

CITY OF APPLETON

Appleton, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

Year Ended December 31, 2010

FINANCE DEPARTMENT

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CITY OF APPLETON

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INTRODUCTORY SECTION



“...meeting community needs...enhancing quality of life.”

May 27, 2011

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, 2010, 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 (134 full-time equivalents (FTE's)), fire protection (97 FTE's), public works (100.2 FTE's), administrative offices (61.5 FTE's), health services (16 FTE's), parks and recreation (7 FTE's), library services (45 FTE's), transportation (52.6 FTE's), facilities management (20.2 FTE's) and water, wastewater, stormwater and parking utilities (96.1 FTE's). Of the City's 630 employees, 455 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 not yet at pre-recession levels, unemployment figures for the City rebounded positively in 2010. The December, 2010 unemployment rate of 8.2% marked a full 2% decrease from the December, 2009 rate of 10.2%. The City's 8.2% unemployment rate also compares favorably to the national average of 9.4%. Additionally, City residents continued to enjoy above average earnings evidenced by the average gross income per income tax return of \$48,751 (2009 rate). Additional background data is included in the Statistical Section of this report.

Economic Condition and Outlook/Major Initiatives

The local economy continues to benefit from the City of Appleton's role as a regional center for the paper, insurance, and health care industries. The presence of four major insurance industry home offices or regional headquarters has stimulated related services as well as an upscale housing market.

In 2010, the total valuation of residential building construction increased from \$17,382,180 in 2009 to \$19,602,972 (12.8%) . New construction included 64 single-family homes, 3 two-family residences, and 7 (60 units) multiple unit dwellings. Additions or alterations to existing residences added another \$4,222,503 in value. The number of single-family units built in Appleton had declined steadily from 203 units in 2003 to 54 units in 2008. However, housing starts picked up in 2009 when the number of single family units increased to 74. Unfortunately, the momentum could not be sustained in 2010 as housing starts dropped to 64. Despite the decrease, the value of those new homes constructed increased from an average of \$202,539 in 2009 to \$240,068 per unit in 2010, an increase of 18.5%.

The promotion of commercial and industrial development continues to remain one of the City's top priorities. Commercial and industrial building permits issued in 2010 totaled 144 with a valuation of \$34,543,786. Over 1/3 of the development was attributable to three projects: St. Elizabeth Hospital underwent a \$7.5 million addition and interior remodeling project; the Orthopedic and Sports Institute of the Fox Valley constructed a \$3 million addition; and the Rennes, a skilled nursing and assisted living facility, underwent a \$3 million expansion. The City continues to maintain its proportionate share of the region's

growth accounting for 35.8% of all growth in the Fox Cities during 2010. Appleton's total dollar value of construction in 2010 was \$58,369,261.

Despite the slowdown in the economy, businesses continue to gravitate towards the City's downtown. During the last year, 17 new businesses opened in the downtown while 8 closed resulting in a net gain of 9. This improvement adds to the net gain of 8 businesses in the downtown in 2009.

In the City's northside growth area, several new office buildings were completed north of U.S. 41 in the office section of the Northeast Business Park. The first phases of the Villas at Apple Creek Center consisting of 60 units and a clubhouse were completed. An additional 12 units are in the process of being constructed. When fully developed, the residential condominium project will add 152 single family units. The City also has 14 acres of industrial land in the Northeast Business park available for future development.

In the City's southside growth area, St. Elizabeth Hospital has begun work on a three year \$65 million expansion, which includes renovations and remodeling of the emergency department, outpatient rehabilitation center, cancer center, and power plant. Tax Incremental Financing District #7 continues to support the rehabilitation and development of the urban corridor adjacent to State Highway 441. Finally, the Southpoint Commerce Park, the City's newest industrial park, provides over 100 shovel-ready acres poised for development ranging in size from 1.3 to 14.6 acres and priced at \$40,000 - \$45,000 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, currently 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, 2010, the City had 34 debt issues outstanding. These issues included \$40,697,339 of general obligation bonds and notes and \$126,374,002 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, 2010, the City's net general obligation debt of \$38,354,552 was well below the legal limit of \$242,579,815 (15.81%) and debt per capita equaled \$529. 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 City and its proprietary funds earned investment revenue of \$5,115,495 on all investments for the year ended December 31, 2010.

