, fuel, wage reserve, and budgetary contingency funds, along with unspent cable settlement funds. Of these various funds, \$1,631,831 will again be carried over from 2009 to 2010 to safeguard against uncertainties in the economy. \$365,309 of the adjustments were for departmental projects budgeted in 2008, but not completed until 2009.

In addition to these amounts re-appropriated from the 2008 budget to the 2009 budget, new appropriations of \$1,255,647 were approved as a transfer to a capital projects fund to offset the amount borrowed for the new College Avenue bridge, an additional amount of \$616,568 was added to the contingency for the uncertainty of State budget revenues, \$522,500 was transferred to the Subdivision Development Fund to provide temporary cash flow relief, and \$284,058 was transferred to debt service for the first debt payment on the Police Station expansion debt issued in December, 2008. The remaining increase of approximately \$246,221 was for various items approved by the City Council throughout the year.

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### CAPITAL ASSETS

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At the end of 2009, the City had invested a total of \$600,843,593 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 \$7 million of expenses and will continue to be a focus due to an aging distribution system. Purification challenges at the treatment plant contributed another \$319,000 of capital asset costs with the addition of an additional raw water line entering the plant to provide back-up piping. Additionally, \$707,000 has been expended to date on a capacity expansion project that includes the conversion of the granular activated carbon (GAC) filtering system to sand and GAC filtration, and the addition of a chemical feed system to enhance cleaning of the water filtering membranes.

**Wastewater:** Significant additions included \$6.1 million in improvements to the wastewater collection system in addition to almost \$1 million in improvements to treatment equipment. Included in the improvements to the collection system was \$4.3 million for the upgrade of a major interceptor in the downtown area. This project will continue into 2010. Included in improvements to treatment equipment was \$548,000 for the replacement of aeration tank piping, and the installation of a third belt filter press.

**Stormwater:** Improvements necessary to continue our efforts in the management of stormwater in the City accounted for \$3.9 million in additions to land, mains, detention ponds and facilities in order to comply with regulations. There are also approximately \$2.5 million in other various projects in process at the end of 2009.

## CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For Year Ended December 31, 2009  
UNAUDITED

### CAPITAL ASSETS (cont.)

General: The City continued its efforts to maintain existing infrastructure. Approximately \$16.7 million was invested in various street, bridge, sidewalk and related infrastructure projects throughout the City. In terms of facility improvements, the City expended an additional \$5.5 million on the Police Station expansion project which is expected to be completed in 2010; \$506,000 on a fishing pier and shoreline stabilization at Lutz Park; \$96,000 on lighting and security upgrades to the Park and Recreation office; \$73,000 on roof upgrades to Fire Stations 1 and 2 and \$47,000 on HVAC improvements to Fire Station 6; and \$39,000 on additional storage area at the Municipal Services building. Additionally, the new \$14.6 College Avenue bridge opened for service in 2009. The bridge was jointly funded by the City, State and County.

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

	<u>Governmental Activities 2009</u>	<u>Business-Type Activities 2009</u>	<u>Totals</u>
Land	\$ 13,908,103	\$ 24,458,452	\$ 38,366,555
Right-of-ways	71,495,603	-	71,495,603
Land improvements	38,095,142	-	38,095,142
Improvements	5,000,835	-	5,500,835
Buildings	21,447,833	224,769,671	246,217,504
Equipment, furniture and fixtures	14,253,823	28,403,074	42,656,897
Streets	85,508,718	-	85,508,718
Sidewalks	17,292,395	-	17,292,395
Traffic signals	2,817,771	-	2,817,771
Bridges	35,472,531	-	35,472,531
Construction in progress	13,217,468	4,702,174	17,919,642
Totals	<u>\$ 318,510,222</u>	<u>\$ 282,333,371</u>	<u>\$ 600,843,593</u>
	<u>Governmental Activities 2008</u>	<u>Business-Type Activities 2008</u>	<u>Totals</u>
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	<u>\$ 292,937,946</u>	<u>\$ 273,263,862</u>	<u>\$ 566,201,808</u>

## CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For Year Ended December 31, 2009  
UNAUDITED

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### LONG-TERM DEBT

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During 2009, the City issued \$5,735,000 and retired \$6,585,955 of general obligation bonds and notes resulting in an outstanding balance of \$47,460,343 at December 31, 2009. This results in a per capita general obligation debt of \$640. \$28,327,358 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 \$44,890,325 (\$47,640,343 less reserves on hand) which is considerably below the maximum of \$239,453,145.

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

	Governmental Activity 2009	Business-Type Activity 2009	Totals
General obligation bonds and notes payable	\$ 46,751,834	\$ 708,509	\$ 47,460,343
Revenue bonds	-	130,113,990	130,113,990
Total Outstanding General Obligation and Revenue Bonds	<u>\$ 46,751,834</u>	<u>\$ 130,822,499</u>	<u>\$ 177,574,333</u>

	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	<u>\$ 47,602,789</u>	<u>\$ 128,422,502</u>	<u>\$ 176,025,291</u>

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

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### CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

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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 City's largest employer, Thrivent Investment Management, Inc., an insurance services company, employs more than 1,800 people and also remains stable. However, the impact of the national economic slowdown has been felt locally as unemployment has crept up to over 10%.

## CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For Year Ended December 31, 2009  
UNAUDITED

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### CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS (cont.)

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The City's debt position remains favorable with a modest 2.3% overall debt burden and rapid payout of direct debt. The principal amortization schedule is aggressive with 90.3% 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 \$78.1 million in 2009. Leading the growth was the commercial sector which increased \$79.2 million and the residential sector which grew \$5.9 million. However, these gains were offset by decreases in manufacturing properties of \$5.9 million and in personal property values of \$1.1 million. So although the City continues to grow, it has not entirely avoided the impact of the national economic slowdown.

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 development continues in the City's Tax Incremental Financing Districts (TID's). TID 1, covering a portion of the downtown area, closed in 2008 adding over \$90 million to the tax base, and TID 4 added \$204 million to the tax base in 2009 with formal closure effective January, 2010.

In TID 6, the City's Southpoint Commerce Park is poised for development with over 100 acres of fully improved industrial sites. Coupled with a large selection of residential lots in the Apple Hill Farms, Glacier Ridge, and Clearwater Creek subdivisions, and continuing development of the downtown and along the riverfront, the City of Appleton is well positioned to remain a leader in the Fox Cities for years to come.

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### REQUESTS FOR INFORMATION

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

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

**CITY OF APPLETON**

STATEMENT OF NET ASSETS

December 31, 2009

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
<b>ASSETS</b>				
Cash and investments	\$ 50,186,641	\$ 12,798,261	\$ 62,984,902	\$ 1,657,563
Receivables				
Taxes	42,815,730	-	42,815,730	-
Deferred loans	6,286,309	-	6,286,309	-
Accounts	579,744	6,962,090	7,541,834	-
Special assessments	1,449,958	642,394	2,092,352	-
Delinquent special assessments	6,788	-	6,788	-
Developer loans	1,478,767	-	1,478,767	3,042,262
Accrued interest	346,527	-	346,527	-
Other	1,691,266	615,075	2,306,341	326,427
Due from other governments	1,027,815	961,812	1,989,627	-
Internal balances -interfunds	(1,085,979)	1,085,979	-	-
Inventories	753,582	693,409	1,446,991	32,305
Prepaid items	60,015	9,370	69,385	54,766
Restricted Assets				
Temporarily restricted:				
Cash and investments	-	43,932,267	43,932,267	417,252
Accrued interest	-	256,473	256,473	-
Investment in WMIC	2,020,950	-	2,020,950	-
Property held for future use	-	95,011	95,011	-
Other assets	188,698	1,635,313	1,824,011	-
Capital Assets				
Land	123,498,848	24,458,452	147,957,300	1,181,057
Construction in progress	13,217,468	4,702,174	17,919,642	64,853
Depreciable capital assets, net of depreciation	181,793,906	253,172,745	434,966,651	11,718,352
Total Assets	<u>426,317,033</u>	<u>352,020,825</u>	<u>778,337,858</u>	<u>18,494,837</u>
<b>LIABILITIES</b>				
Accounts payable	3,373,074	1,168,295	4,541,369	222,792
Other accrued liabilities and deposits	2,585,879	811,248	3,397,127	135,691
Claims payable	4,437,000	-	4,437,000	-
Due to other governments	-	977,765	977,765	-
Unearned revenue	40,967,877	37,936	41,005,813	442,472
Security deposit	-	-	-	106,842
Tenant FSS escrow	-	-	-	74,154
Commercial tenants credit	-	-	-	8,500
Noncurrent Liabilities				
Due within one year	10,260,719	4,656,182	14,916,901	1,113
Due in more than one year	45,610,038	128,562,010	174,172,048	47,784
Total Liabilities	<u>107,234,587</u>	<u>136,213,436</u>	<u>243,448,023</u>	<u>1,039,348</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	292,088,865	181,388,463	471,187,897	12,906,865
Restricted For				
Debt service	38,168	6,003,713	6,041,881	-
DNR replacement fund	-	7,942,919	7,942,919	-
Capital replacement fund	-	709,949	709,949	-
Housing programs	-	-	-	3,394,026
Grant programs	6,740,285	-	6,740,285	-
Unrestricted	20,215,128	19,762,345	42,266,904	1,154,598
<b>TOTAL NET ASSETS</b>	<u>\$ 319,082,446</u>	<u>\$ 215,807,389</u>	<u>\$ 534,889,835</u>	<u>\$ 17,455,489</u>

See accompanying notes to financial statements.

# CITY OF APPLETON

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 9,803,592	\$ 1,139,710	\$ 59,620	\$ -
Public safety	26,793,172	979,209	778,875	-
Public works	15,845,722	2,713,834	2,955,004	15,169,263
Education and recreation	9,505,050	882,428	741,262	75,517
Community development	2,362,625	21,233	1,707,729	-
Interest	2,624,393	-	-	-
Total Governmental Activities	66,934,554	5,736,414	6,242,490	15,244,780
<b>Business-Type Activities</b>				
Water	14,218,376	18,483,569	-	213,330
Wastewater	11,004,780	8,705,216	-	418,615
Valley transit	7,869,264	1,452,588	5,499,174	291,845
Stormwater	5,754,175	6,291,673	-	1,366,372
Other non-major enterprise funds	2,190,096	2,716,563	-	-
Total Business-Type Activities	41,036,691	37,649,609	5,499,174	2,290,162
Total Primary Government	\$ 107,971,245	\$ 43,386,023	\$ 11,741,664	\$ 17,534,942
<b>Component Units</b>				
Appleton Redevelopment Authority	\$ 20,320	\$ -	\$ -	\$ -
Housing Authority	4,794,835	871,470	3,711,861	399,551
Business Improvement District	252,238	222,534	-	-
Total Component Units	\$ 5,067,393	\$ 1,094,004	\$ 3,711,861	\$ 399,551

**General Revenues**

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Gain on the sale of assets

Miscellaneous

Transfers

Total General Revenues and Transfers

**Change in net assets**

NET ASSETS - Beginning (as restated)

**NET ASSETS - ENDING**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Totals	
\$ (8,604,262)	\$ -	\$ (8,604,262)	\$ -
(25,035,088)	-	(25,035,088)	-
4,992,379	-	4,992,379	-
(7,805,843)	-	(7,805,843)	-
(633,663)	-	(633,663)	-
(2,624,393)	-	(2,624,393)	-
<u>(39,710,870)</u>	<u>-</u>	<u>(39,710,870)</u>	<u>-</u>
-	4,478,523	4,478,523	-
-	(1,880,949)	(1,880,949)	-
-	(625,657)	(625,657)	-
-	1,903,870	1,903,870	-
<u>-</u>	<u>526,467</u>	<u>526,467</u>	<u>-</u>
<u>-</u>	<u>4,402,254</u>	<u>4,402,254</u>	<u>-</u>
(39,710,870)	4,402,254	(35,308,616)	-
-	-	-	(20,320)
-	-	-	188,047
-	-	-	(29,704)
39,067,127	-	39,067,127	-
2,853,146	-	2,853,146	-
743,076	-	743,076	-
14,309,349	-	14,309,349	-
1,562,496	475,003	2,037,499	36,418
298,632	255	298,887	5,000
116,175	49	116,224	94,230
<u>2,178,788</u>	<u>(2,178,788)</u>	<u>-</u>	<u>-</u>
<u>61,128,789</u>	<u>(1,703,481)</u>	<u>59,425,308</u>	<u>135,648</u>
21,417,919	2,698,773	24,116,692	273,671
<u>297,664,527</u>	<u>213,108,616</u>	<u>510,773,143</u>	<u>17,181,818</u>
<u>\$ 319,082,446</u>	<u>\$ 215,807,389</u>	<u>\$ 534,889,835</u>	<u>\$ 17,455,489</u>

See accompanying notes to financial statements.

**CITY OF APPLETON**

BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2009

	General	Tax Incremental District No. 3	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 22,938,034	\$ 258,987	\$ 24,938,800	\$ 48,135,821
Receivables				
Taxes	31,648,033	1,344,948	9,822,749	42,815,730
Deferred loans	-	-	6,286,309	6,286,309
Accounts	-	-	579,744	579,744
Special assessments	961,487	-	488,471	1,449,958
Delinquent special assessments	6,788	-	-	6,788
Developer loans	1,478,767	-	-	1,478,767
Accrued interest	346,112	-	415	346,527
Other	290,735	-	799,163	1,089,898
Due from other governments	220,390	-	807,425	1,027,815
Due from other funds	2,282,317	-	17,773	2,300,090
Inventories	684,658	-	-	684,658
Prepaid items	7,155	-	52,860	60,015
Advances to other funds	13,122,337	-	-	13,122,337
<b>TOTAL ASSETS</b>	<b>\$ 73,986,813</b>	<b>\$ 1,603,935</b>	<b>\$ 43,793,709</b>	<b>\$ 119,384,457</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 476,155	\$ -	\$ 2,583,437	\$ 3,059,592
Other accrued liabilities	1,786,917	-	69,186	1,856,103
Claims payable	2,937,000	-	-	2,937,000
Due to other funds	1,365,044	-	877,910	2,242,954
Deposits	-	-	20,000	20,000
Deferred revenues	36,215,585	1,344,948	17,329,370	54,889,903
Advances from other funds	-	12,656,762	465,575	13,122,337
Total Liabilities	42,780,701	14,001,710	21,345,478	78,127,889
Fund Balances				
Reserved for				
Inventories	684,658	-	-	684,658
Prepaid items	7,155	-	52,860	60,015
Noncurrent receivables/advances	8,935,430	-	-	8,935,430
Debt service	-	-	391,516	391,516
Encumbrances	2,257,554	-	3,187,167	5,444,721
Trust purposes	-	-	34,043	34,043
Unreserved and designated, reported in				
General fund	18,893,227	-	-	18,893,227
Special revenue funds	-	-	14,011,776	14,011,776
Capital projects funds	-	-	5,318,748	5,318,748
Unreserved and undesignated (deficit), reported in				
General fund	428,088	-	-	428,088
Special revenue funds	-	(12,397,775)	(365,339)	(12,763,114)
Capital projects funds	-	-	(182,540)	(182,540)
Total Fund Balances	31,206,112	(12,397,775)	22,448,231	41,256,568
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 73,986,813</b>	<b>\$ 1,603,935</b>	<b>\$ 43,793,709</b>	
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II.A.				307,372,962
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.				14,266,144
Internal service funds are reported in the statement of net assets as governmental funds.				12,170,858
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.				(55,984,086)
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>				<b>\$ 319,082,446</b>

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, 2009

	General	Tax Incremental District No. 3	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 28,672,980	\$ 1,336,171	\$ 12,654,198	\$ 42,663,349
Intergovernmental	17,159,402	7,279	2,714,299	19,880,980
Licenses and permits	823,787	-	-	823,787
Fines and forfeitures	342,923	-	-	342,923
Special assessments	1,554,695	-	786,118	2,340,813
Investment income	804,849	2,482	391,189	1,198,520
Charges for services	1,377,532	-	472,597	1,850,129
Other	1,756,072	-	3,740,257	5,496,329
Total Revenues	<u>52,492,240</u>	<u>1,345,932</u>	<u>20,758,658</u>	<u>74,596,830</u>
<b>EXPENDITURES</b>				
Current				
General government	6,857,774	1,340	385,736	7,244,850
Public safety	25,773,233	-	591,807	26,365,040
Public works	11,545,233	-	2,968,609	14,513,842
Education and recreation	8,811,929	-	59,565	8,871,494
Community development	795,709	-	1,840,149	2,635,858
Capital Outlay	-	-	18,061,037	18,061,037
Debt Service				
Principal	-	-	6,578,288	6,578,288
Interest and fiscal charges	-	631,274	1,973,362	2,604,636
Total Expenditures	<u>53,783,878</u>	<u>632,614</u>	<u>32,458,553</u>	<u>86,875,045</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,291,638)</u>	<u>713,318</u>	<u>(11,699,895)</u>	<u>(12,278,215)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt issued	-	-	5,735,000	5,735,000
Premium on debt issued	-	-	57,086	57,086
Sale of city property	13,693	-	79,711	93,404
Transfers in	1,556,774	1,000,000	7,196,172	9,752,946
Transfers out	<u>(2,470,191)</u>	<u>(1,658,758)</u>	<u>(3,191,237)</u>	<u>(7,320,186)</u>
Total Other Financing Sources (Uses)	<u>(899,724)</u>	<u>(658,758)</u>	<u>9,876,732</u>	<u>8,318,250</u>
<b>Net Change in Fund Balances</b>	(2,191,362)	54,560	(1,823,163)	(3,959,965)
FUND BALANCES (DEFICIT) - Beginning	<u>33,397,474</u>	<u>(12,452,335)</u>	<u>24,271,394</u>	<u>45,216,533</u>
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<u>\$ 31,206,112</u>	<u>\$(12,397,775)</u>	<u>\$ 22,448,231</u>	<u>\$ 41,256,568</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, 2009

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Net change in fund balances - total governmental funds \$ (3,959,965)

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

Governmental funds report capital outlay as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities.

Total capital asset additions - paid for with City funds	\$ 29,897,352	
Total capital asset additions - contributed to the City	12,569,217	
Less: capital outlay and expenditures capitalized in the internal service funds	(2,433,351)	
Less: close-out of prior year CWIP	(8,145,814)	31,887,404
Depreciation is reported in the government-wide statements		(5,705,483)

Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets. (1,130,356)

Receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

Interest charged on advances	347,849	
Developer loans	(61,666)	
Rehabilitation loans	90,477	
Accounts receivable/interest income	(60,061)	
Special assessments	(221,157)	95,442

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

Debt issued		(5,735,000)
Debt reallocated from the internal service fund to the governmental activities		(25,658)
Principal repaid		6,578,288

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

Compensated absences		(464,255)
Disability benefits		7,644
Pension liability		35,707
Postclosure care cost		90,000
Accrued interest on debt		(15,726)

Governmental funds report debt premiums and issuance costs as other financing sources or expenditures. However, in the statement of net assets, these are deferred and reported as other assets or additions to long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense. The loss on refunding is also amortized on the statement of activities as amortization expense.

Debt issuance costs		28,435
Premium		(33,180)
Amortization of loss on advance refunding		(23,031)
Amortization of issuance costs		(29,948)

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. (182,399)

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 21,417,919**

See accompanying notes to financial statements.

**CITY OF APPLETON**

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
December 31, 2009

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ -	\$ 3,307,975	\$ 821,441
Accounts Receivable			
Customer accounts	4,119,141	1,611,563	-
Special assessments	752	543,273	-
Other	69,175	89,267	180,087
Due From Other Governments			
Federal government	-	-	942,784
State of Wisconsin	-	-	19,028
Due from other funds	594,078	544,664	-
Inventories	324,133	204,144	165,132
Prepaid items	-	-	9,370
Restricted Assets			
Cash and investments	<u>7,644,122</u>	-	-
Total Current Assets	<u>12,751,401</u>	<u>6,300,886</u>	<u>2,137,842</u>
Non-Current Assets			
Advance to other funds	-	-	-
Restricted Assets			
Cash and investments	9,928,267	13,637,483	709,949
Accrued interest	96,010	125,581	-
Investment in WMIC	-	-	-
Capital Assets			
Land	1,150,874	504,762	891,831
Construction in progress	1,762,549	259,509	23,075
Building and improvements	113,291,007	122,240,047	3,660,223
Equipment, furniture and vehicles	28,512,159	34,283,124	8,455,703
Less: Accumulated depreciation	(31,725,666)	(73,736,808)	(7,690,735)
Other Assets			
Property held for future use	95,011	-	-
Unamortized debt expense	<u>916,219</u>	<u>128,948</u>	-
Total Non-Current Assets	<u>124,026,430</u>	<u>97,442,646</u>	<u>6,050,046</u>
Total Assets	<u>136,777,831</u>	<u>103,743,532</u>	<u>8,187,888</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>	
\$ 6,999,119	\$ 1,669,726	\$ 12,798,261	\$ 2,050,820
1,231,386	-	6,962,090	-
98,369	-	642,394	-
245,624	30,922	615,075	601,368
-	-	942,784	-
-	-	19,028	-
208,529	-	1,347,271	-
-	-	693,409	68,924
-	-	9,370	-
<u>6,908,259</u>	<u>-</u>	<u>14,552,381</u>	<u>-</u>
<u>15,691,286</u>	<u>1,700,648</u>	<u>38,582,063</u>	<u>2,721,112</u>
2,103,333	-	2,103,333	-
5,104,187	-	29,379,886	-
34,882	-	256,473	-
-	-	-	2,020,950
18,898,678	3,012,307	24,458,452	-
2,530,469	126,572	4,702,174	-
66,410,818	24,015,641	329,617,736	-
657	671,701	71,923,344	24,058,045
(19,699,206)	(15,515,920)	(148,368,335)	(12,920,785)
-	-	95,011	-
590,146	-	1,635,313	-
<u>75,973,964</u>	<u>12,310,301</u>	<u>315,803,387</u>	<u>13,158,210</u>
<u>91,665,250</u>	<u>14,010,949</u>	<u>354,385,450</u>	<u>15,879,322</u>

See accompanying notes to financial statements.