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 23 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.

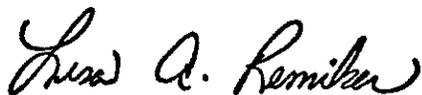
Independent Audit

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

Cathy M. Spears

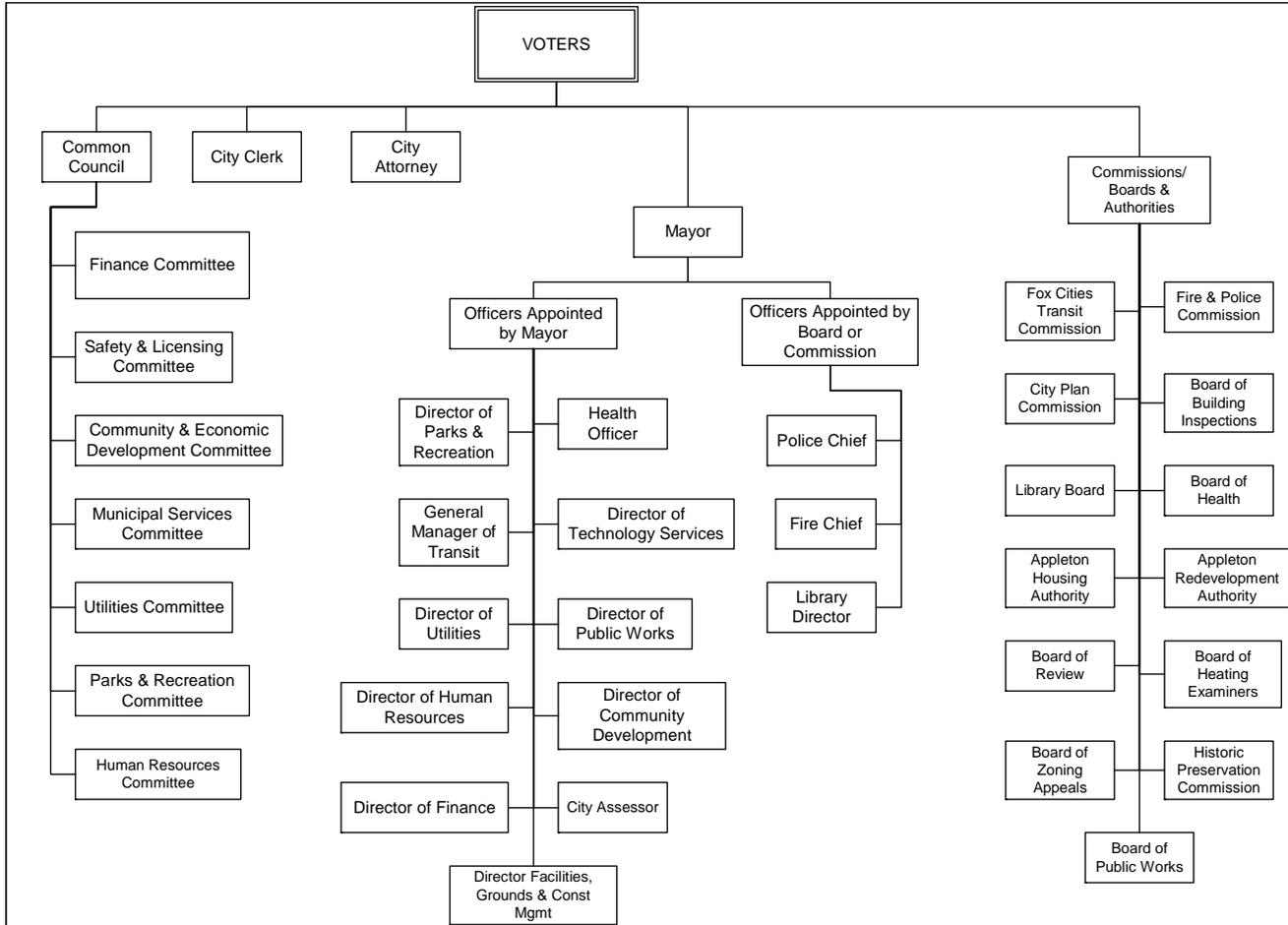
COUNCIL MEMBERS

District 1:	Christoph Wahl	District 10:	Michael R. Smith
District 2:	John Robin Hill	District 11:	Teege Mettille
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		

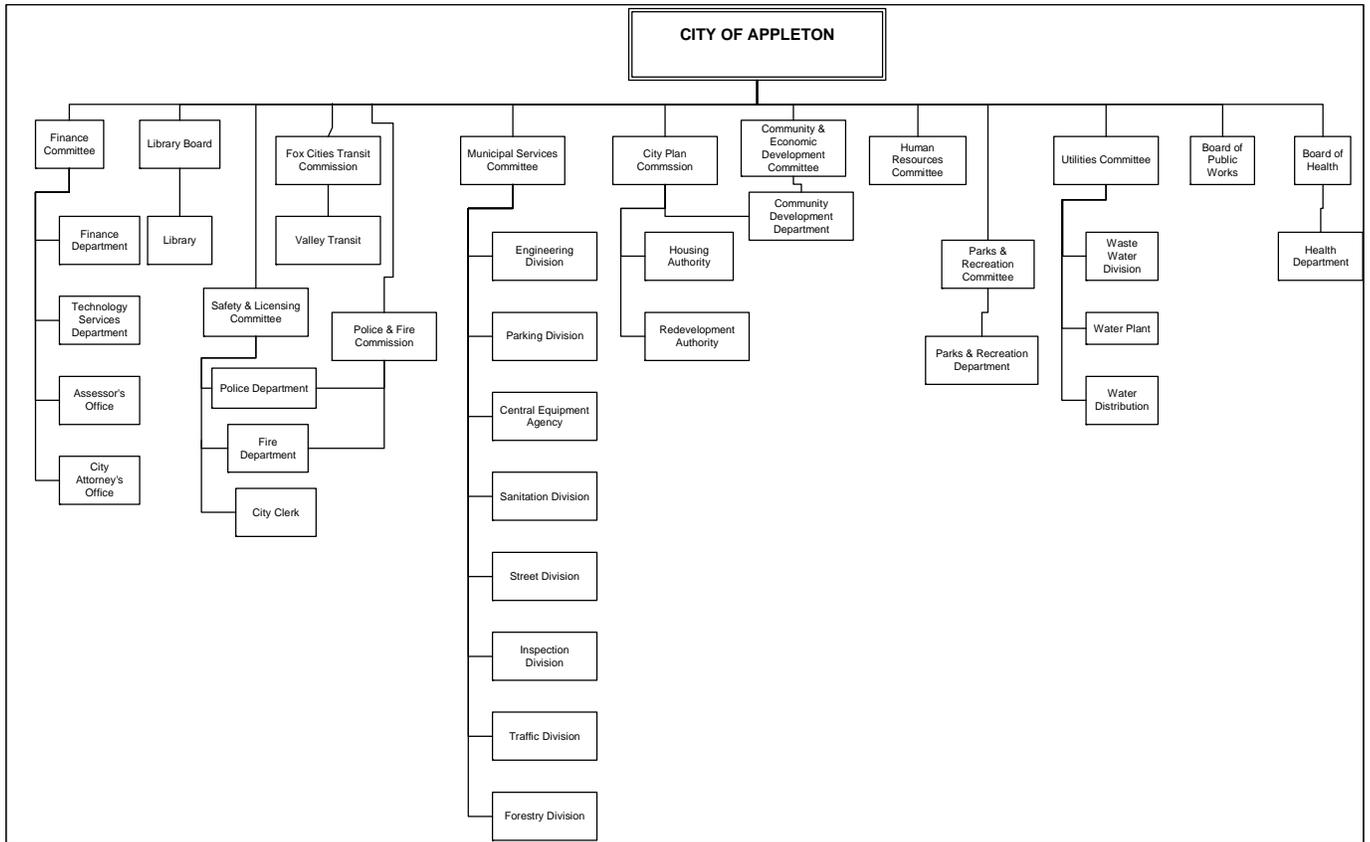
DEPARTMENT/DIVISION HEADS

Director of Human Resources	Sandra A. Neisen
City Attorney	James P. Walsh
Fire Chief	Len Vander Wyst
Director of Library	Colleen Rortvedt
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	Chris Shaw
Director of Information Services	Vacant
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



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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, 2010, 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 96%, 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, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the City adopted the provisions of GASB Statement No. 51 – *Accounting and Financial Reporting for Intangible Assets*, effective January 1, 2010.