**CITY OF APPLETON**

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
December 31, 2009

		<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>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable		\$ 340,811	\$ 248,799	\$ 339,060
Compensated absences		143,962	117,221	202,880
Other accrued liabilities		84,046	77,337	155,524
Claims payable		-	-	-
Due to other governments		-	-	977,765
Due to other funds		1,355,824	-	-
Current portion of general obligation debt		-	-	-
Unearned revenues		-	-	37,936
Current Liabilities Payables From Restricted Assets				
Revenue bonds payable		-	2,514,987	-
Accrued interest		-	92,365	-
Total Current Liabilities		<u>1,924,643</u>	<u>3,050,709</u>	<u>1,713,165</u>
Noncurrent Liabilities				
General obligation debt payable		-	-	-
Revenue bonds and notes payable		74,396,171	10,963,978	-
Postemployment benefits liability		-	-	-
Advance from other funds		2,103,333	-	-
Compensated absences		233,437	114,402	334,241
Unamortized premium of debt issuance		2,425,934	29,464	-
Total Noncurrent Liabilities		<u>79,158,875</u>	<u>11,107,844</u>	<u>334,241</u>
Total Liabilities		<u>81,083,518</u>	<u>14,158,553</u>	<u>2,047,406</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt		52,960,655	73,196,540	5,340,097
Restricted for				
Debt service		1,887,792	2,702,393	-
DNR replacement fund		-	7,942,919	-
Capital replacement fund		-	-	709,949
Unrestricted		<u>845,866</u>	<u>5,743,127</u>	<u>90,436</u>
<b>TOTAL NET ASSETS</b>		<u>\$ 55,694,313</u>	<u>\$ 89,584,979</u>	<u>\$ 6,140,482</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>
\$ 179,897	\$ 59,728	\$ 1,168,295	\$ 313,482
63,740	53,392	581,195	107,754
30,548	47,132	394,587	63,010
-	-	-	1,500,000
-	-	977,765	-
-	-	1,355,824	48,583
-	-	-	7,667
-	-	37,936	344,118
1,560,000	-	4,074,987	-
324,296	-	416,661	-
<u>2,158,481</u>	<u>160,252</u>	<u>9,007,250</u>	<u>2,384,614</u>
-	708,509	708,509	69,008
39,045,000	-	124,405,149	-
-	-	-	90,174
-	-	2,103,333	-
74,188	89,999	846,267	70,136
146,687	-	2,602,085	-
<u>39,265,875</u>	<u>798,508</u>	<u>130,665,343</u>	<u>229,318</u>
<u>41,424,356</u>	<u>958,760</u>	<u>139,672,593</u>	<u>2,613,932</u>
38,289,379	11,601,792	181,388,463	11,060,585
1,413,528	-	6,003,713	-
-	-	7,942,919	-
-	-	709,949	-
<u>10,537,987</u>	<u>1,450,397</u>	<u>18,667,813</u>	<u>2,204,805</u>
<u>\$ 50,240,894</u>	<u>\$ 13,052,189</u>	<u>214,712,857</u>	<u>\$ 13,265,390</u>
		<u>1,094,532</u>	
		<u>\$ 215,807,389</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, 2009

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
<b>OPERATING REVENUES</b>			
Charges for services	\$ 17,869,460	\$ 8,096,860	\$ 1,390,774
Other	614,109	608,356	61,814
Total Operating Revenues	<u>18,483,569</u>	<u>8,705,216</u>	<u>1,452,588</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	7,466,058	6,275,498	7,310,794
Depreciation	2,987,196	4,049,452	534,269
Total Operating Expenses	<u>10,453,254</u>	<u>10,324,950</u>	<u>7,845,063</u>
Operating Income (Loss)	<u>8,030,315</u>	<u>(1,619,734)</u>	<u>(6,392,475)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	166,720	184,219	13,387
Interest expense	(3,689,366)	(571,768)	-
Amortization of debt expense	(114,443)	(18,355)	-
Gain (loss) on sale of capital assets	(22,829)	(56,549)	-
Amortization of prior losses on refunding of bonds	(243,883)	(19,914)	-
Amortization of premium on debt issuance	335,614	8,319	-
Subsidies from other governmental units	-	-	5,499,174
Other	6,366	-	-
Total Nonoperating Revenues (Expenses)	<u>(3,561,821)</u>	<u>(474,048)</u>	<u>5,512,561</u>
Income (Loss) Before contributions and transfers	4,468,494	(2,093,782)	(879,914)
Capital contributions	213,330	418,615	291,845
Transfer in	-	-	407,986
Transfers out - tax equivalent	(1,355,824)	-	-
Transfers out	<u>(13,800)</u>	<u>(117,450)</u>	<u>-</u>
Change in Net Assets	3,312,200	(1,792,617)	(180,083)
TOTAL NET ASSETS - Beginning (as restated)	<u>52,382,113</u>	<u>91,377,596</u>	<u>6,320,565</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 55,694,313</u>	<u>\$ 89,584,979</u>	<u>\$ 6,140,482</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>
\$ 6,191,132	\$ 2,171,968	\$ 35,720,194	\$ 5,195,169
100,541	544,595	1,929,415	626,380
<u>6,291,673</u>	<u>2,716,563</u>	<u>37,649,609</u>	<u>5,821,549</u>
2,800,619	1,560,595	25,413,564	6,739,458
1,552,427	544,196	9,667,540	1,891,127
<u>4,353,046</u>	<u>2,104,791</u>	<u>35,081,104</u>	<u>8,630,585</u>
<u>1,938,627</u>	<u>611,772</u>	<u>2,568,505</u>	<u>(2,809,036)</u>
84,585	26,092	475,003	6,601
(1,232,278)	(59,426)	(5,552,838)	(3,391)
(55,897)	-	(188,695)	-
-	255	(79,123)	206,284
-	-	(263,797)	-
5,774	-	349,707	-
-	-	5,499,174	-
-	49	6,415	10,812
<u>(1,197,816)</u>	<u>(33,030)</u>	<u>245,846</u>	<u>220,306</u>
740,811	578,742	2,814,351	(2,588,730)
1,366,372	-	2,290,162	2,433,351
-	-	407,986	-
-	-	(1,355,824)	-
<u>(72,500)</u>	<u>(1,027,200)</u>	<u>(1,230,950)</u>	<u>(253,972)</u>
2,034,683	(448,458)	2,925,725	(409,351)
<u>48,206,211</u>	<u>13,500,647</u>		<u>13,674,741</u>
<u>\$ 50,240,894</u>	<u>\$ 13,052,189</u>		<u>\$ 13,265,390</u>
		<u>(226,952)</u>	
		<u>\$ 2,698,773</u>	

See accompanying notes to financial statements.

**CITY OF APPLETON**

STATEMENT OF CASH FLOWS -  
 PROPRIETARY FUND TYPES  
 For the Year Ended December 31, 2009

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 18,299,392	\$ 8,740,996	\$ 1,429,573
Paid to suppliers for goods and services	(5,875,999)	(4,937,965)	(5,228,955)
Paid to employees for services	(1,512,334)	(1,308,277)	(2,393,015)
Net Cash Flows From Operating Activities	<u>10,911,059</u>	<u>2,494,754</u>	<u>(6,192,397)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Tax equivalent paid to municipality	(1,217,251)	-	-
Transfers out	(13,800)	(117,450)	-
Operation subsidies received from other governmental units	-	-	6,320,961
Repayment of advances to other funds	(1,069,630)	3,172,963	-
Net Cash Flows From Noncapital Financing Activities	<u>(2,300,681)</u>	<u>3,055,513</u>	<u>6,320,961</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(7,800,578)	(6,673,275)	(273,881)
Proceeds from sale of capital assets	-	-	-
Revenue bonds issued	-	-	-
Costs of issuing revenue bonds	-	-	-
Principal paid on long-term debt	(4,425,000)	(2,395,003)	-
Interest paid on long-term debt	(3,826,283)	(620,840)	-
Capital contributed by others	49,832	56,048	108,440
Special assessments received	30,288	551,992	-
Net Cash Flows From Capital and Related Financing Activities	<u>(15,971,741)</u>	<u>(9,081,078)</u>	<u>(165,441)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	617,782	703,157	13,387
Investments sold and matured	4,927,051	5,468,120	-
Purchases of investments	(5,093,734)	(6,081,958)	-
Net Cash Flows From Investing Activities	<u>451,099</u>	<u>89,319</u>	<u>13,387</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(6,910,264)</u>	<u>(3,441,492)</u>	<u>(23,490)</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>15,178,698</u>	<u>7,000,447</u>	<u>1,554,880</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 8,268,434</u>	<u>\$ 3,558,955</u>	<u>\$ 1,531,390</u>

Business-Type Activities - Enterprise Funds			Governmental
Stormwater Utility	Other Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 6,222,000	\$ 2,741,601	\$ 37,433,562	\$ 5,868,496
(2,031,361)	(722,645)	(18,796,925)	(4,417,704)
<u>(753,801)</u>	<u>(840,317)</u>	<u>(6,807,744)</u>	<u>(2,056,328)</u>
<u>3,436,838</u>	<u>1,178,639</u>	<u>11,828,893</u>	<u>(605,536)</u>
-	-	(1,217,251)	-
(72,500)	(1,027,200)	(1,230,950)	(253,972)
-	-	6,320,961	-
<u>(2,103,333)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(2,175,833)</u>	<u>(1,027,200)</u>	<u>3,872,760</u>	<u>(253,972)</u>
(4,586,948)	(155,427)	(19,490,109)	-
-	-	-	21,512
10,720,000	-	10,720,000	-
(43,847)	-	(43,847)	-
(1,500,000)	-	(8,320,003)	(33,325)
(1,335,648)	(59,425)	(5,842,196)	(2,816)
432,476	-	646,796	-
89,130	-	671,410	-
<u>3,775,163</u>	<u>(214,852)</u>	<u>(21,657,949)</u>	<u>(14,629)</u>
256,020	26,092	1,616,438	6,601
2,031,852	-	12,427,023	-
<u>(2,160,366)</u>	<u>-</u>	<u>(13,336,058)</u>	<u>-</u>
<u>127,506</u>	<u>26,092</u>	<u>707,403</u>	<u>6,601</u>
5,163,674	(37,321)	(5,248,893)	(867,536)
<u>9,846,921</u>	<u>1,707,047</u>	<u>35,287,993</u>	<u>2,918,356</u>
<u>\$ 15,010,595</u>	<u>\$ 1,669,726</u>	<u>\$ 30,039,100</u>	<u>\$ 2,050,820</u>

See accompanying notes to financial statements.

**CITY OF APPLETON**

STATEMENT OF CASH FLOWS -  
 PROPRIETARY FUND TYPES  
 For the Year Ended December 31, 2009

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 8,030,315	\$ (1,619,734)	\$ (6,392,475)
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities			
Non-operating income	6,366	-	-
Depreciation expense	2,987,196	4,049,452	534,269
Depreciation charged to other funds	231,925	-	-
Changes in Noncash Components of Working Capital			
Customer accounts receivable	(182,848)	25,859	-
Other accounts receivable	(12,296)	117,058	(25,172)
Due from other funds	(220,149)	(107,137)	-
Inventories	44,563	(20,279)	(52,946)
Prepaid items	-	-	(303)
Accounts payable	69,925	8,193	(333,413)
Accrued liabilities	3,735	27,050	75,486
Accrued compensated absences	(47,673)	14,292	-
Postemployment benefits liability	-	-	-
Unearned revenues	-	-	2,157
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>\$ 10,911,059</u></b>	<b><u>\$ 2,494,754</u></b>	<b><u>\$ (6,192,397)</u></b>
 <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS</b>			
Cash and investments - statement of net assets - proprietary fund	\$ -	\$ 3,307,975	\$ 821,441
Restricted cash and investments - statement of net assets - proprietary fund			
Current	7,644,122	-	-
Non-current	9,928,267	13,637,483	709,949
Less: Non-cash equivalents	<u>(9,303,955)</u>	<u>(13,386,503)</u>	<u>-</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 8,268,434</u></b>	<b><u>\$ 3,558,955</u></b>	<b><u>\$ 1,531,390</u></b>
 <b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Contributed property and equipment	\$ 135,275	\$ 37,845	\$ -
Capital costs invoiced to customers	-	-	-
Interest charged to construction	136,917	9,990	-
New special assessments	28,223	374,722	-
Capital advances applied	-	-	-
Capital grants accrued	-	-	246,136
Investment valuation adjustments	(412,075)	(487,826)	-

<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>
\$ 1,938,627	\$ 611,772	\$ 2,568,505	\$ (2,809,036)
-	304	6,670	217,096
1,552,427	544,196	9,667,540	1,891,127
-	-	231,925	-
(23,279)	-	(180,268)	-
-	24,734	104,324	(462,818)
(46,394)	-	(373,680)	48,583
-	-	(28,662)	(38,050)
-	-	(303)	26,770
6,456	(2,706)	(251,545)	175,015
3,294	(4,543)	105,022	18,195
5,707	4,882	(22,792)	287
-	-	-	34,626
-	-	2,157	292,669
<u>\$ 3,436,838</u>	<u>\$ 1,178,639</u>	<u>\$ 11,828,893</u>	<u>\$ (605,536)</u>
\$ 6,999,119	\$ 1,669,726	\$ 12,798,261	\$ 2,050,820
6,908,259	-	14,552,381	-
5,104,187	-	29,379,886	-
<u>(4,000,970)</u>	<u>-</u>	<u>(26,691,428)</u>	<u>-</u>
<u>\$ 15,010,595</u>	<u>\$ 1,669,726</u>	<u>\$ 30,039,100</u>	<u>\$ 2,050,820</u>
\$ 712,264	\$ -	\$ 885,384	\$ 2,433,351
135,114	-	135,114	-
75,566	-	222,473	-
72,035	-	474,980	-
14,483	-	14,483	-
-	-	246,136	-
(154,524)	-	(1,054,425)	-

See accompanying notes to financial statements.

**CITY OF APPLETON**

STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUND  
December 31, 2009

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	<u>Tax Collection Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 47,263,504
Property taxes receivable	<u>20,695,509</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 67,959,013</u></b>
<b>LIABILITIES</b>	
Due to other taxing authorities	\$ 67,884,586
Accounts payable	<u>74,427</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 67,959,013</u></b>

See accompanying notes to financial statements.

**CITY OF APPLETON**

STATEMENT OF NET ASSETS - COMPONENT UNITS  
December 31, 2009

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ 83,995	\$ 1,381,176	\$ 192,392	\$ 1,657,563
Other accounts receivable	-	255,322	71,105	326,427
Inventories	20,000	12,305	-	32,305
Prepaid items	-	54,766	-	54,766
Total Current Assets	<u>103,995</u>	<u>1,703,569</u>	<u>263,497</u>	<u>2,071,061</u>
Non-Current Assets				
Restricted Assets				
Cash and investments	-	417,252	-	417,252
Rehabilitation loans, net	-	3,042,262	-	3,042,262
Capital Assets				
Land	-	1,181,057	-	1,181,057
Construction in process	-	64,853	-	64,853
Buildings and improvements	-	17,267,593	-	17,267,593
Equipment, furniture and vehicles	-	682,936	-	682,936
Less: Accumulated depreciation	-	<u>(6,232,177)</u>	-	<u>(6,232,177)</u>
Total Non-Current Assets	<u>-</u>	<u>16,423,776</u>	<u>-</u>	<u>16,423,776</u>
Total Assets	<u>103,995</u>	<u>18,127,345</u>	<u>263,497</u>	<u>18,494,837</u>

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ -	\$ 193,924	\$ 28,868	\$ 222,792
Other accrued liabilities	-	135,691	-	135,691
Security deposits	-	106,842	-	106,842
Tenant FSS escrow	-	74,154	-	74,154
Commercial tenants credit	-	8,500	-	8,500
Current maturity of mortgage payable	-	1,113	-	1,113
Unearned revenue	-	225,672	216,800	442,472
Total Current Liabilities	-	745,896	245,668	991,564
Noncurrent Liabilities				
Mortgage payable	-	47,784	-	47,784
Total Noncurrent Liabilities	-	47,784	-	47,784
Total Liabilities	-	793,680	245,668	1,039,348
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	-	12,906,865	-	12,906,865
Restricted - housing programs	-	3,394,026	-	3,394,026
Unrestricted	103,995	1,032,774	17,829	1,154,598
<b>TOTAL NET ASSETS</b>	<b>\$ 103,995</b>	<b>\$ 17,333,665</b>	<b>\$ 17,829</b>	<b>\$ 17,455,489</b>

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, 2009

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
<b>OPERATING REVENUES</b>				
Charges for services	\$ -	\$ 871,470	\$ 222,534	\$ 1,094,004
Operating grants and contributions	-	3,711,861	-	3,711,861
Other	30,000	64,230	-	94,230
Total Operating Revenues	<u>30,000</u>	<u>4,647,561</u>	<u>222,534</u>	<u>4,900,095</u>
<b>OPERATING EXPENSES</b>				
Operating expenses	20,320	4,219,297	252,238	4,491,855
Depreciation	-	572,860	-	572,860
Total Operating Expenses	<u>20,320</u>	<u>4,792,157</u>	<u>252,238</u>	<u>5,064,715</u>
Operating Income (Loss)	<u>9,680</u>	<u>(144,596)</u>	<u>(29,704)</u>	<u>(164,620)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	1,080	32,973	2,365	36,418
Capital grants	-	399,551	-	399,551
Gain on sale of capital assets	-	5,000	-	5,000
Interest expense	-	(2,678)	-	(2,678)
Total Nonoperating Revenues (Expenses)	<u>1,080</u>	<u>434,846</u>	<u>2,365</u>	<u>438,291</u>
<b>Change in Net Assets</b>	10,760	290,250	(27,339)	273,671
TOTAL NET ASSETS - Beginning	<u>93,235</u>	<u>17,043,415</u>	<u>45,168</u>	<u>17,181,818</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 103,995</u>	<u>\$ 17,333,665</u>	<u>\$ 17,829</u>	<u>\$ 17,455,489</u>

See accompanying notes to financial statements.

# CITY OF APPLETON

## INDEX TO NOTES TO FINANCIAL STATEMENTS December 31, 2009

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# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

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

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

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. The component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

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

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

The government-wide financial statements include the Redevelopment Authority of the City of Appleton ("Redevelopment Authority") as a component unit. The Redevelopment Authority is a legally separate organization. The board of the Redevelopment Authority is appointed by the mayor of Appleton and approved by city council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Redevelopment Authority, and also create a potential financial benefit to or burden on the City. See Note IV.K. As a component unit, the Redevelopment Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2009. 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, 2009

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

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

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

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

The government-wide financial statements include the Housing Authority of the City of Appleton ("Housing Authority") as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the mayor of Appleton. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Housing Authority, and also create a potential financial benefit to or burden on the City. See Note IV.K. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2009. Separately issued financial statements of the Housing Authority of the City of Appleton may be obtained from the Housing Authority's office, which is located at 925 West Northland Avenue, Appleton, WI 54914.

###### *Business Improvement District*

The government-wide financial statements include the Business Improvement District of the City of Appleton ("District") as a component unit. The District is a legally separate organization. The board of the District is appointed by the mayor of Appleton and approved by city council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the District, and also create a potential financial benefit to or burden on the City. See Note IV.K. As a component unit, the District's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2009. 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 54912.

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

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

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

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

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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### 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 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. 2 | HOME Homeowner                   |
| Tax Incremental District No. 4 | Housing Rehabilitation Grant     |
| Community Development          | Business and Neighborhood        |
| Block Grant                    | Revitalization Grant             |
| Rental Rehabilitation Grants   | Neighborhood Stabilization Grant |
| Sanitation and Recycling       | Homeless Prevention Grant        |
| Program                        | Lead Hazard Grant                |
| Health Grants                  | Tuchscherer Disability           |
| Police Grants                  | Peabody Estate                   |
| Safe Route to School Grant     | Balliet Locomotive               |
| Hazardous Materials Level A    | Lutz Park                        |
| Forestry                       | Park Purpose Open Space          |
| Room Tax                       | Union Spring Park                |
| Emergency Shelter              | Project City Park                |
| Continuum of Care              | 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, 2009

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

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

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

The City reports the following 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	Public Safety Facilities
Projects	Public Works Equipment
Industrial Park Land	CEA Replacement
Park and Recreation Projects	Community Development
Tax Incremental District No. 5	Library Improvements
Tax Incremental District No. 6	Facilities Capital Projects
Tax Incremental District No. 7	Technology
Tax Incremental District No. 8	

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  
Risk Management  
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, 2009

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### 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 unearned 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, 2009

---

### 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 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, 2009

---

### 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, 2009

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### 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, 2009

---

### 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, 2009, 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 – 2009 tax roll:

Lien date and levy date	November 2009
Tax bills mailed	December 2009
Payment in full, or	January 31, 2010
First installment due	January 31, 2010
Second installment due	March 31, 2010
Third installment due	May 31, 2010
Fourth installment due	July 31, 2010
Final settlement with county	August 15, 2010
Personal property taxes in full	January 31, 2010
Tax sale – 2009 delinquent real estate taxes	October 2012

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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### 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, 2009

---

### 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. \$222,473 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, 2009

---

### 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, 2009 are determined on the basis of current salary rates and include salary related payments.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

---

### 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 \$8,491,031, made up of four 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. The liability for claims and judgments is only reported in governmental fund types if it has matured. 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, 2009

**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	Totals
Invested in capital assets, net of related debt	\$ 292,088,865	\$ 181,388,463	\$ (2,289,431)	\$ 471,187,897
Unrestricted	20,215,128	19,762,345	2,289,431	42,266,904

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, 2009

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

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

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

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

Current water rates were approved by the Public Service Commission of Wisconsin (PSCW), effective for service beginning January 2009.

###### **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 January 1, 2009 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.

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "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	\$ 123,498,848
Construction in progress	13,217,468
Depreciable capital assets, net of depreciation	<u>181,793,906</u>
Sub-total	318,510,222
Less: Internal service fund capital assets	<u>(11,137,260)</u>
Net Adjustment for Capital Assets	<u>\$ 307,372,962</u>

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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#### 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	\$ 46,675,159
Unamortized debt premium	112,562
Unamortized debt issuance costs <sup>1</sup>	(188,698)
Unamortized loss on refunding	(5,757)
Compensated absences	5,949,025
Accrued interest <sup>2</sup>	646,766
Disability benefits	124,338
Pension liability	330,691
Postclosure care cost	<u>2,340,000</u>
Net Adjustment for Liabilities	<u>\$ 55,984,086</u>

<sup>1</sup> This amount is included in other assets on the Statement of Net Assets.

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

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

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#### A. BUDGETARY INFORMATION

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

- Prior to the end of July, the department heads submit to the mayor proposed budgets, including expenditures and applicable revenue projections.
- 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.
- Public hearings are conducted to obtain taxpayer comments.
- The budget is adopted formally by resolution of the common council at the first finance committee meeting in November.
- 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, 2009

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

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

- f. Under council policy, new appropriations up to \$15,000 require written approval by the mayor, countersigned by the Director of Finance, and reported to the Finance and Administration Committee as an informational item if funded by grants, user fees, or other non-tax revenues. New appropriations in excess of \$15,000 and those funded by taxes or debt also require the approval of the Finance and Administration 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, 2009, the following individual funds held a deficit balance:

Fund	Amount	Reason
<b>Special Revenue Funds</b>		
Tax Incremental District No. 3	\$ 12,397,775	Remaining development costs to be recovered over time
Tax Incremental District No. 2	346,284	Remaining development costs to be recovered over time
Community Development Block Grant	5,637	Revenue not received within 60 days of year-end
Safe Route to School	13,418	Revenue not received within 60 days of year-end
<b>Capital Project Funds</b>		
Subdivision Development Project	152,540	Development costs to be recovered over time

TIF District deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for districts created before October 1, 1995 and 23 years for districts created through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. The other fund deficits are anticipated to be funded with grant revenues or special assessments.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

#### **C. EXCESS EXPENDITURES OVER APPROPRIATIONS**

The City controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the City's year-end budget to actual report.

#### **D. LIMITATIONS ON THE CITY'S TAX LEVY**

As part of Wisconsin's Act 28 (2009), legislation was passed that limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the City's equalized value due to new construction or 3% for the 2009 levy collected in 2010 and 3% for the 2010 levy collected in 2011. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit is set to expire after the 2010 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	\$ 13,803,500	\$ 16,250,297	Custodial credit risk
U.S. treasuries	40,503,282	40,503,282	Custodial credit risk, interest rate risk
U.S. agencies	38,791,350	38,791,350	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk, investments highly sensitive to market changes
Money market mutual funds	55,941,102	55,941,102	Credit risk, interest rate risk
Commercial paper	4,549,565	4,549,565	Custodial credit risk, credit risk, investments highly sensitive to market changes
LGIP	503,928	503,928	Credit risk, interest rate risk
Petty Cash	87,946	-	None
Total Cash and Investments	\$ 154,180,673	\$ 156,539,524	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 62,984,902		
Restricted cash and investments	43,932,267		
Per statement of net assets – Fiduciary			
Funds	47,263,504		
Total Cash and Investments	\$ 154,180,673		

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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

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

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.

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.

#### **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, 2009, \$15,723,911 of the City's total bank balance of \$16,250,297 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 15,723,911</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, 2009, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Investment</u>	<u>Standard &amp; 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, 2009

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

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

##### **Concentration of Credit Risk**

At December 31, 2009, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Mortgage Corporation	U.S. agencies	7.68%
Federal National Mortgage Association	U.S. agencies	13.74%

##### **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, 2009, 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	\$ 55,941,102	\$ 55,941,102	\$ -	\$ -
Commercial paper	4,549,565	4,549,565	-	-
US treasuries	40,503,282	3,180,159	20,043,219	17,279,904
US agencies	38,791,350	15,095,370	6,738,945	16,957,035
External investment pools	503,928	503,928	-	-
Totals	<u>\$ 140,289,227</u>	<u>\$ 79,270,124</u>	<u>\$ 26,782,164</u>	<u>\$ 34,236,939</u>

##### **Investments Highly Sensitive to Market Changes**

The City also held various U.S. treasuries and agencies at December 31, 2009 where interest rates are based on inflation indices. These securities mature on January 15, 2010 and April 15, 2011 and 2012. The market value of these investments was \$676,793. In addition, the City held securities of \$9,468,888 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, 2009

### 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	\$ -	\$ 40,295,669	\$ 40,295,669
Interest on advances	5,665,674	-	5,665,674
Interest income	62,972	-	62,972
Developer loans	668,334	-	668,334
Rehabilitation loans	6,286,308	-	6,286,308
Accounts receivable	123,317	-	123,317
Special assessments not yet due	1,459,539	-	1,459,539
Grant drawdowns prior to meeting all eligibility requirements	-	328,090	328,090
Total Deferred/Unearned Revenue for Governmental Funds	\$ 14,266,144	40,623,759	\$ 54,889,903
Internal service unearned revenue		344,118	
Total Unearned Revenue for Government-Wide Statements		\$ 40,967,877	

#### **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, 2009

### 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, 2009:

	Restricted Assets	Liabilities Payable from Restricted Assets	Borrowed Restricted Assets	Restricted Net Assets
Bond redemption account	\$ 3,471,952	\$ 160,188	\$ -	\$ 3,311,764
Bond reserve account	16,255,066	-	14,563,117	1,691,949
Bond depreciation account	1,000,000	-	-	1,000,000
Construction account	14,552,381	-	14,552,381	-
DNR equipment replacement account	7,942,919	-	-	7,942,919
Capital equipment replacement account	709,949	-	-	709,949
Accrued interest	256,473	256,473	-	-
	<b>\$ 44,188,740</b>	<b>\$ 416,661</b>	<b>\$ 29,115,498</b>	<b>\$ 14,656,581</b>

#### D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 13,908,103	\$ -	\$ -	\$ 13,908,103
Right of ways	70,039,765	1,534,730	78,892	71,495,603
Land improvements <sup>(1)</sup>	37,657,234	437,908	-	38,095,142
Construction in progress	14,490,062	6,873,220	8,145,814	13,217,468
Total Capital Assets				
Not Being Depreciated	136,095,164	8,845,858	8,224,706	136,716,316

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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

#### D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities (cont.)</b>				
Capital assets being depreciated				
Improvements	\$ 6,777,050	\$ 554,507	\$ -	\$ 7,331,557
Buildings	31,929,093	252,345	-	32,181,438
Equipment, furniture and fixtures	27,987,546	2,792,112	1,246,236	29,533,422
Streets	126,053,574	12,429,022	1,429,756	137,052,840
Sidewalk	24,340,277	1,727,524	404,614	25,663,187
Traffic signals	3,862,204	226,724	-	4,088,928
Bridges	25,717,019	15,638,477	12,951	41,342,545
Total Capital Assets Being Depreciated	<u>246,666,763</u>	<u>33,620,711</u>	<u>3,093,557</u>	<u>277,193,917</u>
Less: Accumulated depreciation for				
Improvements	(2,118,917)	(211,805)	-	(2,330,722)
Buildings	(10,215,867)	(517,738)	-	(10,733,605)
Equipment, furniture and fixtures	(14,310,373)	(2,193,950)	1,224,724	(15,279,599)
Streets	(48,553,163)	(3,612,881)	621,922	(51,544,122)
Sidewalk	(7,904,550)	(630,101)	163,859	(8,370,792)
Traffic signals	(1,176,254)	(94,903)	-	(1,271,157)
Bridges	(5,544,857)	(335,232)	10,075	(5,870,014)
Total Accumulated Depreciation	<u>(89,823,981)</u>	<u>(7,596,610)</u>	<u>2,020,580</u>	<u>(95,400,011)</u>
Net Capital Assets Being Depreciated	<u>156,842,782</u>			<u>181,793,906</u>
Total Capital Assets, Net of Depreciation	<u>\$ 292,937,946</u>			<u>\$ 318,510,222</u>

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

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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

#### D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

#### Governmental Activities

General government	\$ 235,240
Public safety	259,354
Public works, which includes the depreciation of roads, streets, signals, and bridges	4,790,301
Education and recreation	<u>420,588</u>
Sub-Total	5,705,483
Capital assets held by internal service funds charged to the various functions based on their usage of the assets	<u>1,891,127</u>
Total Governmental Activities Depreciation Expense	<u>\$ 7,596,610</u>

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities</b>				
Capital assets not being depreciated				
Land	\$ 22,903,088	\$ 1,569,714	\$ 14,350	\$ 24,458,452
Construction in progress	<u>6,110,244</u>	<u>3,350,725</u>	<u>4,758,795</u>	<u>4,702,174</u>
Total Capital Assets Not Being Depreciated	<u>29,013,332</u>	<u>4,920,439</u>	<u>4,773,145</u>	<u>29,160,626</u>
Capital assets being depreciated				
Buildings and improvements	312,526,343	17,761,946	670,553	329,617,736
Machinery and equipment	<u>71,199,660</u>	<u>1,120,636</u>	<u>396,952</u>	<u>71,923,344</u>
Total Capital Assets Being Depreciated	<u>383,726,003</u>	<u>18,882,582</u>	<u>1,067,505</u>	<u>401,541,080</u>
Less: Accumulated depreciation for				
Buildings and improvements	(98,370,710)	(7,025,995)	548,640	(104,848,065)
Machinery and equipment	<u>(41,104,763)</u>	<u>(2,851,202)</u>	<u>435,695</u>	<u>(43,520,270)</u>
Total Accumulated Depreciation	<u>(139,475,473)</u>	<u>(9,877,197)</u>	<u>984,335</u>	<u>(148,368,335)</u>
Net Capital Assets Being Depreciated	<u>244,250,530</u>			<u>253,172,745</u>
Capital Assets, Net of Depreciation	<u>\$ 273,263,862</u>			<u>\$ 282,333,371</u>

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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

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

Depreciation expense was charged to functions as follows:

**Business-Type Activities**

Water	\$ 2,987,196
Wastewater	4,049,452
Valley Transit	534,269
Stormwater	1,552,427
Parking	466,311
Reid Municipal Golf Course	<u>77,885</u>
Total Business-Type Activities	
Depreciation Expense	<u>\$ 9,997,540</u>

An additional \$231,925 was charged to other funds or to operations.

Depreciation expense does not agree to the increases in accumulated depreciation due to joint metering, salvage, and cost of removal.

**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	\$ 30,152
General	Special Revenue – Emergency Shelter	8,583
General	Special Revenue – Police Grants	16,719
General	Special Revenue – Continuum of Care	35,817
General	Special Revenue – Homeless Prevention Grant	888
General	Special Revenue – Safe Route to School	19,990
General	Special Revenue – Business and Neighborhood Revitalization Grant	15,497
General	Special Revenue – Lead Hazard Grant	14,938
General	Capital Projects – Subdivision Development Projects	735,326
General	Internal Service – Risk Management	48,583
General	Enterprise – Water Utility	1,355,824
Special Revenue – Sanitation and Recycling Programs	General	17,773
Enterprise – Water Utility	General	594,078
Enterprise – Wastewater Utility	General	544,664
Enterprise – Stormwater Utility	General	<u>208,529</u>
Sub-Total – Fund Financial Statements		3,647,361
Less: Internal service allocation		(1,094,532)
Less: Elimination to government-wide		<u>(3,638,808)</u>
Total – Government-wide Financial Statements		<u>\$ (1,085,979)</u>

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Activity	Business-Type Activity	\$ 1,355,824
Business-Type Activity	Governmental Activity	(2,441,803)
Total		\$ (1,085,979)

All amounts are due within one year.

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 2009, 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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Allowance</u>
General	Reid Municipal Golf Course	\$ 480,000	\$ -	\$ 480,000
Parking Utility	Special Revenue - Tax Incremental District No. 3	13,482,496	2,727,923	16,210,419
Totals		\$ 13,962,496	\$ 2,727,923	\$ 16,690,419

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**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	\$	\$ 441	\$ 441	\$
General	Special Revenue – Tax Incremental District No. 3	7,455,862	5,200,900	12,656,762	12,656,762
General	Capital Projects – Tax Incremental District No.5	801	23,097	23,898	23,898
Enterprise – Stormwater Utility	Enterprise – Water Utility	<u>2,103,333</u>	-	<u>2,103,333</u>	<u>2,103,333</u>
Sub-Total – Fund Financial Statements		<u>\$ 9,559,996</u>	<u>\$ 5,665,697</u>	15,225,693	<u>\$ 15,225,693</u>
Less: Fund eliminations				<u>(15,225,670)</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>
<b>General</b>	Special Revenue – Room Tax	\$ 30,000	Administrative fees
	Enterprise – Water Utility	13,800	Administrative fees
	Enterprise – Water Utility	1,355,824	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, 2009

**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>
<b>Debt Service</b>	General	\$ 284,058	Debt payments
	Special Revenue – Tax Incremental District No. 2	59,500	Debt payments
	Capital Project – Industrial Park Land	195,110	Debt payments
	Special Revenue – Tax Incremental District No. 3	1,658,758	Debt payments
	Capital Project – Tax Incremental District No. 5	157,342	Debt payments
	Capital Project – Tax Incremental District No. 6	2,748,431	Debt payments
<b>Special Revenue Funds</b>			
Tax Incremental District No. 3	Enterprise – Parking Utility	1,000,000	Increase advance
Housing Rehabilitation Grant	Special Revenue – Community Development Block Grant	854	Grant funds
<b>Capital Project Funds</b>			
Public Works Equipment Subdivision	General	1,255,647	Fund-current year projects
Development Project	General	522,500	Fund projects until deferred special assessments are received
CEA Replacement	Internal Service – CEA	221,997	Proceeds from the sale of capital assets
CEA Replacement	Enterprise – Stormwater Utility	60,000	Capital assets
CEA Replacement	Internal Service – Facilities Management	31,975	Capital assets
<b>Enterprise</b>			
Valley Transit	General	<u>407,986</u>	Local share of funding
Sub-Total – Fund Financial Statements		10,160,932	
Less: Fund eliminations		(7,728,172)	
Government-wide elimination		<u>(253,972)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 2,178,788</u>	

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

### 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	\$ 2,586,774
Business-Type Activity	Governmental Activity	<u>(407,986)</u>
Total		<u>\$ 2,178,788</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, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments*</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>						
Bonds and Notes Payable						
General Obligation Debt						
General	\$ 47,492,789	\$ 5,735,000	\$ 25,658	\$ 6,578,288	\$ 46,675,159	\$ 6,755,336
Internal service	110,000	-	(25,658)	7,667	76,675	7,667
Add/(Subtract) Deferred Amounts For						
Premiums	79,382	57,086	-	23,906	112,562	-
Loss on refunding	(28,788)	-	-	(23,031)	(5,757)	-
Total Bonds and Notes Payable	<u>47,653,383</u>	<u>5,792,086</u>	<u>-</u>	<u>6,586,830</u>	<u>46,858,639</u>	<u>6,763,003</u>
Other Liabilities						
Vested compensated absences						
General	5,484,770	3,505,314	-	3,041,059	5,949,025	3,248,299
Internal service	162,462	113,935	-	98,507	177,890	107,754
Other postemployment benefits						
Internal service	1,464,245	34,626	(1,408,697)	-	90,174	-
Landfill liability	2,430,000	-	-	90,000	2,340,000	90,000
Disability benefits	131,982	-	-	7,644	124,338	19,435
Pension liability	366,398	-	-	35,707	330,691	32,228
Total Other Liabilities	<u>10,039,857</u>	<u>3,653,875</u>	<u>(1,408,697)</u>	<u>3,272,917</u>	<u>9,012,118</u>	<u>3,497,716</u>
Total Governmental Activities						
Long-Term Liabilities	<u>\$ 57,693,240</u>	<u>\$ 9,445,961</u>	<u>\$ (1,408,697)</u>	<u>\$ 9,859,747</u>	<u>\$ 55,870,757</u>	<u>\$ 10,260,719</u>

\* \$25,658 of G.O. debt originally allocated to the Internal Service Fund was reallocated to the governmental activities during 2009. The other postemployment benefits liability was restated due to a reissued actuarial report.

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable					
General obligation debt	\$ 708,509	\$ -	\$ -	\$ 708,509	\$ -
Revenue bonds	127,713,993	10,720,000	8,320,003	130,113,990	4,074,987
Add/(Subtract) Deferred Amounts For					
Refundings – Gains/(Losses)	(1,897,650)	-	(263,796)	(1,633,854)	-
Premiums	2,865,214	86,577	349,706	2,602,085	-
Sub-totals	<u>129,390,066</u>	<u>10,806,577</u>	<u>8,405,913</u>	<u>131,790,730</u>	<u>4,074,987</u>
Other Liabilities					
Vested compensated absences	<u>1,450,359</u>	<u>544,146</u>	<u>567,043</u>	<u>1,427,462</u>	<u>581,195</u>
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 130,840,425</u>	<u>\$ 11,350,723</u>	<u>\$ 8,972,956</u>	<u>\$ 133,218,192</u>	<u>\$ 4,656,182</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, 2009.

**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 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2009, was \$239,453,145. Total general obligation debt outstanding at year end was \$47,460,343.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-09
<b>Governmental Activities</b>					
General Obligation Bonds					
General Obligation Refunding Bonds,					
Series 1998A	7/1/88	4/1/13	4.00 – 4.75%	\$ 9,570,000	\$ 2,135,000
General Obligation Notes, Series 2001A	8/1/01	10/1/11	4.00 – 4.44%	4,070,000	1,135,000
General Obligation Notes, Series 2001B	8/1/01	10/1/11	6.00%	3,270,000	1,700,000

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**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 12-31-09
Governmental Activities					
General Obligation Bonds (cont.)					
2001 State Trust					
Fund Loan	8/24/01	3/15/11	5.00%	\$ 2,812,341	\$ 1,138,639
General Obligation Funds					
General Obligation Notes, Series 2002A	7/1/02	4/1/12	3.00 – 4.10%	8,535,000	1,640,000
General Obligation Notes, Series 2002B	7/1/02	4/1/12	5.00%	1,995,000	1,760,000
2002 State Trust					
Fund Loan	2/6/03	3/15/18	5.00%	2,000,000	1,384,953
General Obligation Notes, Series 2003A	9/3/03	4/1/13	1.25 – 3.70%	1,610,000	955,000
2003 State Trust					
Fund Loan	7/23/03	3/15/20	5.00%	2,800,000	2,373,242
General Obligation Refunding Bonds, Series 2005 A	3/15/05	4/1/13	3.00 – 4.00%	5,165,000	1,935,000
General Obligation Notes, Series 2005B	10/12/05	4/1/15	3.00 – 4.00%	6,210,000	5,105,000
General Obligation Notes, Series 2006A	8/9/06	10/1/16	4.125 – 4.200%	4,725,000	4,220,000
General Obligation Notes, Series 2007	8/1/07	4/1/17	4.25%	5,165,000	4,530,000
General Obligation Notes, Series 2008A	8/5/08	4/1/16	3.00 – 4.00%	3,980,000	3,680,000
General Obligation Notes, Series 2008B	11/26/08	4/1/28	3.75 – 5.00%	7,325,000	7,325,000
General Obligation Notes, Series 2009A	11/5/09	4/1/19	2.50 – 3.125%	5,735,000	<u>5,735,000</u>
Total Governmental Activities – General Obligation Debt					<u>\$ 46,751,834</u>

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

**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 12-31-09</u>
Business-Type Activities General Obligation Debt					
2005 State Trust Fund Loan	12/30/05	3/15/25	5.00%	\$ 708,509	\$ 708,509
Total Business-Type Activities General Obligation Debt					<u>\$ 708,509</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>
2010	\$ 6,763,003	\$ 1,862,002	\$ -	\$ 35,425
2011	7,029,293	1,552,005	-	35,425
2012	6,488,593	1,243,308	-	35,523
2013	4,627,866	1,011,634	-	35,425
2014	3,702,508	845,907	19,047	35,425
2015 – 2019	13,486,756	2,273,302	264,472	146,821
2020 – 2024	2,368,815	860,639	389,957	68,723
2025 – 2028	<u>2,285,000</u>	<u>236,377</u>	<u>35,033</u>	<u>2,116</u>
Totals	<u>\$ 46,751,834</u>	<u>\$ 9,885,174</u>	<u>\$ 708,509</u>	<u>\$ 394,883</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	\$ 2,178,502
General Fund – compensated absences	4,593,906
Debt Service Fund – general obligation debt	16,603
Special Revenue Fund – Tuchscherer disability	69,134
Capital Projects Fund – general obligation debt	<u>374,913</u>
Total	<u>\$ 7,233,058</u>

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS

December 31, 2009

### 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 \$181,572,226 for water, wastewater, and stormwater. For the current year, the water utility paid \$8,251,283 of principal and interest and had \$11,184,231 of net revenues. Annual principal and interest payments are expected to require 53% of net water revenues on average. The wastewater utility paid \$3,015,843 of principal and interest and had \$2,613,937 of net revenues. Annual principal and interest payments are expected to require 36% of net wastewater revenues on average. The stormwater utility paid \$2,835,648 of principal and interest and had \$3,575,639 of net revenues. Annual principal and interest payments are expected to require 81% of net stormwater revenues on average.

Revenue debt payable at December 31, 2009 consists of the following:

##### Business-Type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-09
<u>Water Utility</u>					
Water System Revenue					
Refunding Bonds, Series 2007A	2/6/07	1/1/25	4.00 – 4.50%	\$ 58,510,000	\$ 48,635,000
Taxable Water System Revenue					
Refunding Bonds, Series 2007B	2/6/07	1/1/12	5.40 – 5.35%	2,620,000	1,070,000
Water System Revenue					
Bonds, Series 2007C	3/1/07	1/1/26	4.00 – 4.75%	12,140,000	11,640,000
Water System Revenue					
Bonds, Series 2008	12/17/08	1/1/28	3.00 – 5.50%	15,215,000	14,680,000
				Total Water Utility	<u>76,025,000</u>
<u>Wastewater Utility</u>					
Sewerage System Mortgage					
Revenue Bonds, CWFL Series 1993B	3/24/93	5/1/12	3.369%	12,989,595	2,853,990
Sewerage System Mortgage					
Revenue Refunding Bonds, Series 2005	10/15/05	5/1/10	3.50%	4,735,000	1,235,000
Sewerage System Revenue					
Bonds, Series 2006	8/9/06	5/1/26	4.25 – 5.00%	3,265,000	2,980,000
Sewerage System Revenue					
Bonds, Series 2007	9/5/07	5/1/27	4.25 – 5.00%	2,350,000	2,210,000
Sewerage System Revenue					
Bonds, Series 2008	9/10/08	5/1/28	3.00 – 4.50%	4,330,000	4,205,000
				Total Wastewater Utility	<u>13,483,990</u>

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

### 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 12-31-09
<u>Stormwater Utility</u>					
Stormwater System Revenue Bonds, Series 2000	9/1/00	4/1/20	4.35 – 5.65%	\$ 3,255,000	\$ 155,000
Stormwater System Revenue Bonds, Series 2001	9/1/01	4/1/21	4.00 – 5.00%	4,810,000	3,670,000
Stormwater System Revenue Bonds, Series 2002	8/23/02	4/1/22	3.00 – 5.00%	2,340,000	1,855,000
Stormwater System Revenue Bonds, Series 2003	10/9/03	4/1/23	2.00 – 4.55%	3,835,000	3,070,000
Stormwater System Revenue Bonds, Series 2004	10/15/04	4/1/24	2.50 – 4.65%	3,535,000	2,980,000
Stormwater System Revenue Refunding Bonds, Series 2006	5/1/06	4/1/26	4.00 – 4.50%	7,855,000	7,525,000
Stormwater System Revenue Bonds, Series 2007	9/5/07	4/1/27	4.25 – 5.00%	5,145,000	4,820,000
Stormwater System Revenue Bonds, Series 2008	9/10/08	4/1/28	3.00 – 4.50%	6,010,000	5,810,000
Stormwater System Revenue Bonds, Series 2009	12/30/09	4/1/29	2.00 – 4.45%	10,720,000	10,720,000
			Total Stormwater Utility		<u>40,605,000</u>
Total Business-Type Activities Revenue Debt					<u>\$ 130,113,990</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-Type Activities Revenue Debt	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 4,074,987	\$ 3,903,940
2011	7,745,983	5,596,599
2012	8,038,020	5,290,882
2013	7,390,000	4,969,495
2014	7,720,000	4,631,325
2015 – 2019	41,330,000	17,701,809
2020 – 2024	37,175,000	7,805,580
2025 – 2029	16,640,000	1,558,606
Totals	<u>\$ 130,113,990</u>	<u>\$ 51,458,236</u>

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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#### **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, 2009, \$52,230,000 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, 2009, are as follows:

	<u>Governmental Activities</u>
2010	\$ 94,100
2011	92,842
2012	94,767
2013	94,800
2014	93,092
2015 – 2018	<u>372,734</u>
Sub-Total	842,335
Less: Amount representing interest	<u>(174,002)</u>
Present Value of Minimum Lease Payments	<u>\$ 668,333</u>

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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

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#### **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, 2009, a \$2,340,000 liability was estimated based on what it would cost to perform all postclosure care in 2009 and thereafter. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The City incurred approximately \$73,133 of closure costs in 2009.