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 Virchow Krause, LLP

Madison, Wisconsin
May 27, 2011

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2010

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, 2010. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Appleton exceeded its liabilities at the close of the most recent fiscal year by \$544,444,805. Of this amount, \$45,683,542 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 \$9,554,970. Despite the slowdown in the national economy, the number of building permits issued increased slightly from 552 in 2009 to 560 in 2010. A few of the larger construction projects in 2010 included St. Elizabeth's Hospital which underwent a \$7.5 million addition and interior remodeling project, the Orthopedic and Sports Institute of the Fox Valley which constructed a \$3 million addition, and the Rennes, a skilled nursing and assisted living facility, which underwent a \$3 million expansion. The City's equalized value also increased \$62.5 million from 2009 to 2010 with the commercial sector leading the way with a 4.8% 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 \$31,279,543, a decrease of \$9,977,025 in comparison to the prior year. The majority of the decrease was due to the closing of Tax Incremental Financing District (TID) 4 which resulted in the return of \$2.8 million to the City's general fund as well as over \$5 million to other local taxing jurisdictions, while also establishing an escrow of \$4.1 million to complete the remaining capital expenditures in the project plan (\$2.6 million was spent in 2010); the continuing struggles of TID 6 to provide sufficient tax increment to cover existing debt service requirements which resulted in a \$1.2 decrease in fund balance; and fewer capital projects in 2010 including the completion of the Police Station expansion project which accounted for \$1.3 million of expenditures in 2010 versus \$5.9 million in 2009.
- At the end of the current fiscal year, the undesignated and unreserved balance in the general fund is \$486,440. This balance represents a \$58,352 increase from the 2009 balance. Although the ending balance was relatively constant compared to the prior year, there were some significant transactions that affected the balance during the 2010. As noted above, TID 4 was closed which, along with distributions to other tax jurisdictions, returned over \$2.8 million to the City's general fund. Of these proceeds, approximately \$1.6 million was reserved as a future funding contingency for underperforming TIF districts, a little over \$1 million was used to replenish the Subdivision Fund balance to bring it in compliance with its reserve policy, and approximately \$200,000 was used to increase the reserve for inventories as required by governmental accounting standards.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE STATEMENTS

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

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.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2010

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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.

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

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

Proprietary Funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its 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, 2010

OVERVIEW OF THE 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 77 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 78 to 82 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 83 to 108 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Appleton, assets exceeded liabilities by \$544,444,805 as of December 31, 2010.

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, 2010

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

CITY OF APPLETON'S NET ASSETS

	Governmental Activities 2010	Business- Type Activities 2010	Totals
Current and Other Assets	\$ 96,562,273	\$ 62,904,889	\$ 159,467,162
Capital Assets	<u>325,749,888</u>	<u>290,647,467</u>	<u>616,397,355</u>
Total Assets	<u>422,312,161</u>	<u>353,552,356</u>	<u>775,864,517</u>
Long-term Liabilities	48,927,805	129,533,051	178,460,856
Other Liabilities	<u>49,654,869</u>	<u>3,303,987</u>	<u>52,958,856</u>
Total Liabilities	<u>98,582,674</u>	<u>132,837,038</u>	<u>231,419,712</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	301,042,119	181,147,366	480,204,886
Restricted	7,014,412	11,541,965	18,556,377
Unrestricted	<u>15,672,956</u>	<u>28,025,987</u>	<u>45,683,542</u>
Total Net Assets	<u>\$ 323,729,487</u>	<u>\$ 220,715,318</u>	<u>\$ 544,444,805</u>

	Governmental Activities 2009	Business- Type Activities 2009	Totals
Current and Other Assets	\$ 107,806,811	\$ 69,687,454	\$ 177,494,265
Capital Assets	<u>318,510,222</u>	<u>282,333,371</u>	<u>600,843,593</u>
Total Assets	<u>426,317,033</u>	<u>352,020,825</u>	<u>778,337,858</u>
Long-term Liabilities	55,870,757	133,218,192	189,088,949
Other Liabilities	<u>51,363,830</u>	<u>2,995,244</u>	<u>54,359,074</u>
Total Liabilities	<u>107,234,587</u>	<u>136,213,436</u>	<u>243,448,023</u>
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	<u>20,215,128</u>	<u>19,762,345</u>	<u>42,266,904</u>
Total Net Assets	<u>\$ 319,082,446</u>	<u>\$ 215,807,389</u>	<u>\$ 534,889,835</u>

An additional portion of the City's net assets (approximately 3.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$45,683,542 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, 2010

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, 2010. Governmental activities increased the City of Appleton's net assets by \$4,647,041. Of this amount, \$3,822,772 was contributed from others. Business-type activities increased the City's net assets by \$4,907,929. Capital contributions in the business-type activities were \$3,923,537.