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

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2009 includes the following:

##### **Governmental Activities**

Invested in capital assets, net of related debt	
Land and land improvements	\$ 123,498,848
Construction in progress	13,217,468
Other capital assets, net of accumulated depreciation	181,793,906
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(26,503,250)
Add: Unamortized debt issuance costs	188,698
Add: Unamortized loss on refunding	5,757
Less: Unamortized debt premium	(112,562)
Total Invested in Capital Assets, Net of Related Debt	<u>292,088,865</u>
Restricted	
Debt service fund	38,168
Grant programs	6,740,285
Total Restricted	<u>6,778,453</u>
Unrestricted	<u>20,215,128</u>
Total Governmental Activities Net Assets	<u>\$ 319,082,446</u>

Governmental fund balances reported on the fund financial statements at December 31, 2009 include the following:

<b>Reserved</b>	
Major Fund	
General Fund	
Inventories	\$ 684,658
Prepaid items	7,155
Advance to other fund (principal portion)	7,456,663
Developer loans	1,478,767
Encumbrances	<u>2,257,554</u>
Total	<u>\$ 11,884,797</u>

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

##### Governmental Activities (cont.)

<b>Reserved (cont.)</b>	
Non-Major Funds	
Special Revenue Funds	
Sanitation and recycling encumbrances	\$ 4,640
Park purpose open space – prepaid items	<u>50,000</u>
Total	<u>\$ 54,640</u>
Debt Service Fund	
Reserved for debt service	<u>\$ 16,603</u>
Capital Projects Funds	
Subdivision development projects - encumbrances	\$ 30,000
Industrial park land – debt service	374,913
Park and recreation projects – encumbrances	792,920
Tax Incremental District No. 6 – encumbrances	150,000
Tax Incremental District No. 7 – encumbrances	49,000
Tax Incremental District No. 8 – encumbrances	30,404
Public safety facilities – encumbrances	4,664
Public works equipment – encumbrances	105,488
Community development – encumbrances	276,595
Facilities capital projects – encumbrances	1,500,168
Technology – prepaid items	2,860
Technology – encumbrances	<u>243,288</u>
Total	<u>\$ 3,560,300</u>
Permanent fund	
Frank P. Young memorial – trust purposes	<u>\$ 34,043</u>
<b>Unreserved (deficit)</b>	
Major Funds	
General fund	<u>\$ 428,088</u>
Special Revenue Funds	
Tax Incremental District No. 3 special revenue fund	<u>\$ (12,397,775)</u>
Non-Major Funds	
Special Revenue Funds	
Tax Incremental District No. 2	\$ (346,284)
Community development block grant	(5,637)
Safe route to school	<u>(13,418)</u>
Total	<u>\$ (365,339)</u>

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

##### Governmental Activities (cont.)

##### Unreserved (deficit) (cont.)

##### Non-Major Funds (cont.)

##### Capital Projects Fund

Subdivision development projects	\$ (152,540)
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##### Unreserved (designated)

##### Major Funds

##### General fund designated for:

Water utility tax equivalent	\$ 1,355,824
Working capital	9,762,049
Compensated absences	4,593,906
Unfunded pension liability	330,691
Debt service	2,178,502
Health insurance	<u>672,255</u>

Total	<u>\$ 18,893,227</u>
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##### Non-Major Funds

##### Special Revenue Funds

Tax Incremental District No. 4	\$ 11,914,142
Rental rehabilitation grants	42,691
Sanitation and recycling program	1,019,041
Hazardous materials level A	382,014
Forestry	9,263
Room tax	19,825
HOME/Homeowner	21,424
Housing rehabilitation	13,391
Tuchscherer disability	69,134
Peabody estate	106,544
Balliet locomotive	10,342
Lutz Park	76,676
Park purpose open space	300,080
Union Spring park	2,288
Project city park	5,353
Universal playground trust	<u>19,568</u>

Total	<u>\$ 14,011,776</u>
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# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

##### **Governmental Activities (cont.)**

##### **Unreserved (designated) (cont.)**

##### Non-Major Funds (cont.)

##### Capital Projects Fund

Industrial park land	\$ 1,337,749
Parks and recreation projects	76,809
Tax Incremental District No. 5	12,701
Tax Incremental District No. 6	177,178
Tax Incremental District No. 7	48,101
Tax Incremental District No. 8	213
Public safety facilities	113,715
Public works equipment	1,258,030
CEA replacement	2,053,918
Community development	34,285
Library improvements	2,105
Facilities capital projects	181,491
Technology	<u>22,453</u>
Total	<u>\$ 5,318,748</u>

##### **Business-Type Activities**

##### Invested in capital assets, net of related debt

Land	\$ 24,458,452
Construction in progress	4,702,174
Other capital assets, net of accumulated depreciation	253,172,745
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(130,060,406)
Add: Borrowed reserve and depreciation funds	14,563,117
Add: Construction fund	<u>14,552,381</u>
Total Invested in Capital Assets, Net of Related Debt	<u>181,388,463</u>

##### Restricted

Debt service	6,003,713
DNR replacement fund	7,942,919
Capital replacement fund	<u>709,949</u>
Total Restricted	<u>14,656,581</u>

##### Unrestricted

19,762,345

Total Business-Type Activities Net Assets \$ 215,807,389

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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#### **J. RESTATEMENT OF NET ASSETS**

Net assets have been restated to adjust for an error in the OPEB liability as calculated in the prior year actuarial report. The effect of this error on the 2008 Statement of Activities was an understatement of the change in net assets of the governmental activities in the amount of \$1,408,697.

Internal Service Funds Net Assets – December 31, 2008 (as reported)	\$ 12,266,044
Add: Adjustment to OPEB liability	<u>1,408,697</u>
Net Assets – December 31, 2008 (as restated)	<u>\$ 13,674,741</u>
Governmental Activities Net Assets – December 31, 2008 (as reported)	\$ 296,255,830
Add: Adjustment to OPEB liability	<u>1,408,697</u>
Net Assets – December 31, 2008 (as restated)	<u>\$ 297,664,527</u>

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

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

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

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

a. Basis of Accounting/Measurement Focus

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

b. Cash and Investments

The Redevelopment Authority maintains common cash accounts at the same financial institutions utilized by the City. Federal Depository Insurance and the State of Wisconsin Guarantee Fund insurance apply to the City of Appleton as an individual municipality and, accordingly, the amount of insured funds is not determinable for the Redevelopment Authority. The carrying amount was \$83,995.

c. Inventory

This represents land held for resale.

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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

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

***Housing Authority***

a. Basis of Accounting/Measurement Focus

The Housing Authority prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The accounting records are kept on the accrual basis of accounting and flow of economic resources measurement focus. The Housing Authority applies all GASB pronouncements as well as FASB statements and interpretations issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

b. Cash and Investments

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

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

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

The carrying amount of the Authority's cash and investments totaled \$1,798,428 on December 31, 2009 as summarized below:

Petty cash funds	\$ 150
Deposits with financial institutions	<u>1,798,278</u>
Total	<u>\$ 1,798,428</u>

Additional information on the above deposits and investments follows:

Deposits – At year end, the carrying amount of the Authority's deposits was \$1,798,278 and the bank balance was \$1,820,048. 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.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

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

###### b. Cash and Investments (cont.)

The Authority's bank balance of \$1,820,048 on December 31, 2009 is categorized below.

<u>Deposit Accounts</u>	<u>Bank Balance</u>
Insured	\$ 255,290
Collateralized:	
Collateral held by the pledging institutions trust department or agent not in the Authority's name	<u>1,564,758</u>
Total Deposits	<u>\$ 1,820,048</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.

Custodial Credit Risk is 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.

###### c. Restricted Assets

Restricted assets at December 31, 2009 consist of the following:

Cash and cash equivalents	<u>\$ 417,252</u>
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###### d. Receivables

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.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

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

###### d. Receivables (cont.)

The total of deferred loans outstanding at December 31, 2009 is as follows:

Deferred loans receivable	\$ 3,168,599
Unamortized grants	(11,425)
Allowance for uncollectible loans	<u>(114,912)</u>
Net Deferred Loans Receivable	<u>\$ 3,042,262</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, 2009

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

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

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

##### f. Capital Assets (cont.)

The capital asset activity for the year ended December 31, 2009 was as follows:

	Balance 1/1/09	Additions	Disposals	Balance 12/31/09
Capital assets, not being depreciated				
Land	\$ 906,117	\$ 274,940	\$ -	\$ 1,181,057
Construction in progress	-	64,853	-	64,853
Total Capital Assets, Not Being Depreciated	906,117	339,793	-	1,245,910
Capital assets, being depreciated				
Buildings and improvements	16,589,541	289,981	-	16,879,522
Land improvements	358,880	29,191	-	388,071
Equipment – dwelling	328,593	37,220	1,090	364,723
Equipment – administration	339,966	4,474	26,227	318,213
Total Capital Assets, Being Depreciated	17,616,980	360,866	27,317	17,950,529
Less: Accumulated depreciation for				
Buildings and improvements	(5,072,426)	(504,563)	-	5,576,989
Land improvements	(122,974)	(19,750)	-	142,724
Equipment – dwelling	(273,826)	(11,910)	(1,090)	284,646
Equipment – administration	(217,411)	(36,634)	(26,227)	227,818
Total Accumulated Depreciation	(5,686,637)	(572,857)	(27,317)	6,232,177
 Total Capital Assets Being Depreciated, Net	 11,930,343			 11,718,352
 Total Capital Assets, Net	 <u>\$ 12,836,460</u>			 <u>\$ 12,964,262</u>

##### g. Employee Retirement System

All eligible Housing Authority employees participate in the Wisconsin Retirement System (“System”), a cost-sharing defined benefit multiple-employer public employee retirement system (PERS). The payroll for employees covered by the System for the year ended December 31, 2009 was \$589,679; the Housing Authority’s total payroll was \$594,093. The total required contribution for the year ended December 31, 2009 was \$61,327 which consisted of \$26,536 or 4.5% of payroll from the employer and \$34,791 or 5.9% of payroll from employees. Total contributions for the years ending December 31, 2008 and 2007 were \$59,590 and \$56,040, respectively, equal to the required contributions for each year.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

---

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

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

###### h. Risk Management

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

###### i. Conduit Debt Obligations

From time to time, the Authority, in cooperation with other governmental entities, has issued Revenue Bonds to provide financial assistance for the acquisition and construction of housing facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the Authority, City, State, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Presently, there is one Revenue Bond issue outstanding with a balance at December 31, 2009 of \$1,415,000. The Authority's representative portion is \$361,928. 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 2-6 weeks per year, with a maximum approved carryover to the subsequent year of 40 hours for non-exempt employees and 120 hours for exempt employees.
- 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 after retirement or for continuation of health insurance. No sick pay is paid out at other employee terminations.

The amount of accumulated benefits at December 31, 2009 was \$84,544 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. 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, 2009 was \$48,897. Payments for the next two years (unless refinanced) are 2010 - \$1,113 and 2011 - \$47,784.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

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

#### k. Long-Term Liabilities (cont.)

Certain commercial tenants leasing space in the Section 8 Substantial Rehab property have expended funds for leasehold improvements. The Authority agreed to pay for a portion of the leasehold improvements through rent credits over various periods of time, not to exceed five years. The carrying amount of the leasehold improvements in the capital assets as of December 31, 2009 was \$89,500 and accumulated depreciation for those assets was \$28,983. The total amount of future rent credits at December 31, 2009 was \$8,500 which will be provided to the tenants in 2010. The amounts outstanding at each year end are shown as commercial tenants credits in the short and long-term liabilities.

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 without HUD and City approval.

#### l. Leases

Portions of the property owned by the Authority are rented to three commercial tenants under leases for periods of one year. One additional tenant's lease is for five years with the initial five year term up May 1, 2010. All the leases have one year renewal clauses which are cancelable at the end of each year. The minimum future rental income under the remaining term of the five year lease is \$3,300.

#### 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, 2009

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

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

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

a. Basis of Accounting/Measurement Focus

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

b. Cash and Investments

The Business Improvement District maintains common cash accounts the same financial institutions utilized by the City. Federal Depository Insurance and the State of Wisconsin Guarantee Fund insurance apply to the City of Appleton as an individual municipality and, accordingly, the amount of insured funds is not determinable for the Business Improvement District. The carrying amount was \$192,392.

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### NOTE V – OTHER INFORMATION

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

All eligible City employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 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, 2009 was \$38,001,287; the employer's total payroll was \$39,650,313. The total required contribution for the year ended December 31, 2009 was \$4,871,172 or 13% of covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ending December 31, 2008 and 2007 were \$4,804,156 and \$4,675,108, respectively, equal to the required contributions for each year.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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#### **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, 2009, was \$-0-.

In addition to the above mentioned retirement system, the State of Wisconsin administers an agent multiple-employer plan which covers 9 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 2009 was approximately \$61,635. The total estimated unfunded pension benefit obligation of this plan is approximately \$330,691 as of December 31, 2009, 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 \$330,691 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 10 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, 2009

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

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

##### ***Risk Management Fund***

All funds of the City participate in the Risk Management Fund. For 2009, 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, 2009 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, 2009 and amounts expected to arise from claims which have been incurred but have not been reported to the City as of December 31, 2009. The reserve is based on a 2009 actuarial study and actual claims activity in 2007 and 2008. 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, 2009, the City has designated net assets of \$503,447 in the Risk Management 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>
2008	\$ 1,500,000	\$ 593,068	\$ 593,068	\$ 1,500,000
2009	1,500,000	689,585	689,585	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.

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 2009 totaled approximately \$396,488.

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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

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

***Health Care (cont.)***

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, 2009:

Reported and Known Claims	\$ 623,716
Incurred but not Reported Claims	<u>2,313,284</u>
 Total	 <u><u>\$ 2,937,000</u></u>

Changes in the claims payable follow:

	Balance January 1	Incurred Claims	Claims Paid	Balance December 31
2008	\$ 2,600,000	\$ 7,199,771	\$ 7,199,771	\$ 2,600,000
2009	2,600,000	8,057,989	7,720,989	2,937,000

***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 2009, 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, 2009 through January 1, 2010.

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

Initial contributions are determined in advance of each membership year. The board of directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the membership year. Members have a contractual obligation to fund any deficit attributable to a membership year during which they were a member. The City's share of this company is 3.82% for auto liability and 7.66% for physical damage liability. 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.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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

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

##### ***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%.

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

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

The City's equity portion of available funds in WMIC is refundable upon withdrawal from the commission. The original investment is reported at \$2,020,950 in the insurance internal service fund.

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

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

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

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

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2009

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

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

During 2009, the City borrowed \$5,735,000 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 \$5,444,721 at year end and is included in reserve for encumbrances.

The City has issued municipal revenue obligations as part of developer agreements. The obligations are payable solely to the developer from tax increments collected specific portions of the development in the City's TIF districts. The obligation does not constitute a charge upon any funds of the City. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the City. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements.

**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, 2009:

Name of Insurer/Type	Original Amount	Coverage (Risks Covered)	Expiration Date
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, 2009

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

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***D. BOND COVENANT DISCLOSURES (cont.)***

***Number of Customers – Water***

*Unmetered*

Commercial

*Metered*

Residential	24,664
Commercial	1,792
Industrial	83
Public Authority	91
Wholesale	<u>2</u>

Total	<u><u>26,632</u></u>
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***Number of Customers – Sewer***

*Metered*

Residential	24,556
Commercial	1,747
Industrial	79
Public Authority	<u>79</u>

Total	<u><u>26,461</u></u>
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***Number of Equivalent Run Off Units – Stormwater***

*Metered*

Residential	22,977
Commercial	25,888
Industrial	3,959
Public Authority	<u>4,079</u>

Total	<u><u>56,903</u></u>
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# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

### 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% 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 City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	267,479
Interest on net OPEB obligation		2,777
Adjustment to annual required contribution		-
Annual OPEB cost		270,256
Contributions made		(235,630)
Increase in Net OPEB Obligation (Asset)		34,626
Net OPEB Obligation (Asset) – Beginning of Year (as restated)		55,548
Net OPEB Obligation (Asset) – End of Year		\$ 90,174

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/09	\$ 270,256	87%	\$ 90,174
12/31/08 (restated)	267,479	79%	55,548

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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#### **E. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont.)**

The funded status of the plans as of January 1, 2009, 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)	\$ 38,001,278
UAAL as a percentage of covered payroll	7.9%

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% investment rate of return and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after 5 years. Both rates include a 4% 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, 2009 was 29 years. The City accounts for these activities in the post-employment benefits internal service fund, which has net assets of \$1,374,071 as of December 31, 2009.

#### **F. SUBSEQUENT EVENTS**

During 2010, the stormwater utility increased rates which take effect in July of 2010 as authorized by the 2010 Adopted Budget.

Subsequent to year end, the utilities have entered into various contracts for significant capital additions to be completed in 2010.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS December 31, 2009

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

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#### ***G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS***

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Application of these standards may restate portions of these financial statements.

## CITY OF APPLETON

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 28,705,692	\$ 28,705,692	\$ 28,672,980	\$ (32,712)
Intergovernmental	17,255,486	17,301,741	17,159,402	(142,339)
Licenses and permits	913,570	923,570	823,787	(99,783)
Fines and forfeitures	300,000	300,000	342,923	42,923
Special assessments	1,015,000	1,015,000	1,554,695	539,695
Investment income	3,773,908	3,773,908	804,849	(2,969,059)
Charges for services	1,375,384	1,375,384	1,377,532	2,148
Other	1,222,153	1,412,119	1,756,072	343,953
Total Revenues	<u>54,561,193</u>	<u>54,807,414</u>	<u>52,492,240</u>	<u>(2,315,174)</u>
<b>EXPENDITURES</b>				
Current				
General government	7,772,338	10,017,691	6,857,774	3,159,917
Public safety	25,781,046	25,991,564	25,773,233	218,331
Public works	12,021,451	12,281,705	11,545,233	736,472
Education and recreation	8,961,557	9,105,361	8,811,929	293,432
Community development	802,681	802,681	795,709	6,972
Total Expenditures	<u>55,339,073</u>	<u>58,199,002</u>	<u>53,783,878</u>	<u>4,415,124</u>
Excess (deficiency) of revenues over expenditures	<u>(777,880)</u>	<u>(3,391,588)</u>	<u>(1,291,638)</u>	<u>2,099,950</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of city property	10,500	10,500	13,693	3,193
Transfers in	1,448,450	1,448,450	1,556,774	108,324
Transfers out	(681,070)	(2,743,275)	(2,470,191)	273,084
Total Other Financing Sources (Uses)	<u>777,880</u>	<u>(1,284,325)</u>	<u>(899,724)</u>	<u>384,601</u>
Net Change in Fund Balance	-	(4,675,913)	(2,191,362)	2,484,551
FUND BALANCE - Beginning	<u>33,397,474</u>	<u>33,397,474</u>	<u>33,397,474</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 33,397,474</u>	<u>\$ 28,721,561</u>	<u>\$ 31,206,112</u>	<u>\$ 2,484,551</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 1,315,978	\$ 1,315,978	\$ 1,336,171	\$ 20,193
Intergovernmental	16,308	16,308	7,279	(9,029)
Investment income	<u>10,000</u>	<u>10,000</u>	<u>2,482</u>	<u>(7,518)</u>
Total Revenues	<u>1,342,286</u>	<u>1,342,286</u>	<u>1,345,932</u>	<u>3,646</u>
<b>EXPENDITURES</b>				
Current				
General government	2,000	2,000	1,340	660
Debt Service				
Interest	<u>611,274</u>	<u>611,274</u>	<u>631,274</u>	<u>(20,000)</u>
Total Expenditures	<u>613,274</u>	<u>613,274</u>	<u>632,614</u>	<u>(19,340)</u>
Excess of revenues over expenditures	729,012	729,012	713,318	(15,694)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,000,000	1,000,000	1,000,000	-
Transfers out	<u>(1,658,759)</u>	<u>(1,658,759)</u>	<u>(1,658,758)</u>	<u>1</u>
Total Other Financing Sources (Uses)	<u>(658,759)</u>	<u>(658,759)</u>	<u>(658,758)</u>	<u>1</u>
Net Change in Fund Balance	70,253	70,253	54,560	(15,693)
FUND BALANCE (DEFICIT) - Beginning	<u>(12,452,335)</u>	<u>(12,452,335)</u>	<u>(12,452,335)</u>	<u>-</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (12,382,082)</u>	<u>\$ (12,382,082)</u>	<u>\$ (12,397,775)</u>	<u>\$ (15,693)</u>

See accompanying notes to required supplementary information.

# CITY OF APPLETON

## OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDED STATUS For the Year Ended December 31, 2009

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### Postemployment Health Care Plan\*\*

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%	\$ 38,001,278	7.9%

\*\* The City is required to present the above information for the three most recent actuarial studies. The study completed as of January 1, 2008 was the first study performed for the City.

See accompanying notes to required supplementary information.

## CITY OF APPLETON

### OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDING PROGRESS For the Year Ended December 31, 2009

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#### Postemployment Health Care Plan\*\*

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
12/31/08	\$ 267,479	79%
12/31/09	267,479	88%

\*\* The City is required to present the above information for the six most recent fiscal years; however, information for the years prior to January 1, 2008 are not available.

See accompanying notes to required supplementary information.

**CITY OF APPLETON**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2009

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***BUDGETARY INFORMATION***

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

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

Excess expenditures over appropriations are as follows:

<u>Tax Incremental District No. 3</u>	<u>Amended Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Debt service	\$ 611,274	\$ 631,274	\$ 20,000

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>TAXES</b>				
Property tax	\$ 28,262,192	\$ 28,262,192	\$ 28,262,315	\$ 123
Payment in lieu of taxes	443,500	443,500	410,665	(32,835)
Total Taxes	<u>28,705,692</u>	<u>28,705,692</u>	<u>28,672,980</u>	<u>(32,712)</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
State shared revenues	11,469,591	11,469,591	11,480,453	10,862
State aid - exempt computers	296,126	296,126	274,772	(21,354)
Highway aid - connecting streets	215,600	215,600	208,987	(6,613)
State tax disparity act	1,597,295	1,597,295	1,596,740	(555)
State aid - local streets	2,611,866	2,611,866	2,612,458	592
State aid - fire insurance dues	140,000	140,000	143,628	3,628
Miscellaneous federal aids	6,000	6,000	4,675	(1,325)
Miscellaneous state aids	211,499	238,348	110,774	(127,574)
Miscellaneous local aids	7,500	8,500	8,500	-
Library grants and aids	700,009	700,009	700,009	-
Health grants	-	18,406	18,406	-
Total Intergovernmental Revenues	<u>17,255,486</u>	<u>17,301,741</u>	<u>17,159,402</u>	<u>(142,339)</u>
<b>LICENSES AND PERMITS</b>				
Licenses				
Amusement devices	10,000	10,000	8,000	(2,000)
Cigarette	7,500	7,500	6,200	(1,300)
Electricians	3,840	3,840	6,420	2,580
Health	117,000	117,000	114,068	(2,932)
Liquor and malt beverages	76,000	86,000	100,601	14,601
Operators	50,000	50,000	46,940	(3,060)
Commercial solicitation	3,500	3,500	9,635	6,135
Taxi cab/limousine	1,000	1,000	1,595	595
Taxi driver	1,700	1,700	2,750	1,050
Sundry	6,930	6,930	7,964	1,034
Secondhand/pawnbroker	2,300	2,300	3,150	850
Special events	9,000	9,000	12,390	3,390
Dog	30,000	30,000	24,065	(5,935)
Cat	10,000	10,000	11,842	1,842
Weights and measures	44,000	44,000	51,271	7,271
Permits				
Building	234,000	234,000	173,615	(60,385)
Electrical	126,000	126,000	88,888	(37,112)
Heating	63,600	63,600	46,003	(17,597)
Plumbing and sewer	60,000	60,000	47,201	(12,799)
Burning	23,000	23,000	29,160	6,160
Trailer parking	12,000	12,000	7,024	(4,976)
State building	3,000	3,000	2,340	(660)
Signs	4,000	4,000	4,000	-
Sidewalk	5,000	5,000	3,760	(1,240)
Storage of flammable liquids	100	100	-	(100)
Street occupancy	2,600	2,600	2,755	155
Street excavating and patching	5,000	5,000	5,555	555
Sundry	2,500	2,500	6,595	4,095
Total Licenses and Permits	<u>913,570</u>	<u>923,570</u>	<u>823,787</u>	<u>(99,783)</u>

## CITY OF APPLETON

### DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>FINES AND FORFEITURES</b>				
Court fines and costs	\$ 300,000	\$ 300,000	\$ 342,923	\$ 42,923
Total Fines and Forfeitures	<u>300,000</u>	<u>300,000</u>	<u>342,923</u>	<u>42,923</u>
<b>SPECIAL ASSESSMENTS</b>				
Asphalt paving	300,000	300,000	320,848	20,848
Concrete paving	500,000	500,000	1,004,445	504,445
Grade and gravel	15,000	15,000	210	(14,790)
Sidewalks	30,000	30,000	48,785	18,785
Snow removal	75,000	75,000	87,191	12,191
Weed cutting	35,000	35,000	27,528	(7,472)
Street light revenue	60,000	60,000	59,208	(792)
Miscellaneous	-	-	6,480	6,480
Total Special Assessments	<u>1,015,000</u>	<u>1,015,000</u>	<u>1,554,695</u>	<u>539,695</u>
<b>INVESTMENT INCOME</b>				
Investment income	3,553,908	3,553,908	643,894	(2,910,014)
Interest on taxes	110,000	110,000	95,594	(14,406)
Interest - deferred special assessments	110,000	110,000	65,361	(44,639)
Total Investment Income	<u>3,773,908</u>	<u>3,773,908</u>	<u>804,849</u>	<u>(2,969,059)</u>
<b>CHARGES FOR SERVICES</b>				
City clerk	20,200	20,200	22,838	2,638
Assessor	1,850	1,850	968	(882)
Finance	4,000	4,000	4,749	749
Human resources	-	-	161	161
City attorney	3,000	3,000	1,374	(1,626)
Library	95,000	95,000	78,607	(16,393)
Other	-	-	4,087	4,087
Parks and Recreation				
Park administration	125	125	-	(125)
Recreation and administration	345,516	345,516	381,952	36,436
Forestry	-	-	5,583	5,583
Aquatics	254,670	254,670	230,972	(23,698)
Public Works				
Street division	89,000	89,000	126,434	37,434
Traffic	96,000	96,000	83,059	(12,941)
Inspection department	39,000	39,000	27,764	(11,236)
Health department	72,847	72,847	72,034	(813)
Police department	317,576	317,576	299,562	(18,014)
Fire department	36,600	36,600	37,388	788
Total Charges for Services	<u>1,375,384</u>	<u>1,375,384</u>	<u>1,377,532</u>	<u>2,148</u>
<b>OTHER</b>				
Fees and commissions	612,050	612,050	728,301	116,251
Zoning and subdivision fees	30,000	30,000	13,850	(16,150)
Property inquiry fees	100,000	100,000	67,660	(32,340)
Miscellaneous revenue	41,770	46,178	48,426	2,248
Rental of city property	48,000	48,000	54,344	6,344

**CITY OF APPLETON**

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
 BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>OTHER (cont.)</b>				
Donations and memorials	\$ 34,055	\$ 40,945	\$ 49,338	\$ 8,393
Damage to city property	52,500	52,500	44,116	(8,384)
Refund of prior year expenditures	-	-	9,597	9,597
Other reimbursements	249,274	427,942	706,784	278,842
Leases	51,104	51,104	30,766	(20,338)
Board of appeals	3,400	3,400	2,890	(510)
Total Other	<u>1,222,153</u>	<u>1,412,119</u>	<u>1,756,072</u>	<u>343,953</u>
Total Revenues	<u>54,561,193</u>	<u>54,807,414</u>	<u>52,492,240</u>	<u>(2,315,174)</u>
<b>OTHER FINANCING SOURCES</b>				
Sale of city property	<u>10,500</u>	<u>10,500</u>	<u>13,693</u>	<u>3,193</u>
Transfers From				
Room tax fund	30,000	30,000	30,000	-
Water utility fund - property tax equivalent	1,261,300	1,261,300	1,369,624	108,324
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>1,556,774</u>	<u>108,324</u>
Total Other Financing Sources	<u>1,458,950</u>	<u>1,458,950</u>	<u>1,570,467</u>	<u>111,517</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u><b>\$ 56,020,143</b></u>	<u><b>\$ 56,266,364</b></u>	<u><b>\$ 54,062,707</b></u>	<u><b>\$ (2,203,657)</b></u>

## CITY OF APPLETON

### DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
Common council	\$ 126,693	\$ 126,693	\$ 122,786	\$ 3,907
Mayor	294,640	294,640	268,511	26,129
City clerk	670,008	686,308	652,517	33,791
City assessor	558,371	559,021	558,982	39
Finance	924,868	932,522	922,736	9,786
Information services	1,815,356	1,823,462	1,823,261	201
Human resources	668,406	680,300	641,939	38,361
City attorney	426,186	426,186	421,925	4,261
Unclassified				
Severance pay	185,000	185,000	339,943	(154,943)
Insurance	488,472	488,472	340,801	147,671
Reserve for contingencies	884,055	3,084,804	-	3,084,804
City hall	517,039	517,039	545,430	(28,391)
Other	213,244	213,244	218,943	(5,699)
Total General Government	<u>7,772,338</u>	<u>10,017,691</u>	<u>6,857,774</u>	<u>3,159,917</u>
<b>PUBLIC SAFETY</b>				
Health services	1,165,313	1,183,719	1,144,480	39,239
Police	14,804,519	14,965,539	14,868,113	97,426
Fire	9,811,214	9,842,306	9,760,640	81,666
Total Public Safety	<u>25,781,046</u>	<u>25,991,564</u>	<u>25,773,233</u>	<u>218,331</u>
<b>PUBLIC WORKS</b>	<u>12,021,451</u>	<u>12,281,705</u>	<u>11,545,233</u>	<u>736,472</u>
<b>EDUCATION AND RECREATION</b>				
Library	4,357,424	4,501,228	4,416,025	85,203
Parks and recreation	4,604,133	4,604,133	4,395,904	208,229
Total Education and Recreation	<u>8,961,557</u>	<u>9,105,361</u>	<u>8,811,929</u>	<u>293,432</u>
<b>COMMUNITY DEVELOPMENT</b>	<u>802,681</u>	<u>802,681</u>	<u>795,709</u>	<u>6,972</u>
<b>OTHER FINANCING USES</b>				
Transfers Out To				
Debt service	-	284,058	284,058	-
Subdivision development projects	-	522,500	522,500	-
Public works equipment	-	1,255,647	1,255,647	-
Valley transit fund	681,070	681,070	407,986	273,084
Total Other Financing Uses	<u>681,070</u>	<u>2,743,275</u>	<u>2,470,191</u>	<u>273,084</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 56,020,143</u>	<u>\$ 60,942,277</u>	<u>\$ 56,254,069</u>	<u>\$ 4,688,208</u>

**SUPPLEMENTARY INFORMATION**  
**COMBINING AND INDIVIDUAL FUND INFORMATION**

# **NONMAJOR GOVERNMENTAL FUNDS AND BUDGETARY COMPARISONS**

## **SPECIAL REVENUE FUNDS**

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

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

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

### **TAX INCREMENT DISTRICT NO. 4**

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

### **COMMUNITY DEVELOPMENT BLOCK GRANT**

To account for the proceeds of the Federal Community Development Block Grant and the corresponding program expenditures for housing, 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.

**BUSINESS AND NEIGHBORHOOD REVITALIZATION GRANT**

To account for a portion of the proceeds of the Community Development Block Grant, and related expenditures, related to the rehabilitation of older residential and commercial properties within targeted central City neighborhoods.

**NEIGHBORHOOD STABILIZATION GRANT**

To account for the grant proceeds, and corresponding program expenditures, for the acquisition and redevelopment of foreclosed properties that might otherwise become sources of abandonment and blight within the community.

**HOMELESS PREVENTION GRANT**

To account for the grant proceeds, and corresponding program expenditures, related to providing financial assistance and services to prevent homelessness, and help those experiencing homelessness find suitable housing.

**LEAD HAZARD GRANT**

To account for the grant proceeds, and corresponding program expenditures, to provide low to moderate income homeowners and property owners of low-income rental units with financial and related technical assistance in eliminating lead based paint hazards from their properties.

**NONMAJOR GOVERNMENTAL FUNDS  
AND BUDGETARY COMPARISONS**

**SPECIAL REVENUE FUNDS (CONTINUED)**

**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.

**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.

**NONMAJOR GOVERNMENTAL FUNDS  
AND BUDGETARY COMPARISONS**

**SPECIAL REVENUE FUNDS (CONTINUED)**

**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.

**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.

**NONMAJOR GOVERNMENTAL FUNDS  
AND BUDGETARY COMPARISONS**

**CAPITAL PROJECTS FUNDS (CONTINUED)**

**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.

**TAX INCREMENT DISTRICT NO. 8**

To account for the financing and project costs for public improvement and private development within the area of T.I.D. No. 8 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.

**COMMUNITY DEVELOPMENT**

To account for the financing and expenditures associated with redevelopment projects in various areas of the City.

**LIBRARY IMPROVEMENTS**

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

**NONMAJOR GOVERNMENTAL FUNDS  
AND BUDGETARY COMPARISONS**

**CAPITAL PROJECTS FUNDS (CONTINUED)**

**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, 2009

	Special Revenue Funds					
	Tax	Tax	Community	Rental	Sanitation &	Health
	Incremental District No. 2	Incremental District No. 4	Development Block Grant	Rehabili- tation Grants	Recycling Program	Grants
<b>ASSETS</b>						
Cash and investments	\$ 95,393	\$ 11,960,821	\$ -	\$ 44,406	\$ 1,035,550	\$ 111,722
Receivables						
Taxes	293,437	-	-	-	2,810,000	-
Deferred loans	-	-	-	857,594	-	-
Accounts	-	-	-	-	6,072	-
Special assessments	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Other	-	-	-	-	66,940	-
Due from other governments	-	-	87,367	-	-	124,551
Due from other funds	-	-	-	-	17,773	-
Prepaid items	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 388,830</b>	<b>\$ 11,960,821</b>	<b>\$ 87,367</b>	<b>\$ 902,000</b>	<b>\$ 3,936,335</b>	<b>\$ 236,273</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Accounts payable	\$ -	\$ 45,462	\$ 61,777	\$ 1,715	\$ 49,624	\$ 25,783
Other accrued liabilities	-	1,217	1,072	-	51,755	6,671
Due to other funds	-	-	30,152	-	-	-
Deposits	-	-	-	-	-	-
Deferred revenues	293,437	-	3	857,594	2,811,275	203,819
Advances from other funds	441,677	-	-	-	-	-
<b>Total Liabilities</b>	<b>735,114</b>	<b>46,679</b>	<b>93,004</b>	<b>859,309</b>	<b>2,912,654</b>	<b>236,273</b>
<b>Fund Balances</b>						
Reserved for						
Prepaid items	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Encumbrances	-	-	-	-	4,640	-
Trust purposes	-	-	-	-	-	-
Unreserved						
Designated for subsequent year's expenditures	-	11,914,142	-	42,691	1,019,041	-
Undesignated (deficit)	(346,284)	-	(5,637)	-	-	-
<b>Total Fund Balances</b>	<b>(346,284)</b>	<b>11,914,142</b>	<b>(5,637)</b>	<b>42,691</b>	<b>1,023,681</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 388,830</b>	<b>\$ 11,960,821</b>	<b>\$ 87,367</b>	<b>\$ 902,000</b>	<b>\$ 3,936,335</b>	<b>\$ 236,273</b>

Special Revenue Funds

Police Grants	Safe Route to School Grant	Hazardous Materials Level A	Forestry	Room Tax	Emergency Shelter	Continuum of Care	HOME Homeowner	Housing Rehabilitation Grant
\$ -	\$ -	\$ 382,320	\$ 9,263	\$ 13,741	\$ -	\$ -	\$ 37,117	\$ 8,121
-	-	-	12,800	-	-	-	-	-
-	-	-	-	-	-	-	219,347	5,209,368
-	-	-	-	-	-	-	-	125
-	-	-	-	-	-	-	-	-
-	-	-	-	63,890	-	-	-	-
16,719	20,391	-	-	-	23,887	42,921	-	9,652
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 16,719</u>	<u>\$ 20,391</u>	<u>\$ 382,320</u>	<u>\$ 22,063</u>	<u>\$ 77,631</u>	<u>\$ 23,887</u>	<u>\$ 42,921</u>	<u>\$ 256,464</u>	<u>\$ 5,227,266</u>
\$ -	\$ -	\$ 306	\$ -	\$ 57,806	\$ 15,191	\$ 6,868	\$ 15,693	\$ 2,420
-	401	-	-	-	113	236	-	2,087
16,719	19,990	-	-	-	8,583	35,817	-	-
-	-	-	-	-	-	-	-	-
-	13,418	-	12,800	-	-	-	219,347	5,209,368
-	-	-	-	-	-	-	-	-
<u>16,719</u>	<u>33,809</u>	<u>306</u>	<u>12,800</u>	<u>57,806</u>	<u>23,887</u>	<u>42,921</u>	<u>235,040</u>	<u>5,213,875</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	382,014	9,263	19,825	-	-	21,424	13,391
-	(13,418)	-	-	-	-	-	-	-
-	(13,418)	<u>382,014</u>	<u>9,263</u>	<u>19,825</u>	-	-	<u>21,424</u>	<u>13,391</u>
<u>\$ 16,719</u>	<u>\$ 20,391</u>	<u>\$ 382,320</u>	<u>\$ 22,063</u>	<u>\$ 77,631</u>	<u>\$ 23,887</u>	<u>\$ 42,921</u>	<u>\$ 256,464</u>	<u>\$ 5,227,266</u>

**CITY OF APPLETON**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)  
December 31, 2009

	Special Revenue Funds					
	Business and Neighborhood Revitalization Grant	Neighborhood Stabilization Grant	Homeless Prevention Grant	Lead Hazard Control Grant	Tuch- scherer Disability	Peabody Estate
<b>ASSETS</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 69,134	\$ 106,544
Receivables						
Taxes	-	-	-	-	-	-
Deferred loans	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other governments	17,680	124,116	17,303	15,868	-	-
Due from other funds	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 17,680</b>	<b>\$ 124,116</b>	<b>\$ 17,303</b>	<b>\$ 15,868</b>	<b>\$ 69,134</b>	<b>\$ 106,544</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Accounts payable	\$ -	\$ 124,116	\$ 16,415	\$ 930	\$ -	\$ -
Other accrued liabilities	2,183	-	-	-	-	-
Due to other funds	15,497	-	888	14,938	-	-
Deposits	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>17,680</b>	<b>124,116</b>	<b>17,303</b>	<b>15,868</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>						
Reserved for						
Prepaid items	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-
Trust purposes	-	-	-	-	-	-
Unreserved						
Designated for subsequent year's expenditures	-	-	-	-	69,134	106,544
Undesignated (deficit)	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,134</b>	<b>106,544</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 17,680</b>	<b>\$ 124,116</b>	<b>\$ 17,303</b>	<b>\$ 15,868</b>	<b>\$ 69,134</b>	<b>\$ 106,544</b>

Special Revenue Funds						Debt Service Fund	Capital Projects Funds	
Balliet Locomotive	Lutz Park	Park Purpose Open Space	Union Spring Park	Project City Park	Universal Playground	Debt Service Fund	Subdivision Development Projects	Industrial Park Land
\$ 10,342	\$ 89,561	\$ 300,742	\$ 2,288	\$ 5,353	\$ 19,568	\$ 16,603	\$ -	\$ 1,713,398
-	-	-	-	-	-	3,533,999	869,507	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	381,694	-
-	-	-	-	-	-	-	488,471	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	668,333	-	-
-	124,268	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	50,000	-	-	-	-	-	-
<u>\$ 10,342</u>	<u>\$ 213,829</u>	<u>\$ 350,742</u>	<u>\$ 2,288</u>	<u>\$ 5,353</u>	<u>\$ 19,568</u>	<u>\$ 4,218,935</u>	<u>\$ 1,739,672</u>	<u>\$ 1,713,398</u>
\$ -	\$ 12,885	\$ 662	\$ -	\$ -	\$ -	\$ -	\$ 162,170	\$ -
-	-	-	-	-	-	-	999	736
-	-	-	-	-	-	-	735,326	-
-	-	-	-	-	-	-	-	-
-	124,268	-	-	-	-	4,202,332	993,717	-
-	-	-	-	-	-	-	-	-
-	<u>137,153</u>	<u>662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,202,332</u>	<u>1,892,212</u>	<u>736</u>
-	-	50,000	-	-	-	-	-	-
-	-	-	-	-	-	16,603	-	374,913
-	-	-	-	-	-	-	30,000	-
-	-	-	-	-	-	-	-	-
10,342	76,676	300,080	2,288	5,353	19,568	-	-	1,337,749
-	-	-	-	-	-	-	(182,540)	-
<u>10,342</u>	<u>76,676</u>	<u>350,080</u>	<u>2,288</u>	<u>5,353</u>	<u>19,568</u>	<u>16,603</u>	<u>(152,540)</u>	<u>1,712,662</u>
<u>\$ 10,342</u>	<u>\$ 213,829</u>	<u>\$ 350,742</u>	<u>\$ 2,288</u>	<u>\$ 5,353</u>	<u>\$ 19,568</u>	<u>\$ 4,218,935</u>	<u>\$ 1,739,672</u>	<u>\$ 1,713,398</u>

**CITY OF APPLETON**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)  
December 31, 2009

	Capital Projects Funds					Public Safety Facilities
	Parks and Recreation Projects	Tax Incremental District No. 5	Tax Incremental District No. 6	Tax Incremental District No. 7	Tax Incremental District No. 8	
<b>ASSETS</b>						
Cash and investments	\$ 869,729	\$ 36,599	\$ 355,036	\$ 117,101	\$ 30,617	\$ 118,379
Receivables						
Taxes	-	206,924	2,051,226	44,856	-	-
Deferred loans	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 869,729</b>	<b>\$ 243,523</b>	<b>\$ 2,406,262</b>	<b>\$ 161,957</b>	<b>\$ 30,617</b>	<b>\$ 118,379</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Accounts payable	\$ -	\$ -	\$ 27,612	\$ -	\$ -	\$ -
Other accrued liabilities	-	-	246	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	20,000	-	-
Deferred revenues	-	206,924	2,051,226	44,856	-	-
Advances from other funds	-	23,898	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>230,822</b>	<b>2,079,084</b>	<b>64,856</b>	<b>-</b>	<b>-</b>
Fund Balances						
Reserved for						
Prepaid items	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Encumbrances	792,920	-	150,000	49,000	30,404	4,664
Trust purposes	-	-	-	-	-	-
Unreserved						
Designated for subsequent year's expenditures	76,809	12,701	177,178	48,101	213	113,715
Undesignated (deficit)	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>869,729</b>	<b>12,701</b>	<b>327,178</b>	<b>97,101</b>	<b>30,617</b>	<b>118,379</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 869,729</b>	<b>\$ 243,523</b>	<b>\$ 2,406,262</b>	<b>\$ 161,957</b>	<b>\$ 30,617</b>	<b>\$ 118,379</b>

Capital Projects Funds						Permanent Fund	Total Nonmajor Governmental Funds
Public Works Equipment	CEA Replacement	Community Development	Library Improvements	Facilities Capital Projects	Technology	Frank P. Young Memorial	
\$ 2,177,668	\$ 2,124,230	\$ 315,880	\$ 2,105	\$ 2,459,496	\$ 266,345	\$ 33,628	\$ 24,938,800
-	-	-	-	-	-	-	9,822,749
-	-	-	-	-	-	-	6,286,309
191,853	-	-	-	-	-	-	579,744
-	-	-	-	-	-	-	488,471
-	-	-	-	-	-	415	415
-	-	-	-	-	-	-	799,163
97,716	-	-	-	-	84,986	-	807,425
-	-	-	-	-	-	-	17,773
-	-	-	-	-	2,860	-	52,860
<u>\$ 2,467,237</u>	<u>\$ 2,124,230</u>	<u>\$ 315,880</u>	<u>\$ 2,105</u>	<u>\$ 2,459,496</u>	<u>\$ 354,191</u>	<u>\$ 34,043</u>	<u>\$ 43,793,709</u>
\$ 1,103,532	\$ 70,312	\$ 5,000	\$ -	\$ 776,554	\$ 604	\$ -	\$ 2,583,437
187	-	-	-	1,283	-	-	69,186
-	-	-	-	-	-	-	877,910
-	-	-	-	-	-	-	20,000
-	-	-	-	-	84,986	-	17,329,370
-	-	-	-	-	-	-	465,575
<u>1,103,719</u>	<u>70,312</u>	<u>5,000</u>	<u>-</u>	<u>777,837</u>	<u>85,590</u>	<u>-</u>	<u>21,345,478</u>
-	-	-	-	-	2,860	-	52,860
-	-	-	-	-	-	-	391,516
105,488	-	276,595	-	1,500,168	243,288	-	3,187,167
-	-	-	-	-	-	34,043	34,043
1,258,030	2,053,918	34,285	2,105	181,491	22,453	-	19,330,524
-	-	-	-	-	-	-	(547,879)
<u>1,363,518</u>	<u>2,053,918</u>	<u>310,880</u>	<u>2,105</u>	<u>1,681,659</u>	<u>268,601</u>	<u>34,043</u>	<u>22,448,231</u>
<u>\$ 2,467,237</u>	<u>\$ 2,124,230</u>	<u>\$ 315,880</u>	<u>\$ 2,105</u>	<u>\$ 2,459,496</u>	<u>\$ 354,191</u>	<u>\$ 34,043</u>	<u>\$ 43,793,709</u>

**CITY OF APPLETON**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2009

	Special Revenue Funds					
	Tax Incremental District No. 2	Tax Incremental District No. 4	Community Development Block Grant	Rental Rehabili- tation Grants	Sanitation & Recycling Program	Health Grants
<b>REVENUES</b>						
Taxes	\$ 279,242	\$ 4,446,908	\$ -	\$ -	\$ 2,620,000	\$ -
Intergovernmental	4,766	138,528	454,626	-	-	361,407
Special assessments	-	-	-	-	-	-
Investment income	4,012	141,658	-	-	31,305	-
Charges for services	-	-	-	-	470,151	-
Other	-	-	-	45,874	5,237	-
Total Revenues	<u>288,020</u>	<u>4,727,094</u>	<u>454,626</u>	<u>45,874</u>	<u>3,126,693</u>	<u>361,407</u>
<b>EXPENDITURES</b>						
Current						
General government	1,340	6,369	-	-	-	-
Public safety	-	-	-	-	-	361,407
Public works	-	-	-	-	2,968,609	-
Education and recreation	-	-	-	-	-	-
Community development	-	-	454,626	60,429	-	-
Capital Outlay	-	617,636	-	-	-	-
Debt Service						
Principal	-	-	-	-	-	-
Interest and fiscal charges	28,532	-	-	-	-	-
Total Expenditures	<u>29,872</u>	<u>624,005</u>	<u>454,626</u>	<u>60,429</u>	<u>2,968,609</u>	<u>361,407</u>
Excess (deficiency) of revenues over expenditures	<u>258,148</u>	<u>4,103,089</u>	<u>-</u>	<u>(14,555)</u>	<u>158,084</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Debt issued	-	-	-	-	-	-
Premium on debt issue	-	-	-	-	-	-
Sale of city property	-	-	-	-	76,596	-
Transfer in	-	-	-	-	-	-
Transfers out	(59,500)	-	(854)	-	-	-
Total Other Financing Sources (Uses)	<u>(59,500)</u>	<u>-</u>	<u>(854)</u>	<u>-</u>	<u>76,596</u>	<u>-</u>
Net Change in Fund Balances	198,648	4,103,089	(854)	(14,555)	234,680	-
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(544,932)</u>	<u>7,811,053</u>	<u>(4,783)</u>	<u>57,246</u>	<u>789,001</u>	<u>-</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (346,284)</u>	<u>\$ 11,914,142</u>	<u>\$ (5,637)</u>	<u>\$ 42,691</u>	<u>\$ 1,023,681</u>	<u>\$ -</u>