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

	Governmental Activities 2010	Business- Type Activities 2010	Totals
Revenues:			
Program Revenues:			
Charges for services	\$ 5,229,374	\$ 37,236,051	\$ 42,465,425
Operating grants and contributions	6,666,648	5,856,887	12,523,535
Capital grants and contributions	6,432,635	3,923,537	10,356,172
General Revenues:			
Property taxes	40,296,877	-	40,296,877
Other taxes	862,279	-	862,279
Intergovernmental	13,916,622	-	13,916,622
Investment income	2,703,110	2,412,385	5,115,495
Gain (loss) on sale of assets	208,401	-	208,401
Miscellaneous	190,944	6,555	197,499
Total Revenues	<u>\$ 76,506,890</u>	<u>\$ 49,435,415</u>	<u>\$ 125,942,305</u>
Expenses:			
General government	\$ 13,706,195	\$ -	\$ 13,706,195
Public safety	28,042,633	-	28,042,633
Public works	16,995,311	-	16,995,311
Education and recreation	9,215,036	-	9,215,036
Community development	3,647,803	-	3,647,803
Interest and fiscal charges	2,428,491	-	2,428,491
Water Utility	-	14,456,132	14,456,132
Wastewater Utility	-	11,039,780	11,039,780
Valley Transit	-	8,237,666	8,237,666
Stormwater Utility	-	6,322,301	6,322,301
Other non-major proprietary funds	-	2,295,987	2,295,987
Total Expenses	<u>\$ 74,035,469</u>	<u>\$ 42,351,866</u>	<u>\$ 116,387,335</u>
Increases in net assets before transfers	\$ 2,471,421	\$ 7,083,549	\$ 9,554,970
Transfers	<u>2,175,620</u>	<u>(2,175,620)</u>	<u>-</u>
Increase in net assets	4,647,041	4,907,929	9,554,970
Net Assets – January 1, 2010	<u>319,082,446</u>	<u>215,807,389</u>	<u>534,889,835</u>
Net Assets – December 31, 2010	<u>\$ 323,729,487</u>	<u>\$ 220,715,318</u>	<u>\$ 544,444,805</u>