Special Revenue Funds

Police Grants	Safe Route to School Grant	Hazardous Materials Level A	Forestry	Room Tax	Emergency Shelter	Continuum of Care	HOME Homeowner	Housing Rehabilitation Grant
\$ -	\$ 10,000	\$ -	\$ 17,850	\$ 293,379	\$ -	\$ -	\$ -	\$ -
82,463	16,952	79,627	-	-	195,819	222,309	-	178,878
-	-	-	-	-	-	-	-	-
-	-	5,848	305	-	-	-	-	-
-	-	-	2,446	-	-	-	-	-
-	-	2,760	100	-	-	-	15,086	142,527
<u>82,463</u>	<u>26,952</u>	<u>88,235</u>	<u>20,701</u>	<u>293,379</u>	<u>195,819</u>	<u>222,309</u>	<u>15,086</u>	<u>321,405</u>
-	-	26,786	-	265,863	-	-	-	-
45,720	-	165,877	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	40,370	-	16,755	-	-	-	-	-
-	-	-	-	-	195,819	222,309	8,544	330,052
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>45,720</u>	<u>40,370</u>	<u>192,663</u>	<u>16,755</u>	<u>265,863</u>	<u>195,819</u>	<u>222,309</u>	<u>8,544</u>	<u>330,052</u>
<u>36,743</u>	<u>(13,418)</u>	<u>(104,428)</u>	<u>3,946</u>	<u>27,516</u>	<u>-</u>	<u>-</u>	<u>6,542</u>	<u>(8,647)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	115	-	-	-	-	-
-	-	-	-	-	-	-	-	854
-	-	-	-	(30,000)	-	-	-	-
-	-	-	115	(30,000)	-	-	-	854
36,743	(13,418)	(104,428)	4,061	(2,484)	-	-	6,542	(7,793)
<u>(36,743)</u>	<u>-</u>	<u>486,442</u>	<u>5,202</u>	<u>22,309</u>	<u>-</u>	<u>-</u>	<u>14,882</u>	<u>21,184</u>
<u>\$ -</u>	<u>\$ (13,418)</u>	<u>\$ 382,014</u>	<u>\$ 9,263</u>	<u>\$ 19,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,424</u>	<u>\$ 13,391</u>

**CITY OF APPLETON**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (cont.)  
For the Year Ended December 31, 2009

	Special Revenue Funds					
	Business and Neighborhood Revitalization Grant	Neighborhood Stabilization Grant	Homeless Prevention Grant	Lead Hazard Control Grant	Tuch- scherer Disability	Peabody Estate
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	122,929	357,804	85,137	18,803	-	-
Special assessments	-	-	-	-	-	-
Investment income	-	-	-	-	849	1,259
Charges for services	-	-	-	-	-	-
Other	2,500	-	-	-	-	-
Total Revenues	<u>125,429</u>	<u>357,804</u>	<u>85,137</u>	<u>18,803</u>	<u>849</u>	<u>1,259</u>
<b>EXPENDITURES</b>						
Current						
General government	-	-	-	-	6,391	-
Public safety	-	-	-	18,803	-	-
Public works	-	-	-	-	-	-
Education and recreation	-	-	-	-	-	-
Community development	125,429	357,804	85,137	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>125,429</u>	<u>357,804</u>	<u>85,137</u>	<u>18,803</u>	<u>6,391</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,542)</u>	<u>1,259</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Debt issued	-	-	-	-	-	-
Premium 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	-	-	-	-	(5,542)	1,259
FUND BALANCES (DEFICIT) - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,676</u>	<u>105,285</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,134</u>	<u>\$ 106,544</u>

Special Revenue Funds						Debt Service Fund	Capital Projects Funds	
Balliet Locomotive	Lutz Park	Park Purpose Open Space	Union Spring Park	Project City Park	Universal Playground	Debt Service	Subdivision Development Projects	Industrial Park Land
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,240,038	\$ -	\$ -
-	218,025	-	-	-	-	-	-	-
-	-	-	-	-	-	-	786,118	-
122	7,059	4,335	27	64	237	-	47,807	19,990
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	121,792	375,715	5,240
<u>122</u>	<u>225,084</u>	<u>4,335</u>	<u>27</u>	<u>64</u>	<u>237</u>	<u>3,361,830</u>	<u>1,209,640</u>	<u>25,230</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	1,495	-	-	945	-	-	-
-	-	-	-	-	-	-	-	-
-	544,797	-	-	-	-	-	2,236,352	7,434
-	-	-	-	-	-	6,578,288	-	-
-	-	-	-	-	-	1,941,787	-	-
<u>-</u>	<u>544,797</u>	<u>1,495</u>	<u>-</u>	<u>-</u>	<u>945</u>	<u>8,520,075</u>	<u>2,236,352</u>	<u>7,434</u>
<u>122</u>	<u>(319,713)</u>	<u>2,840</u>	<u>27</u>	<u>64</u>	<u>(708)</u>	<u>(5,158,245)</u>	<u>(1,026,712)</u>	<u>17,796</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	57,086	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	5,103,199	522,500	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(195,110)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,160,285</u>	<u>522,500</u>	<u>(195,110)</u>
122	(319,713)	2,840	27	64	(708)	2,040	(504,212)	(177,314)
<u>10,220</u>	<u>396,389</u>	<u>347,240</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>\$ 10,342</u>	<u>\$ 76,676</u>	<u>\$ 350,080</u>	<u>\$ 2,288</u>	<u>\$ 5,353</u>	<u>\$ 19,568</u>	<u>\$ 16,603</u>	<u>\$ (152,540)</u>	<u>\$ 1,712,662</u>

**CITY OF APPLETON**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (cont.)  
For the Year Ended December 31, 2009

	Capital Projects Funds					Public Safety Facilities
	Parks and Recreation Projects	Tax Incremental District No. 5	Tax Incremental District No. 6	Tax Incremental District No. 7	Tax Incremental District No. 8	
<b>REVENUES</b>						
Taxes	\$ -	\$ 164,985	\$ 1,566,441	\$ 15,355	\$ -	\$ -
Intergovernmental	-	1,476	29,388	47,646	-	-
Special assessments	-	-	-	-	-	-
Investment income	10,472	10,649	2,569	1,350	213	2,152
Charges for services	-	-	-	-	-	-
Other	-	-	321,594	-	-	-
Total Revenues	<u>10,472</u>	<u>177,110</u>	<u>1,919,992</u>	<u>64,351</u>	<u>213</u>	<u>2,152</u>
<b>EXPENDITURES</b>						
Current						
General government	-	1,340	1,340	1,340	1,000	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Education and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital Outlay	3,500	-	939,916	16,687	3,596	446,481
Debt Service						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	3,043	-	-	-	-
Total Expenditures	<u>3,500</u>	<u>4,383</u>	<u>941,256</u>	<u>18,027</u>	<u>4,596</u>	<u>446,481</u>
Excess (deficiency) of revenues over expenditures	<u>6,972</u>	<u>172,727</u>	<u>978,736</u>	<u>46,324</u>	<u>(4,383)</u>	<u>(444,329)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Debt issued	-	-	1,085,000	50,000	35,000	20,000
Premium on debt issue	-	-	-	-	-	-
Sale of city property	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	(157,342)	(2,748,431)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(157,342)</u>	<u>(1,663,431)</u>	<u>50,000</u>	<u>35,000</u>	<u>20,000</u>
Net Change in Fund Balances	6,972	15,385	(684,695)	96,324	30,617	(424,329)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>862,757</u>	<u>(2,684)</u>	<u>1,011,873</u>	<u>777</u>	<u>-</u>	<u>542,708</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 869,729</u>	<u>\$ 12,701</u>	<u>\$ 327,178</u>	<u>\$ 97,101</u>	<u>\$ 30,617</u>	<u>\$ 118,379</u>

Capital Projects Funds						Permanent Fund	Total Nonmajor Governmental Funds
Public Works Equipment	CEA Replacement	Community Development	Library Improvements	Facilities Capital Projects	Technology	Frank P. Young Memorial	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,654,198
97,716	-	-	-	-	-	-	2,714,299
-	-	-	-	-	-	-	786,118
18,906	16,995	4,035	49	55,911	2,514	497	391,189
-	-	-	-	-	-	-	472,597
<u>1,057,579</u>	<u>1,618,753</u>	-	-	<u>25,000</u>	-	<u>500</u>	<u>3,740,257</u>
<u>1,174,201</u>	<u>1,635,748</u>	<u>4,035</u>	<u>49</u>	<u>80,911</u>	<u>2,514</u>	<u>997</u>	<u>20,758,658</u>
-	-	-	-	73,267	-	700	385,736
-	-	-	-	-	-	-	591,807
-	-	-	-	-	-	-	2,968,609
-	-	-	-	-	-	-	59,565
-	-	-	-	-	-	-	1,840,149
4,552,901	2,033,984	52,036	-	6,260,203	345,514	-	18,061,037
-	-	-	-	-	-	-	6,578,288
-	-	-	-	-	-	-	1,973,362
<u>4,552,901</u>	<u>2,033,984</u>	<u>52,036</u>	<u>-</u>	<u>6,333,470</u>	<u>345,514</u>	<u>700</u>	<u>32,458,553</u>
<u>(3,378,700)</u>	<u>(398,236)</u>	<u>(48,001)</u>	<u>49</u>	<u>(6,252,559)</u>	<u>(343,000)</u>	<u>297</u>	<u>(11,699,895)</u>
3,545,000	-	-	-	675,000	325,000	-	5,735,000
-	-	-	-	-	-	-	57,086
3,000	-	-	-	-	-	-	79,711
1,255,647	313,972	-	-	-	-	-	7,196,172
-	-	-	-	-	-	-	(3,191,237)
<u>4,803,647</u>	<u>313,972</u>	<u>-</u>	<u>-</u>	<u>675,000</u>	<u>325,000</u>	<u>-</u>	<u>9,876,732</u>
1,424,947	(84,264)	(48,001)	49	(5,577,559)	(18,000)	297	(1,823,163)
<u>(61,429)</u>	<u>2,138,182</u>	<u>358,881</u>	<u>2,056</u>	<u>7,259,218</u>	<u>286,601</u>	<u>33,746</u>	<u>24,271,394</u>
<u>\$ 1,363,518</u>	<u>\$ 2,053,918</u>	<u>\$ 310,880</u>	<u>\$ 2,105</u>	<u>\$ 1,681,659</u>	<u>\$ 268,601</u>	<u>\$ 34,043</u>	<u>\$ 22,448,231</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, 2009

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 1,547,362	\$ 122,364	\$ 1,669,726
Other accounts receivable	30,922	-	30,922
Total Current Assets	1,578,284	122,364	1,700,648
Non-Current Assets			
Capital Assets			
Land	1,583,640	1,428,667	3,012,307
Construction in progress	126,572	-	126,572
Building and improvements	22,936,486	1,079,155	24,015,641
Equipment, furniture and vehicles	550,053	121,648	671,701
Less: Accumulated depreciation	(14,402,775)	(1,113,145)	(15,515,920)
Total Non-Current Assets	10,793,976	1,516,325	12,310,301
Total Assets	12,372,260	1,638,689	14,010,949
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	59,675	53	59,728
Compensated absences	39,030	14,362	53,392
Other accrued liabilities	18,431	28,701	47,132
Total Current Liabilities	117,136	43,116	160,252
Noncurrent Liabilities			
General obligation debt payable	-	708,509	708,509
Compensated absences	50,728	39,271	89,999
Total Noncurrent Liabilities	50,728	747,780	798,508
Total Liabilities	167,864	790,896	958,760
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	10,793,976	807,816	11,601,792
Unrestricted	1,410,420	39,977	1,450,397
TOTAL NET ASSETS	\$ 12,204,396	\$ 847,793	\$ 13,052,189

## CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
 FUND NET ASSETS - NONMAJOR PROPRIETARY FUNDS  
 For the Year Ended December 31, 2009

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,646,037	\$ 525,931	\$ 2,171,968
Other	535,246	9,349	544,595
Total Operating Revenues	2,181,283	535,280	2,716,563
<b>OPERATING EXPENSES</b>			
Operation and maintenance	1,174,582	386,013	1,560,595
Depreciation	466,311	77,885	544,196
Total Operating Expenses	1,640,893	463,898	2,104,791
Operating Income	540,390	71,382	611,772
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	23,943	2,149	26,092
Interest expense	-	(59,426)	(59,426)
Gain on sale of capital assets	-	255	255
Other	49	-	49
Total Nonoperating Revenues (Expenses)	23,992	(57,022)	(33,030)
Income (Loss) Before Transfers and Capital Contributions	564,382	14,360	578,742
Transfers out	(1,009,300)	(17,900)	(1,027,200)
Change in Net Assets	(444,918)	(3,540)	(448,458)
TOTAL NET ASSETS - Beginning	12,649,314	851,333	13,500,647
TOTAL NET ASSETS - ENDING	\$ 12,204,396	\$ 847,793	\$ 13,052,189

**CITY OF APPLETON**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
For the Year Ended December 31, 2009

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 2,206,046	\$ 535,555	\$ 2,741,601
Paid to suppliers for goods and services	(515,035)	(207,610)	(722,645)
Paid to employees for services	(653,419)	(186,898)	(840,317)
Net Cash Flows From Operating Activities	1,037,592	141,047	1,178,639
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out	(1,009,300)	(17,900)	(1,027,200)
Net Cash Flows From Noncapital Financing Activities	(1,009,300)	(17,900)	(1,027,200)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(155,427)	-	(155,427)
Interest paid on long-term debt	-	(59,425)	(59,425)
Net Cash Flows From Capital and Related Financing Activities	(155,427)	(59,425)	(214,852)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	23,943	2,149	26,092
Net Cash Flows From Investing Activities	23,943	2,149	26,092
Net Increase in Cash and Cash Equivalents	(103,192)	65,871	(37,321)
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	1,650,554	56,493	1,707,047
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,547,362	\$ 122,364	\$ 1,669,726

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 540,390	\$ 71,382	\$ 611,772
Adjustments to reconcile operating income to net cash flows from operating activities			
Non-operating income	49	255	304
Depreciation	466,311	77,885	544,196
Change in assets and liabilities			
Other accounts receivable	24,714	20	24,734
Accounts payable	-	(2,706)	(2,706)
Accrued liabilities	3,148	(7,691)	(4,543)
Compensated absences	2,980	1,902	4,882
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 1,037,592</u>	 <u>\$ 141,047</u>	 <u>\$ 1,178,639</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, 2009

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Totals
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ 437,655	\$ -	\$ 148,920	\$ 1,464,245	\$ 2,050,820
Other receivables	9,300	586,858	5,210	-	601,368
Inventories	68,924	-	-	-	68,924
Total Current Assets	<u>515,879</u>	<u>586,858</u>	<u>154,130</u>	<u>1,464,245</u>	<u>2,721,112</u>
Non-Current Assets					
Restricted Assets					
Investment in WMIC	-	2,020,950	-	-	2,020,950
Capital Assets					
Equipment	1,538,541	-	-	-	1,538,541
Vehicles	22,519,504	-	-	-	22,519,504
Less: Accumulated depreciation	<u>(12,920,785)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,920,785)</u>
Total Non-Current Assets	<u>11,137,260</u>	<u>2,020,950</u>	<u>-</u>	<u>-</u>	<u>13,158,210</u>
Total Assets	<u>11,653,139</u>	<u>2,607,808</u>	<u>154,130</u>	<u>1,464,245</u>	<u>15,879,322</u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	54,010	187,355	72,117	-	313,482
Compensated absences	54,912	16,769	36,073	-	107,754
Other accrued liabilities	35,349	7,536	20,125	-	63,010
Claims payable	-	1,500,000	-	-	1,500,000
Due to other funds	-	48,583	-	-	48,583
Current portion of general obligation debt	7,667	-	-	-	7,667
Unearned revenue	-	344,118	-	-	344,118
Total Current Liabilities	<u>151,938</u>	<u>2,104,361</u>	<u>128,315</u>	<u>-</u>	<u>2,384,614</u>
Noncurrent Liabilities					
General obligation debt	69,008	-	-	-	69,008
Postemployment benefits liability	-	-	-	90,174	90,174
Compensated absences	62,770	-	7,366	-	70,136
Total Noncurrent Liabilities	<u>131,778</u>	<u>-</u>	<u>7,366</u>	<u>90,174</u>	<u>229,318</u>
Total Liabilities	<u>283,716</u>	<u>2,104,361</u>	<u>135,681</u>	<u>90,174</u>	<u>2,613,932</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	11,060,585	-	-	-	11,060,585
Unrestricted	<u>308,838</u>	<u>503,447</u>	<u>18,449</u>	<u>1,374,071</u>	<u>2,204,805</u>
TOTAL NET ASSETS	<u>\$ 11,369,423</u>	<u>\$ 503,447</u>	<u>\$ 18,449</u>	<u>\$ 1,374,071</u>	<u>\$ 13,265,390</u>

**CITY OF APPLETON**

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS -  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2009

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Totals
<b>OPERATING REVENUES</b>					
Charges for services	\$ 2,434,419	\$ 601,386	\$ 2,159,364	\$ -	\$ 5,195,169
Other	8,328	618,052	-	-	626,380
Total Operating Revenue	<u>2,442,747</u>	<u>1,219,438</u>	<u>2,159,364</u>	<u>-</u>	<u>5,821,549</u>
<b>OPERATING EXPENSES</b>					
Operation and maintenance	2,497,831	2,087,249	2,119,752	34,626	6,739,458
Depreciation	1,891,127	-	-	-	1,891,127
Total Operating Expenses	<u>4,388,958</u>	<u>2,087,249</u>	<u>2,119,752</u>	<u>34,626</u>	<u>8,630,585</u>
Operating Income (Loss)	<u>(1,946,211)</u>	<u>(867,811)</u>	<u>39,612</u>	<u>(34,626)</u>	<u>(2,809,036)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income (loss)	4,012	2,589	-	-	6,601
Interest expense	(3,391)	-	-	-	(3,391)
Gain on the sale of capital assets	206,284	-	-	-	206,284
Other	-	-	10,812	-	10,812
Total Nonoperating Revenues (Expenses)	<u>206,905</u>	<u>2,589</u>	<u>10,812</u>	<u>-</u>	<u>220,306</u>
Income (Loss) Before Transfers and Contributions	<u>(1,739,306)</u>	<u>(865,222)</u>	<u>50,424</u>	<u>(34,626)</u>	<u>(2,588,730)</u>
Capital contributions	2,433,351	-	-	-	2,433,351
Transfers out	<u>(221,997)</u>	<u>-</u>	<u>(31,975)</u>	<u>-</u>	<u>(253,972)</u>
Change in Net Assets	472,048	(865,222)	18,449	(34,626)	(409,351)
TOTAL NET ASSETS - Beginning (as restated)	<u>10,897,375</u>	<u>1,368,669</u>	<u>-</u>	<u>1,408,697</u>	<u>13,674,741</u>
TOTAL NET ASSETS - ENDING	<u>\$ 11,369,423</u>	<u>\$ 503,447</u>	<u>\$ 18,449</u>	<u>\$ 1,374,071</u>	<u>\$ 13,265,390</u>

**CITY OF APPLETON**

COMBINING STATEMENT OF CASH FLOWS  
ALL INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2009

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 2,648,622	\$ 1,054,908	\$ 2,164,966	\$ -	\$ 5,868,496
Paid to suppliers for goods and services	(1,402,503)	(1,571,103)	(1,444,098)	-	(4,417,704)
Paid to employees for services	(1,102,262)	(299,141)	(654,925)	-	(2,056,328)
Net Cash Flows From Operating Activities	<u>143,857</u>	<u>(815,336)</u>	<u>65,943</u>	<u>-</u>	<u>(605,536)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers out	(221,997)	-	(31,975)	-	(253,972)
Net Cash Flows From Noncapital Financing Activities	<u>(221,997)</u>	<u>-</u>	<u>(31,975)</u>	<u>-</u>	<u>(253,972)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from the sale of capital assets	21,512	-	-	-	21,512
Debt retired	(33,325)	-	-	-	(33,325)
Interest paid	(2,816)	-	-	-	(2,816)
Net Cash Flows From Capital and Related Financing Activities	<u>(14,629)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,629)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income (loss)	4,012	2,589	-	-	6,601
Net Cash Flows From Investing Activities	<u>4,012</u>	<u>2,589</u>	<u>-</u>	<u>-</u>	<u>6,601</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(88,757)	(812,747)	33,968	-	(867,536)
CASH AND CASH EQUIVALENTS - Beginning of Year	526,412	812,747	114,952	1,464,245	2,918,356
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 437,655</u>	<u>\$ -</u>	<u>\$ 148,920</u>	<u>\$ 1,464,245</u>	<u>\$ 2,050,820</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (1,946,211)	\$ (867,811)	\$ 39,612	\$ (34,626)	\$ (2,809,036)
Adjustments to reconcile income (loss) to net cash flows from operating activities:					
Non-operating income	206,284	-	10,812	-	217,096
Depreciation	1,891,127	-	-	-	1,891,127
Change in assets and liabilities:					
Other accounts receivable	(409)	(457,199)	(5,210)	-	(462,818)
Inventories	(38,050)	-	-	-	(38,050)
Prepays	-	-	26,770	-	26,770
Accounts payable	20,804	165,238	(11,027)	-	175,015
Accrued liabilities	11,705	1,220	5,270	-	18,195
Due to other funds	-	48,583	-	-	48,583
Accrued compensated absences	(1,393)	1,964	(284)	-	287
Postemployment benefits liability	-	-	-	34,626	34,626
Unearned revenue	-	292,669	-	-	292,669
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 143,857</u>	<u>\$ (815,336)</u>	<u>\$ 65,943</u>	<u>\$ -</u>	<u>\$ (605,536)</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Contributed property and equipment	<u>\$ 2,433,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,433,351</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, 2009

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	<u>Balance 1-1-09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12-31-09</u>
<b>TAX COLLECTIONS</b>				
<b>Assets</b>				
Cash and investments	\$ 45,538,451	\$ 47,263,504	\$ 45,538,451	\$ 47,263,504
Property taxes receivable	<u>16,325,680</u>	<u>20,695,509</u>	<u>16,325,680</u>	<u>20,695,509</u>
 TOTAL ASSETS	 <u>\$ 61,864,131</u>	 <u>\$ 67,959,013</u>	 <u>\$ 61,864,131</u>	 <u>\$ 67,959,013</u>
 <b>Liabilities</b>				
Due to other taxing authorities	\$ 61,779,218	\$ 67,884,586	\$ 61,779,218	\$ 67,884,586
Accounts payable	<u>84,913</u>	<u>74,427</u>	<u>84,913</u>	<u>74,427</u>
 TOTAL LIABILITIES	 <u>\$ 61,864,131</u>	 <u>\$ 67,959,013</u>	 <u>\$ 61,864,131</u>	 <u>\$ 67,959,013</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>	<u>2009</u>
<b>Governmental Activities</b>							
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	\$ 292,088,865
Restricted	218,516	6,429,747	6,796,749	6,868,633	6,825,544	6,874,327	6,778,453
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>	<u>20,215,128</u>
Total Governmental Activities Net Assets	218,437,356	226,048,893	253,758,590	264,045,823	276,268,295	296,255,830	319,082,446
<b>Business-type Activities</b>							
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	181,388,463
Restricted	9,927,016	10,482,382	10,852,698	9,249,057	11,781,325	14,167,468	14,656,581
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>	<u>19,762,345</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	215,807,389
<b>Primary Government</b>							
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	471,187,897
Restricted	10,145,532	16,912,129	17,649,447	16,117,690	18,606,869	21,041,795	21,435,034
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>	<u>42,266,904</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>	<u>\$ 534,889,835</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>	<u>2009</u>
<b>Expenses</b>							
<b>Governmental Activities:</b>							
General Government	\$ 6,492,619	\$ 6,419,439	\$ 6,945,784	\$ 6,791,974	\$ 8,800,555	\$ 9,034,711	\$ 9,803,592
Public Safety	22,639,969	23,575,858	24,424,002	24,478,781	25,981,454	26,734,234	26,793,172
Public Works	15,379,335	15,521,570	16,935,291	16,394,553	15,318,805	18,453,713	15,845,722
Education & Recreation	8,820,286	8,667,868	8,706,013	8,827,228	8,977,181	9,558,936	9,505,050
Community Development	4,356,058	2,450,493	2,532,059	2,300,154	1,982,044	1,893,734	2,362,625
Interest	4,080,710	3,983,171	2,070,103	4,731,390	2,790,898	2,537,817	2,624,393
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>	<u>66,934,554</u>
<b>Business-type Activities</b>							
Water	11,436,383	11,384,777	12,075,437	13,734,286	14,431,806	13,794,313	14,218,376
Wastewater	10,442,858	10,901,021	10,714,320	10,527,573	10,919,223	11,193,807	11,004,780
Valley Transit	5,951,388	6,454,888	6,577,385	6,884,932	7,367,991	8,194,083	7,869,264
Stormwater	3,032,606	3,974,123	4,347,493	4,711,912	5,036,135	5,504,427	5,754,175
Other non-major enterprise funds	2,507,622	2,482,916	2,454,170	2,482,848	2,534,889	2,751,205	2,190,096
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>	<u>41,036,691</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>	<u>\$ 107,971,245</u>
<b>Program Revenues</b>							
<b>Governmental Activities:</b>							
Charges for Service	\$ 4,945,020	\$ 4,285,207	\$ 4,195,931	\$ 4,629,519	\$ 4,192,537	\$ 4,256,826	\$ 5,736,414
Operating Grants & Contributions	2,320,915	2,470,595	2,984,118	2,986,715	2,734,921	5,734,618	6,242,490
Capital Grants & Contributions	4,416,370	7,176,121	6,861,161	6,332,043	5,922,608	14,461,771	15,244,780
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>	<u>27,223,684</u>
<b>Business-type Activities</b>							
<b>Charges for Service</b>							
Water	14,503,814	14,143,690	14,251,543	14,373,765	17,773,481	17,444,729	18,483,569
Wastewater	8,381,938	8,153,375	7,942,307	9,684,273	9,737,880	9,299,844	8,705,216
Valley Transit	845,530	899,244	983,778	1,136,722	1,163,950	1,310,187	1,452,588
Stormwater	3,102,677	3,835,617	3,933,221	5,713,662	6,151,417	6,336,084	6,291,673
Other non-major enterprise funds	2,566,566	2,575,747	2,593,791	2,847,392	2,863,151	2,830,333	2,716,563
Operating Grants & Contributions	4,355,203	4,560,499	4,401,611	4,599,362	5,006,545	5,526,780	5,499,174
Capital Grants & Contributions	4,345,345	7,303,800	4,995,504	4,094,711	2,398,543	3,388,620	2,290,162
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>	<u>45,438,945</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>	<u>\$ 72,662,629</u>
<b>Net (Expense)/Revenue</b>							
Governmental Activities	(50,086,672)	(46,686,476)	(47,572,042)	(49,575,803)	(51,000,871)	(43,759,930)	(39,710,870)
Business-Type Activities	4,730,216	6,274,247	2,932,950	4,108,336	4,804,923	4,698,742	4,402,254
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>	<u>\$ (35,308,616)</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>	<u>2009</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	41,920,273
Other Taxes	866,069	1,195,606	1,060,335	790,509	989,071	869,514	743,076
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	14,309,349
Investment income	2,030,374	2,182,845	1,682,999	5,470,655	4,877,181	4,634,775	1,562,496
Gain(Loss) on the sale of assets	206,811	135,307	2,255,997	532,942	432,440	275,699	298,632
Miscellaneous	568,296	1,224,976	790,190	-	51,861	130,482	116,175
Transfers	641,359	591,386	11,918,030	836,691	907,424	1,508,789	2,178,788
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>	<u>61,128,789</u>
Business-type Activities							
Investment income	1,142,573	788,552	791,730	1,452,672	3,098,764	3,726,367	475,003
Gain(Loss) on the sale of assets	(3,206)	-	-	-	338,957	1,251	255
Miscellaneous	8,940	18,750	11,816	68,918	159,557	6,219	49
Transfers	(641,359)	(591,386)	(11,918,030)	(836,691)	(907,424)	(1,508,789)	(2,178,788)
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>	<u>(1,703,481)</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>	<u>\$ 59,425,308</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	\$ 21,417,919
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>	<u>2,698,773</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>	<u>\$ 24,116,692</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>	<u>2009</u>
<b>Governmental Activities:</b>							
General Government	\$ 252,984	\$ 560,841	\$ 551,625	\$ 922,350	\$ 719,464	\$ 513,367	\$ 1,199,330
Public Safety	1,719,607	1,869,967	2,059,771	2,020,978	1,912,579	2,159,092	1,758,084
Public Works	6,064,272	8,825,461	8,363,126	7,513,891	6,787,697	18,966,301	20,838,101
Education & Recreation	1,636,676	1,645,419	1,690,834	1,623,161	2,087,549	1,710,864	1,699,207
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>	<u>1,728,962</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>	<u>27,223,684</u>
<b>Business-type Activities</b>							
Water	15,516,139	15,087,868	15,044,585	14,865,848	17,808,923	18,310,360	18,696,899
Wastewater	9,227,688	9,273,617	9,353,598	10,907,330	10,265,003	10,484,298	9,123,831
Valley Transit	5,159,558	8,957,170	6,514,788	6,192,470	6,317,752	6,985,997	7,243,607
Stormwater	5,631,122	5,577,570	5,594,993	7,636,847	7,814,638	7,525,589	7,658,045
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>	<u>2,716,563</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>	<u>45,438,945</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>	<u>\$ 72,662,629</u>

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

	<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>	<u>2009</u>
General Fund										
Reserved for:										
Inventories	\$ 355,214	\$ 434,194	\$ 443,632	\$ 730,647	\$ 624,307	\$ 631,367	\$ 598,994	\$ 512,923	\$ 575,485	\$ 684,658
Prepaid items	37,832	18,098	40,342	231,697	37,156	15,564	9,792	4,475	1,856	7,155
Noncurrent receivables/advances	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	8,935,430
Encumbrances	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	2,257,554
Unreserved	<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>	<u>19,321,315</u>
Total General Fund	<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>	<u>\$ 31,206,112</u>
All Other Governmental Funds										
Reserved for:										
Prepaid items	\$ -	\$ -	\$ -	\$ 82,614	\$ -	\$ -	\$ 313,569	\$ 16,588	\$ 539,196	\$ 52,860
Debt service	1,571,943	899,984	152,081	218,516	1,308,374	1,187,549	986,156	808,953	584,586	391,516
Encumbrances	712	2,556,635	803,204	1,437,827	1,327,663	4,058,957	2,686,620	4,801,361	4,721,695	3,187,167
Trust purposes <sup>(1)</sup>	12,419	13,231	15,423	15,922	15,703	16,070	16,364	32,093	33,746	34,043
Unreserved, reported in:										
Special revenue funds	(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)	1,248,662
Capital projects funds	<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>	<u>5,136,208</u>
Total All Other Governmental Funds	<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>	<u>10,050,456</u>
Total Governmental Funds	<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>	<u>\$ 41,256,568</u>

**Notes:**

<sup>1</sup> 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 2000 - 2002.

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

	<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>	<u>2009</u>
<b>REVENUES</b>										
Taxes	\$ 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	\$ 42,663,349
Intergovernmental	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	19,880,980
Licenses and permits	750,035	791,011	884,000	857,425	855,231	921,707	938,603	858,761	809,009	823,787
Fines and forfeitures	444,667	550,333	355,125	277,692	281,958	251,401	271,530	315,809	346,338	342,923
Special assessments	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	2,340,813
Investment income	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	1,198,520
Charges for services	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	1,850,129
Other	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	5,496,329
<b>Total Revenues</b>	<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>	<u>74,596,830</u>
<b>EXPENDITURES</b>										
Current:										
General government	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	7,244,850
Public safety	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	26,365,040
Public works	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	14,513,842
Education and recreation	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	8,871,494
Community development	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	2,635,858
Capital Outlay	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	18,061,037
Debt Service:										
Principal retirement	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	6,578,288
Interest and fiscal charges	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	2,604,636
<b>Total Expenditures</b>	<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>	<u>86,875,045</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<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>	<u>(12,278,215)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Debt issued	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	5,735,000
Premium on debt issued	-	-	-	-	-	133,344	886	21,395	19,785	57,086
Refunding debt issued	-	-	-	-	-	-	-	-	(126,196)	-
Payments to escrow agents	-	-	-	-	-	(5,240,154)	-	-	-	-
Sale of city properties	382,082	740,827	1,741,379	683,294	1,683,147	4,376,356	605,603	214,675	362,631	93,404
Transfers in	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	9,752,946
Transfers out	(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)	(7,320,186)
<b>Total Other Financing Sources (Uses)</b>	<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>	<u>8,318,250</u>
<b>Net Change in Fund Balances</b>	(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	(3,959,965)
<b>FUND BALANCES (DEFICIT) - Beginning (as restated)</b>	* 18,536,525	18,000,914	16,096,917	15,677,717	13,890,021	10,905,103	35,926,512	35,181,965	39,859,444	45,216,533
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<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>	<u>\$ 41,256,568</u>

Debt service as a percent of non-capital expenditures <sup>(1)</sup>

21.1%      21.6%      23.4%      19.1%      20.7%      16.2%      27.1%      18.6%      15.0%      19.2%

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

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

<u>Levy Year</u>	<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Agricultural Property</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u> <sup>A</sup>	<u>Total Direct Tax Rate</u> <sup>B</sup>	<u>Estimated Actual Taxable Value</u> <sup>C</sup>	<u>Assessed as Percent of Estimated Actual Value</u> <sup>D</sup>
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%
2009	2010	3,358,972,100	1,099,921,700	151,449,600	200,600	142,907,700	4,753,451,700	7.9463	4,789,062,900	99.26%

**Notes:**

<sup>A</sup>. Source: Wisconsin Department of Revenue, Final Statement of Assessment. The values shown include TIF districts.

<sup>B</sup>. 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.

<sup>C</sup>. Source: Wisconsin Department of Revenue, County Equalization Report.

<sup>D</sup>. 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 <sup>(1)</sup>	Appleton School District	FVTC	Outagamie County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
2000	2001	\$ 8.22	\$ 1.03	\$ 9.25	\$ 10.12	\$ 1.94	\$ 5.03	\$ 0.21	\$ 25.97	\$ 1.54	\$ 25.01
2001	2002	8.41	1.03	9.44	9.52	2.01	5.36	0.21	26.55	1.52	25.02
2002	2003	7.68	0.89	8.57	8.63	1.89	4.85	0.20	26.54	1.29	22.85
2003	2004	7.46	0.86	8.32	8.83	1.83	4.72	0.20	24.14	1.21	22.69
2004	2005	7.66	0.84	8.50	8.92	1.82	4.73	0.21	23.90	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
2009	2010	7.18	0.77	7.95	8.50	1.73	4.41	0.17	22.76	1.30	21.46

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 <sup>(1)</sup>	Menasha School District	FVTC	Outagamie County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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
2009	2010	7.18	0.77	7.95	9.47	1.73	4.41	0.17	23.73	1.30	22.43

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

(Continued)

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

Last Ten Fiscal Years

OUTAGAMIE COUNTY/FREEDOM SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate <sup>(1)</sup>	Freedom School District	FVTC	Outagamie County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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
2009	2010	7.18	0.77	7.95	9.19	1.73	4.41	0.17	23.45	1.30	22.15

OUTAGAMIE COUNTY/HORTONVILLE SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate <sup>(1)</sup>	Freedom School District	FVTC	Outagamie County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
2000	2001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2001	2002	-	-	-	-	-	-	-	-	-	-
2002	2003	-	-	-	-	-	-	-	-	-	-
2003	2004	-	-	-	-	-	-	-	-	-	-
2004	2005	-	-	-	-	-	-	-	-	-	-
2005	2006	-	-	-	-	-	-	-	-	-	-
2006	2007	-	-	-	-	-	-	-	-	-	-
2007	2008	-	-	-	-	-	-	-	-	-	-
2008	2009	7.20	-	-	8.22	-	-	-	8.22	-	21.08 *
2009	2010	7.18	0.77	7.95	8.75	1.73	4.41	0.17	23.01	1.30	21.71

\* 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 <sup>(1)</sup>	Appleton School District	FVTC	Calumet County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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
2009	2010	7.10	0.77	7.87	8.42	1.71	4.17	0.17	22.34	1.27	21.08 *

**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 <sup>(1)</sup>	Kimberly School District	FVTC	Calumet County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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 *
2009	2010	7.10	0.77	7.87	9.39	1.71	4.17	0.17	23.31	1.27	22.04

\* 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 <sup>(1)</sup>	Appleton School District	FVTC	Winnebago County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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
2009	2010	7.10	0.76	7.86	8.40	1.71	5.54	0.17	23.68	1.45	22.23

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 <sup>(1)</sup>	Menasha School District	FVTC	Winnebago County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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 *
2009	2010	7.10	0.76	7.86	9.36	1.71	5.54	0.17	24.64	1.45	23.19 *

\* 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>2009</u>			<u>2000</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</u> <sup>(A)</sup>	<u>Value</u> <sup>(B)</sup>		<u>Value</u> <sup>(A)</sup>	<u>Value</u> <sup>(B)</sup>	
Plank Inv/Eisenhower /Kensington Prop	Real Estate Development	\$ 41,728,500	0.88	1			
Pfefferle/Hoffman/Evans et al Ptshps	Real Estate Development	38,884,800	0.82	2			
Winters Properties et al	Real Estate Development	37,551,900	0.79	3	20,264,800	0.68	3
Thrivent/North Meadows	Insurance <sup>(C)</sup>	22,475,600	0.47	4	20,772,600	0.70	2
Watermark Montclair	Hotel	22,057,100	0.46	5	17,953,000	0.61	4
Thomas Wright et al	Rental Properties	21,366,000	0.45	6	11,321,600	0.38	8
Appleton, Inc. (Appleton Papers)	NCR Paper Products	18,593,300	0.39	7	22,587,800	0.76	1
Livesey	Real Estate Development	17,820,200	0.37	8			
VH Enterprise/Warehouse Spec. et al	Warehouse Storage	16,081,500	0.34	9	13,262,300	0.45	6
Voith Inc./Voith Fabrics	Industrial Machines/Papermaker Felts	15,475,600	0.33	10	12,017,900	0.41	7
Guardian Life Insurance	Insurance				16,809,600	0.57	5
Miller Electric Mfg.	Electric Arc Welders				10,790,200	0.36	10
Secura Insurance	Insurance				10,851,400	0.37	9
<b>TOTAL</b>		<b>\$ 252,034,500</b>	<b>5.30</b>		<b>\$ 156,631,200</b>	<b>5.29</b>	

<sup>(A)</sup> Per City Assessor's records.

<sup>(B)</sup> Based on the city's total January 1, 2009 and 2000 assessed valuation of \$4,753,451,700 and \$2,961,359,000, respectively, including personal property.

<sup>(C)</sup> 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**

<b>Collection Year</b>	<b>Total Tax Levy</b>	<b>Collections Prior to Transfer of Roll on August 1</b>	<b>Percent of Levy Collected</b>	<b>Total Tax Collections as of December 31</b>	<b>Total Collections as Percent of Current Levy</b>	<b>Outstanding Delinquent Taxes <sup>(A)</sup></b>	<b>Outstanding Delinquent Taxes as Percent of Current Levy</b>
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
2009	34,150,080	33,354,943	97.67	34,125,979	99.93	24,101	0.07

<sup>(A)</sup> 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>
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
2009	0.0	0.0	0.0	0.0	5.0

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

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

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	General Obligation Bonds for Business-type Activities	Capital Leases	Water Revenue Bonds	Wastewater Revenue Bonds	Stormwater Revenue Bonds			
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	7.99%	2,435
2009	46,751,834	708,509	-	76,025,000	13,483,990	40,605,000	177,574,333	N/A	2,453

\* N/A = Not Available.

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

<u>Fiscal Year</u>	<u>General Obligation Bonds <sup>(1)</sup></u>	<u>Less Assets Restricted for Debt Service</u>	<u>Total Net Debt</u>	<u>Percentage of Actual Taxable Value of Property <sup>(2)</sup></u>	<u>Per Capita <sup>(3)</sup></u>
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
2009	47,460,343	(2,570,018)	44,890,325	0.94	620

(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**

<b>Jurisdiction</b>	<b>Net Debt Outstanding</b>	<b>Percentage Applicable to City of Appleton</b>	<b>Amount Applicable to City of Appleton</b>
City of Appleton <sup>(A)</sup>	\$ 44,890,325	100.0000 %	<u>\$ 44,890,325</u>
<u>Overlapping Debt</u>			
Appleton Area School District	43,908,512	62.4400	27,416,475
Menasha Joint School District	15,187,558	4.2000	637,877
Kimberly Area School District	43,240,000	1.2400	536,176
Freedom Area School District	9,555,000	8.2300	786,377
Hortonville Area School District	19,570,000	0.0007	134
Fox Valley Technical College	37,454,777	13.6600	5,116,323
Outagamie County	42,663,648	30.1100	12,846,024
Calumet County	6,232,751	17.8000	1,109,430
Winnebago County	55,511,119	0.5874	<u>326,072</u>
Total Overlapping Debt			<u>48,774,888</u>
<b>Total Direct And Overlapping Debt</b>			<b><u><u>\$ 93,665,213</u></u></b>

<sup>(A)</sup> 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 2009:**

Equalized Value of Real & Personal Property	<u>\$ 4,789,062,900</u>
Outagamie County	4,060,502,600
Calumet County	658,486,000
Winnebago County	70,074,300
 Legal Debt Limit (5% of equalized value)	 <u>239,453,145</u>
 Amount of Debt Applicable to Debt Limitation: Total General Obligation Bonds and Notes Outstanding at December 31, 2008	   47,460,343
 Less: Assets in Government Fund Types Available for Debt Service	   <u>(2,570,018)</u>
 Amount of Debt Applicable to Debt Limit	   <u>44,890,325</u>
 Remaining Legal Debt Margin	   <u>\$ 194,562,820</u>

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	<b>Fiscal Year</b>									
	<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>	<u>2009</u>
Debt Limit	\$ 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	\$ 239,453,145
Total net debt applicable to limit	<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>	<u>44,890,325</u>
Legal Debt Margin	<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>	<u>\$ 194,562,820</u>
Total net debt applicable to limit as a percentage of debt limit	33.01%	32.53%	31.05%	28.91%	24.16%	22.78%	19.01%	17.06%	19.39%	18.75%

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

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Revenues</u> <sup>(1)</sup>	<u>Direct Operating Expenses</u> <sup>(2)</sup>	<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>	
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 <sup>(4)</sup>
2007	18,648,036	8,073,424	10,574,612	6,314,707	3,332,401	9,647,108	1.10
2008 <sup>(3)</sup>	18,412,335	7,533,995	10,878,340	5,015,000	3,121,486	8,136,486	1.34
2009	18,650,289	7,466,058	11,184,231	5,015,000	3,121,486	8,136,486	1.37 <sup>(5)</sup>

(Continued)

<sup>(1)</sup> Includes total operating revenues and investment income.

<sup>(2)</sup> 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.

<sup>(3)</sup> Includes 2007 A Water Refunding bonds, 2007 B Water Taxable Revenue Bonds, and 2007 C and 2008 Water Revenue Bonds.

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

<sup>(5)</sup> Rate increase averaging 6% overall approved, effective 1/1/09.

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

Last Ten Fiscal Years

Fiscal Year	Gross Revenues <sup>(1)</sup>	Direct Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2000	\$ 11,144,474	\$ 5,231,277	\$ 5,913,197	\$ 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 <sup>(4)</sup>
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 <sup>(3)</sup>	10,993,895	6,494,629	4,499,266	2,514,987	510,398	3,025,385	1.49
2009	8,889,435	6,275,498	2,613,937	2,514,987	510,398	3,025,385	0.86

(Continued)

<sup>(1)</sup> Includes total operating revenues and investment income.

<sup>(2)</sup> Includes total operating expenses less depreciation.

<sup>(3)</sup> Includes Sewerage System Series 2005 Revenue Refunding Bonds, 2006, 2007, and 2008 Revenue Bonds, and 1993 Clean Water Fund Loan.

<sup>(4)</sup> 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 <sup>(1)</sup>	Direct Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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 <sup>(4)</sup>
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 <sup>(3)</sup>	7,133,976	2,787,726	4,346,250	1,500,000	1,335,648	2,835,648	1.53
2009	6,376,258	2,800,619	3,575,639	2,535,000	931,565	3,466,565	1.03

<sup>(1)</sup> Includes total operating revenues and investment income.

<sup>(2)</sup> Includes total operating expenses less depreciation.

<sup>(3)</sup> Includes Storm Water System Revenue Bonds, Series 1999, 2000, 2001, 2002, 2003, 2004, 2007, 2008, and 2009 and 2006 Refunding Revenue Bonds.

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

**Schedule 16  
CITY OF APPLETON  
DEMOGRAPHIC STATISTICS**

**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Appleton Population <sup>(1)</sup></b>	<b>Personal Income <sup>(2)</sup></b>	<b>AGI Per Return <sup>(3)</sup></b>	<b>School System Enrollment <sup>(4)</sup></b>	<b>Total Employment <sup>(5)</sup></b>	<b>Annual Average Unemployment Rate <sup>(5)</sup></b>
2000	70,167	1,830,974,907	43,159	14,793	39,212	3.0
2001	70,623	1,827,449,049	43,597	14,800	38,774	4.4
2002	71,348	1,792,395,580	43,228	14,948	37,785	6.5
2003	71,649	1,821,726,575	43,972	15,275	37,531	6.7
2004	71,895	1,914,976,268	45,631	15,075	37,188	6.0
2005	72,085	1,975,028,500	46,167	15,196	37,081	5.7
2006	72,004	2,132,152,832	48,635	15,166	37,008	6.0
2007	72,158	2,193,539,875	49,473	15,143	37,099	5.9
2008	72,297	2,203,834,342	50,501	15,148	37,120	5.8
2009	72,400	N/A *	N/A *	15,002	35,925	10.7

1. Wisconsin Dept. of Administration estimates.
2. Wisconsin Department of Revenue. Adjusted Gross Income for all returns filed for Appleton residents.
3. Wisconsin Department of Revenue. Adjusted Gross Income per return.
4. Wisconsin Department of Public Instruction.
5. Wisconsin Department of Workforce Development; unemployment rates are 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>2009</u>			<u>2000</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	5.1 %	2,066	1	5.3 %
Appleton Area School District	Education	1,758	2	4.9	1,090	7	2.8
Appleton, Inc.	NCR Paper Products	1,535	3	4.3	1,523	2	3.9
Miller Electric Manufacturing	Electric Arc Welders	1,500	4	4.2	1,337	3	3.4
St. Elizabeth Hospital	Medical & Health Care Facility	1,398	5	3.9	1,214	4	3.1
Appleton Medical Center	Medical & Health Care Facility	1,250	6	3.5	1,150	5	2.9
Outagamie County	Government	1,243	7	3.5	1,100	6	2.8
West Business Services	Communication Services	1,000	8	2.8			
Valley Packaging Industries, Inc.	Hi-speed Packager	940	9	2.6	750	8	1.9
Voith Allis, Inc.	Paper Machines & Fabrics	770	10	2.1			
The Guardian Insurance Company	Insurance				700	9	1.8
City of Appleton	Government				650	10	1.7
<b>Total</b>		<b>13,230</b>		<b>36.8 %</b>	<b>11,580</b>		<b>29.5 %</b>
<b>Total Employment</b>		<b>35,925</b>			<b>39,212</b>		

\* 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**

<b>DEPARTMENT</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>General Government</b>										
Assessor's Office	8.00	8.00	8.00	7.00	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	15.00	15.00	15.00	15.70	15.80	15.80
Human Resources	8.00	8.00	8.60	8.60	8.60	8.60	8.60	8.60	8.60	8.60
Information Services	13.00	14.00	15.40	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	2.00	3.00	3.00	3.00	3.00	3.00
Facilities Management	-	-	-	-	-	-	-	8.00	8.00	8.00
<b>Total - General Government</b>	<b>58.00</b>	<b>59.00</b>	<b>61.00</b>	<b>60.00</b>	<b>58.00</b>	<b>59.00</b>	<b>59.00</b>	<b>67.70</b>	<b>67.80</b>	<b>67.80</b>
<b>Community Development</b>	<b>12.50</b>	<b>12.50</b>	<b>12.50</b>	<b>12.50</b>	<b>11.00</b>	<b>11.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b>Recreation/Library/Transit</b>										
Parks & Recreation	40.50	40.50	39.50	39.50	36.17	36.17	36.17	36.17	36.17	35.87
Library	45.50	45.50	45.50	46.00	46.00	46.00	45.50	45.50	45.50	45.50
Valley Transit	62.50	56.10	56.50	56.50	55.50	55.30	55.93	55.43	53.03	53.03
<b>Total - Recreation/ Library/Transit</b>	<b>148.50</b>	<b>142.10</b>	<b>141.50</b>	<b>142.00</b>	<b>137.67</b>	<b>137.47</b>	<b>137.60</b>	<b>137.10</b>	<b>134.70</b>	<b>134.40</b>
<b>Public Works</b>	<b>159.50</b>	<b>160.00</b>	<b>160.00</b>	<b>160.00</b>	<b>155.00</b>	<b>154.00</b>	<b>153.00</b>	<b>153.00</b>	<b>153.00</b>	<b>153.00</b>
<b>Public Health &amp; Safety</b>										
Health Department	12.75	13.55	14.10	14.05	16.55	17.55	17.60	17.40	17.20	16.20
Fire Department										
Firefighters and Officers	82.00	90.00	90.00	90.00	90.00	90.00	90.00	89.00	89.00	89.00
Civilian & Administrative	11.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Police Department										
Sworn	110.00	106.00	107.00	107.00	102.00	102.00	102.00	105.00	105.00	106.00
Civilian	31.00	31.00	33.00	33.00	33.00	32.00	31.00	30.00	30.00	30.00
<b>Total - Public Health &amp; Safety</b>	<b>246.75</b>	<b>252.55</b>	<b>256.10</b>	<b>256.05</b>	<b>253.55</b>	<b>253.55</b>	<b>252.60</b>	<b>253.40</b>	<b>253.20</b>	<b>253.20</b>
<b>Water &amp; Sewer Utilities</b>	<b>44.00</b>	<b>45.00</b>	<b>47.00</b>	<b>47.00</b>	<b>43.00</b>	<b>43.00</b>	<b>41.00</b>	<b>35.00</b>	<b>35.00</b>	<b>35.00</b>
<b>Total Regular Employees</b>	<b>669.25</b>	<b>671.15</b>	<b>678.10</b>	<b>677.55</b>	<b>658.22</b>	<b>658.02</b>	<b>653.20</b>	<b>656.20</b>	<b>653.70</b>	<b>653.40</b>

**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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>General Government</b>										
Building permits issued	939	858	916	906	854	757	712	705	577	552
Est. construction value (\$000)	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	101,968.4
School aged children vaccinated	98.0%	98.0%	98.0%	99.2%	99.6%	97.8%	99.4%	99.5%	99.5%	99.5%
Accurate weights & measures devices	93.1%	91.3%	88.1%	93.4%	95.9%	91.8%	95.0%	91.7%	93.5%	92.0%
Food-borne disease outbreaks	1	0	0	0	0	0	0	0	1	1
<b>Police</b>										
Calls for service	N/A	N/A	N/A	55,570	51,926	52,154	55,947	54,956	54,494	50,796
Reported Group A crimes <sup>1</sup>	1,961	2,340	2,046	2,139	2,554	2,487	2,547	2,561	2,824	4,370
Reported Group B crimes <sup>1</sup>	10,840	10,722	9,615	10,320	10,886	11,089	11,764	11,758	14,515	7,650
Cases assigned to investigators	550	1,232	1,140	1,365	1,435	1,356	1,250	N/A *	N/A *	1,472
<b>Fire</b>										
Emergency response < 4 min.	76%	78%	80%	81%	72%	67%	62%	72.0%	67.0%	66.1%
Fire loss (\$000)	617.4	656.2	2,095.6	746.5	832.5	276.9	1,284.0	953.8	1,580.5	2,196.8
Fire-related deaths	1	0	0	0	0	0	0	0	0	0
Emergency calls	2,829	3,166	2,330	2,232	2,317	2,511	2,439	2,739	2,991	2,721
<b>Public Works</b>										
Tons of refuse collected	28,208	29,058	29,201	29,712	31,226	29,945	30,600	30,300	29,301	22,126 <sup>5</sup>
Tons of recycling collected	8,819	3,952	8,058	8,179	8,060	7,579	6,962	7,024	6,704	6,046
Cu. Yds. of debris - street sweeping	3,790	2,290	1,850	2,525	2,537	2,165	2,722	2,161	3,351	3,368
Cost/ton - residential auto pickup	\$ 50.67	\$ 54.39	\$ 54.51	\$ 56.86	\$ 52.35	\$ 57.67	\$ 57.67	\$ 61.38	\$ 67.47	\$ 71.21
Miles of street reconstructed	5.46	7.54	6.75	6.02	6.64	3.47	3.39	1.68	3.37	7.24
<b>Parks &amp; Recreation</b>										
Sports league participants	10,105	9,951	8,437	8,348	8,425	6,709	6,675	5,824	5,425	5,538
Aquatics program participants <sup>2,3</sup>	4,220	3,641	2,523	3,679	3,689	2,120	2,218	2,616	2,750	2,616
Open swim attendance <sup>3</sup>	102,410	102,050	97,838	93,452	71,676	96,375	86,315	83,616	75,846	64,372
Rounds of golf played	47,850	46,409	45,576	46,320	44,342	39,313	35,595	34,870	34,666	35,545
Trees pruned	3,000	1,000	3,500	2,500	2,375	3,780	3,600	6,100	5,600	5,725
<b>Public Library</b>										
Titles in collection	303,663	315,741	318,898	342,514	332,036	350,256	299,295	382,690	307,777	316,182
Materials circulated	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	1,564,890
Annual door count	483,561	523,179	552,005	559,789	534,075	551,072	537,057	533,291	554,125	590,528
<b>Water</b>										
Avg. daily consumption (000 gal.)	8,273	8,708	8,397	8,385	8,135	8,108	8,096	7,937	7,593	7,515
Peak daily consumption (000 gal.)	14,746	17,255	15,126	13,222	13,153	14,635	13,765	13,941	11,659	11,636
Number of invoices per quarter <sup>4</sup>	24,588	24,849	25,161	24,849	25,161	26,785	26,963	27,101	27,257	27,336
<b>Wastewater</b>										
Avg. daily sewage treatment (000 gal.)	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	11,120.0
<b>Valley Transit</b>										
Total route miles	987,471	963,514	922,456	908,792	894,824	894,756	880,219	893,218	895,168	921,576
Passengers	966,291	971,692	970,417	909,197	937,410	954,725	937,297	958,359	1,001,325	909,109
Cost per trip	\$ 3.53	\$ 3.61	\$ 3.66	\$ 4.15	\$ 4.42	\$ 4.25	\$ 4.20	\$ 4.54	\$ 4.72	\$ 4.84

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

1. Reporting changed from Uniform Crime Report to National Incident Reporting in 2009
2. Appleton residents only
3. Not unduplicated
4. Measure changed in 2005 from number of customers.
5. Decrease due to discontinuation of commercial refuse collection in 2009

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

	<b>Fiscal Year</b>									
	<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>	<u>2009</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	82	82	82	82	83	83	83	83	83	83
Fire										
Stations	5	6	6	6	6	6	6	6	6	6
Fire suppression units	12	9	9	10	11	11	12	11	11	10
Public Works										
Miles of streets	305.0	310.0	313.0	322.0	332.7	335.0	335.0	352.1	358.3	360.7
Refuse packers	14	14	14	14	14	14	14	14	13	12
Single- and tri-axle dump trucks	24	24	24	24	24	24	24	23	23	25
Other heavy vehicles	19	19	20	20	20	19	19	20	20	21
Parks & Recreation										
Parks	31	31	32	32	32	32	32	32	32	32
Acreage	489.5	489.5	495.3	495.3	495.3	495.3	495.3	495.3	495.3	495.3
Swimming pools <sup>1</sup>	2	2	2	2	2	2	2	2	2	2
Golf courses	1	1	1	1	1	1	1	1	1	1
Water										
Miles of mains	317.2	332.3	333.7	341.1	348.9	354.5	361.9	362.9	366.6	372.3
Storage capacity (000 gallons)	8,550	6,800	6,800	7,300	7,300	7,300	7,300	7,300	7,300	7,300
Wastewater										
Miles of mains	276.2	280.6	282.1	287.1	292.7	298.6	303.0	303.8	307.3	309.4
Stormwater										
Miles of mains	239.7	247.4	251.9	259.6	272.8	281.7	286.5	289.1	293.5	297.6

<sup>1</sup>: In addition to two City-owned pools, the Parks and Recreation department provides programming at three pools owned by the Appleton Area School District.

# SINGLE AUDIT SECTION



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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

To 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, 2009, which collectively comprise the City of Appleton's basic financial statements and have issued our report thereon dated May 28, 2010. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Housing Authority of the City of Appleton, as described in our report on the City of Appleton's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting, and compliance and other matters that are reported on separately by those auditors.

***Internal Control Over Financial Reporting***

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

A deficiency in internal control 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 material weakness is a significant deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City of Appleton's 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 is required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Appleton in a separate letter dated May 28, 2010.

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

*Baker Tilly Vuchow Krause, LLP*

Madison, Wisconsin  
May 28, 2010



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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  
Appleton, Wisconsin

**Compliance**

We have audited the compliance of the City of Appleton, Wisconsin with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that are applicable to each of its major federal and major state programs for the year ended December 31, 2009. The City of Appleton's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and major state programs is the responsibility of the City of Appleton's management. Our responsibility is to express an opinion on the City of Appleton's compliance based on our audit.

The City of Appleton's basic financial statements included the operation of the Housing Authority of the City of Appleton, which received \$4,111,412 in federal and state awards which is not included in the schedule of expenditure of federal and state awards for the year ended December 31, 2009. 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 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, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance with OMB Circular A-133 or the *State Single Audit Guidelines* and which is described in the accompanying schedule of findings and questioned costs as item 09-1.

#### ***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, and to test and report on internal control over compliance with OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Appleton's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, detect, and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that noncompliance with a type of compliance requirement of a federal or state program will not be prevented, detected, and corrected, on a timely basis. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness.

#### ***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, 2009, which collectively comprise the City of Appleton's basic financial statements and have issued our report thereon dated May 28, 2010. 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. Therefore, we do not express an opinion on the accompanying schedule of expenditures of federal and state awards.

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

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

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

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
May 28, 2010

**CITY OF APPLETON**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	(Accrued) Deferred Revenue January 1, 2009	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2009
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
Direct Programs					
Community Development Block Grant Entitlement Program (CDBG)					
Entitlement Program	14.218	\$ (61,564)	\$ 826,687	\$ 879,821	\$ 114,698
Passed Through State of Wisconsin Department of Commerce					
CDBG-Neighborhood Stabilization Program (NSP)	14.228	-	233,688	357,804	124,116
Emergency Shelter Grant (ESG)	14.231	(41,384)	213,315	195,818	23,887
Supportive Housing Program (SHP)	14.235	(52,612)	232,000	222,309	42,921
ARRA Homeless Prevention and Rapid Rehousing (HPRP)	14.257	-	67,834	85,137	17,303
ARRA Lead Hazard Control (LHC)	14.907	-	2,935	18,803	15,868
Total U.S. Department of Housing and Urban Development		<u>(155,560)</u>	<u>1,576,459</u>	<u>1,759,692</u>	<u>338,793</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>					
Federal Transit Cluster					
Direct Programs					
Federal Transit Formula Grants	20.507	(538,809)	2,519,047	2,640,317	660,079
ARRA Federal Transit Formula Grants	20.507	-	-	112,357	112,357
Passed Through State of Wisconsin Department of Transportation					
Federal Transit Capital Improvement Grants					
WI-03-0076	20.500	-	-	22,351	22,351
WI-03-0080	20.500	(2,472)	2,472	22,917	22,917
WI-03-0084	20.500	(17,038)	10,466	46,832	53,404
WI-03-0087	20.500	(7,711)	7,711	42,513	42,513
WI-03-0091	20.500	-	-	29,163	29,163
Total Federal Transit Cluster		<u>(566,030)</u>	<u>2,539,696</u>	<u>2,916,450</u>	<u>942,784</u>
Section 5310 - JARC/WETAP	20.516	-	142,990	171,651	28,661
Safe Routes to School Grant - Infrastructure	20.205	-	-	13,418	13,418
Safe Routes to School Grant - Incentive	20.205	-	9,980	16,952	6,972
Total U.S. Department of Transportation		<u>(566,030)</u>	<u>2,692,666</u>	<u>3,118,471</u>	<u>991,835</u>
<b>U.S. DEPARTMENT OF NATURAL RESOURCES</b>					
Passed Through State of Wisconsin Natural Resources					
ARRA Capitalization Grants for Clean Water State Revolving Funds	66.458	-	268,475	373,483	105,008
Total U.S. Department of Natural Resources		<u>-</u>	<u>268,475</u>	<u>373,483</u>	<u>105,008</u>

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

**CITY OF APPLETON**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	(Accrued) Deferred Revenue January 1, 2009	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2009
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Passed Through State of Wisconsin Department of Health Services					
Childhood Immunization Grant - 1/1/08 - 12/31/08	93.268	\$ 7,988	\$ -	\$ 7,988	\$ -
Childhood Immunization Grant - 1/1/09 - 12/31/09	93.268	-	23,690	17,391	(6,299)
Total Childhood Immunization Grant		<u>7,988</u>	<u>23,690</u>	<u>25,379</u>	<u>(6,299)</u>
Preventative Health and Health Services Block Grant 1/1/06 - 12/31/06	93.991	3,753	-	3,753	-
Preventative Health and Health Services Block Grant 1/1/07 - 12/31/07	93.991	8,229	-	1,222	(7,007)
Preventative Health and Health Services Block Grant 1/1/08 - 12/31/08	93.991	8,229	-	-	(8,229)
Preventative Health and Health Services Block Grant 1/1/09 - 12/31/09	93.991	-	8,052	-	(8,052)
Total Preventative Health and Health Services Block Grant		<u>20,211</u>	<u>8,052</u>	<u>4,975</u>	<u>(23,288)</u>
Maternal and Child Health Services Block Grant 1/1/08 - 12/31/08	93.994	9,593	-	9,593	-
Maternal and Child Health Services Block Grant 1/1/09 - 12/31/09	93.994	-	33,553	20,037	(13,516)
Total Maternal and Child Health Services Block Grant		<u>9,593</u>	<u>33,553</u>	<u>29,630</u>	<u>(13,516)</u>
CDC Investigations - Technical Assistance - 1/1/05 - 12/31/05	93.283	3,279	-	-	(3,279)
CDC Investigations - Bioterrorism Grant - 1/1/08 - 12/31/08	93.283	165,915	-	165,915	-
CDC Investigations - Bioterrorism Grant - 1/1/09 - 12/31/09	93.283	-	208,135	125,034	(83,101)
Total CDC Investigations Technical Assistance		<u>169,194</u>	<u>208,135</u>	<u>290,949</u>	<u>(86,380)</u>
Project Grants Cooperative Agreement for Tuberculosis Control Programs - 1/1/02 - 12/31/02	93.116	1,585	752	120	(2,217)
Total U.S. Department of Health and Human Services		<u>208,571</u>	<u>274,182</u>	<u>351,053</u>	<u>(131,700)</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>					
Passed through State of Wisconsin Department of Administration Office of Justice Assistance					
Homeland Security Regional Response Team Equipment	97.004	155,728	-	155,728	-
Total U.S. Department of Homeland Security		<u>155,728</u>	<u>-</u>	<u>155,728</u>	<u>-</u>
<b>TOTAL FEDERAL AWARDS</b>		<u>\$ (357,291)</u>	<u>\$ 4,811,782</u>	<u>\$ 5,758,427</u>	<u>\$ 1,303,936</u>

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

**CITY OF APPLETON**

SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Year Ended December 31, 2009

<u>State Grantor/Program Title</u>	<u>State I.D. Number</u>	<u>(Accrued) Deferred Revenue January 1, 2009</u>	<u>Grantor Reimburse- ments</u>	<u>Expendi- tures</u>	<u>Accrued (Deferred) Revenue December 31, 2009</u>
<b>WISCONSIN DEPARTMENT OF TRANSPORTATION</b>					
Transit Operating Aids					
2008	395.104	\$ (197,284)	\$ -	\$ -	\$ 197,284
2009	395.104	-	<u>1,819,771</u>	<u>1,612,854</u>	<u>(206,917)</u>
Total Wisconsin Department of Transportation		<u>(197,284)</u>	<u>1,819,771</u>	<u>1,612,854</u>	<u>(9,633)</u>
<b>WISCONSIN DEPARTMENT OF NATURAL RESOURCES</b>					
Recreational Boating Facilities 2006-2008	350.573	(142,507)	142,507	-	-
Recreational Boating Facilities 2008-2010	350.573	<u>75,517</u>	<u>48,750</u>	<u>248,535</u>	<u>124,268</u>
Total Wisconsin Department of Natural Resources		<u>(66,990)</u>	<u>191,257</u>	<u>248,535</u>	<u>124,268</u>
<b>WISCONSIN DEPARTMENT OF HEALTH SERVICES</b>					
T. Melvin Public Education (associated with PHHS) - 1/1/01 - 12/31/01	435.158853	930	-	-	(930)
Lead Poisoning - 1/1/08 - 12/31/08	435.157720	976	-	976	-
Lead Poisoning - 1/1/09 - 12/31/09	435.157720	-	<u>11,892</u>	<u>9,581</u>	<u>(2,311)</u>
Total Wisconsin Department of Health Services		<u>1,906</u>	<u>11,892</u>	<u>10,557</u>	<u>(3,241)</u>
<b>WISCONSIN DEPARTMENT OF MILITARY AFFAIRS</b>					
Regional Emergency Response Team	465.306	-	<u>196,228</u>	<u>196,228</u>	-
<b>TOTAL STATE AWARDS</b>		<u>\$ (262,368)</u>	<u>\$ 2,219,148</u>	<u>\$ 2,068,174</u>	<u>\$ 111,394</u>

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

## CITY OF APPLETON

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2009

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#### **NOTE 1 – REPORTING ENTITY**

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This report on Federal and State Awards includes the federal and state awards of the funds of the City of Appleton. The reporting entity for the City is based upon criteria established by the Governmental Accounting Standards Board.

The City of Appleton is the primary government according to GASB criteria, while the Housing Authority of the City of Appleton is a component unit.

Federal and state awards received directly by the Housing Authority are not included in this report since the Housing Authority has been audited by other auditors for their grants and those amounts are reported in a separate report.

The schedule includes only those programs required to be included in accordance with the *State Single Audit Guidelines*.

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#### **NOTE 2 – BASIS OF PRESENTATION**

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The accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* and the *State Single Audit Guidelines*.



# CITY OF APPLETON

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2009

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

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#### *FEDERAL OR STATE AWARDS* (cont.)

Identification of major state programs:

<u>State Number</u>	<u>Name of State Program</u>
350.573	Recreational Boating Facilities
395.104	Transit Operating Aids
465.306	Regional Emergency Response Team

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### SECTION II – FINANCIAL STATEMENT FINDINGS

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None reported.

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### SECTION III – FEDERAL AND STATE FINDINGS AND QUESTIONED COSTS

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*Finding 09-1: Federal Transit Aids CFDA Cluster 20.500 & 20.507*

**Condition:** The last bi-annual inventory of capital assets was completed in January of 2008. In addition, the detailed continuing property records containing the FTA required data has not been updated since 2008 although management does have all the required information available for the 2009 activity.

Valley Transit did have several staffing changes in the last two years causing annual or biennial procedures related to documentation to have been missed in the training of the new staff.

**Criteria:** FTA Circular 5010.1D requires that a biennial inventory of capital assets be completed. It also requires that continuing property records be maintained and include a description, an identification number, the source, who holds the title, acquisition date, cost, percentage of federal participation, applicable grant, location, condition, disposition date, and sales price for each.

**Effect:** Potential Appleton Valley Transit could lose FTA funding for noncompliance of the requirement. Currently, neither the 2009 or 2010 funding are at risk.

**Questioned Costs:** None.

**Recommendation:** We recommend that the biennial review be completed and that the detailed property records be updated through December 31, 2009 with continuing efforts put in place going forward.

**Management’s Response:** Management was not aware of the FTA requirements for biennial inventory of capital assets or the need for documentation of the assets. Inventory and updates of the CPR records will be completed in early 2010.