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2010

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

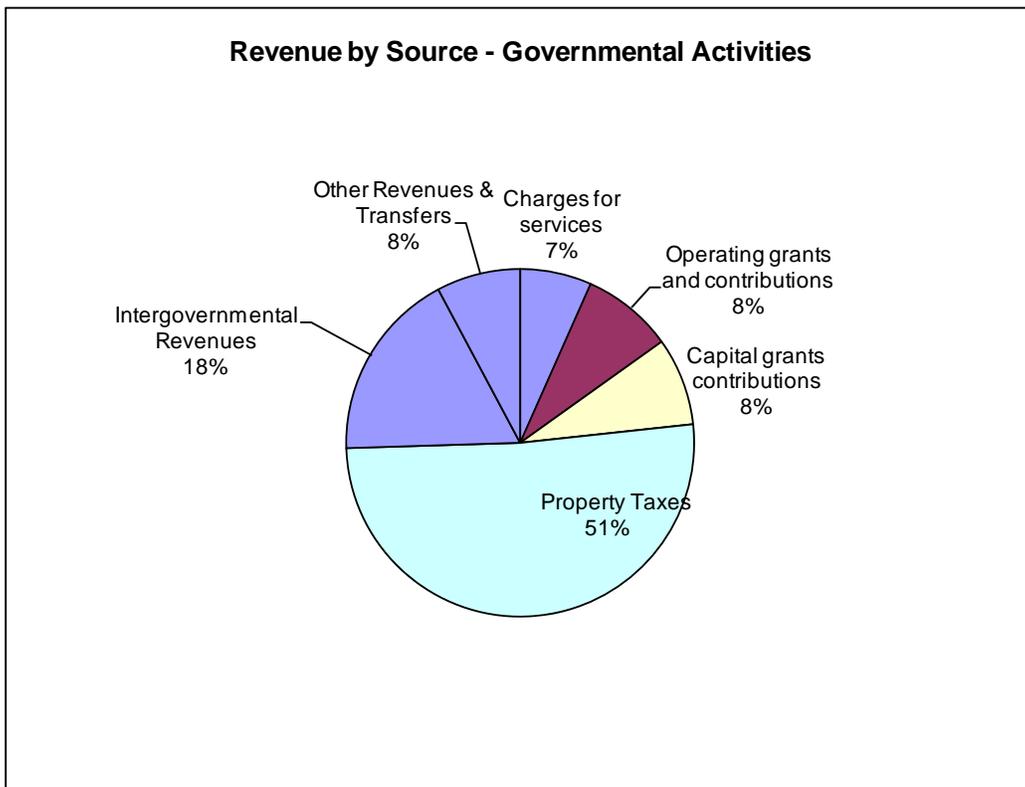
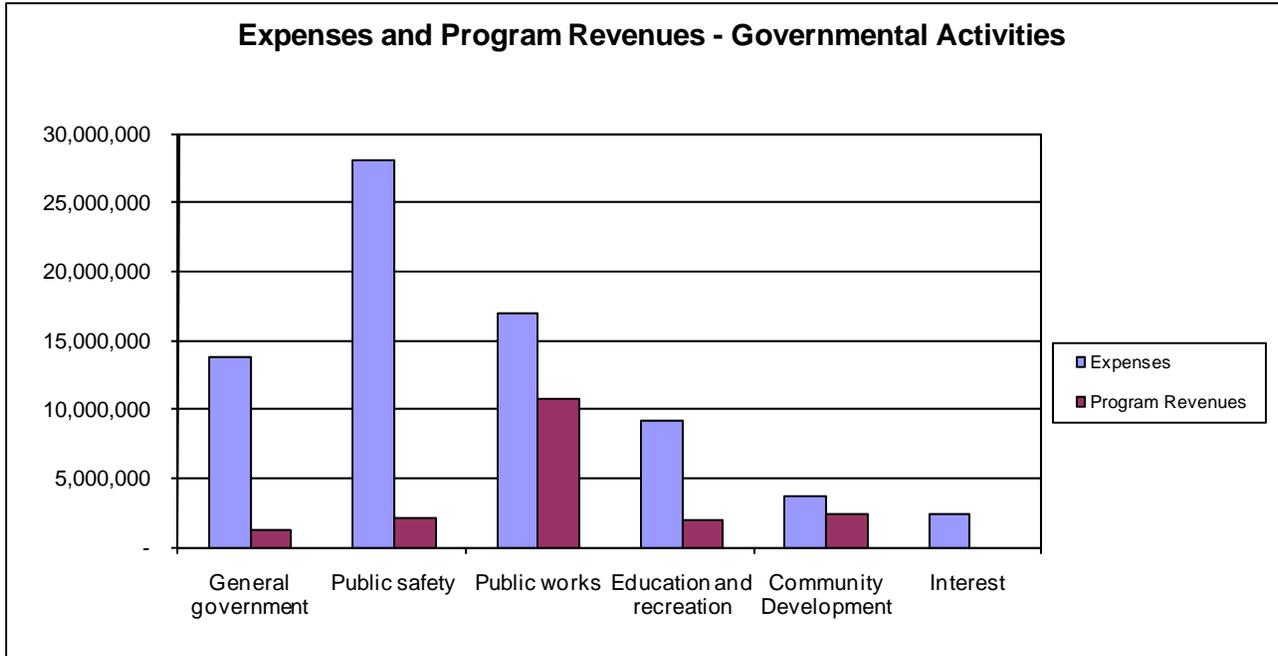
CITY OF APPLETON CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (cont.)

	<u>Governmental Activities 2009</u>	<u>Business- Type Activities 2009</u>	<u>Totals</u>
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	-	18,845,722
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 (decrease) in net assets	21,417,919	2,698,773	24,116,692
Net Assets – January 1, 2009	297,664,527	213,108,616	510,773,143
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, 2010

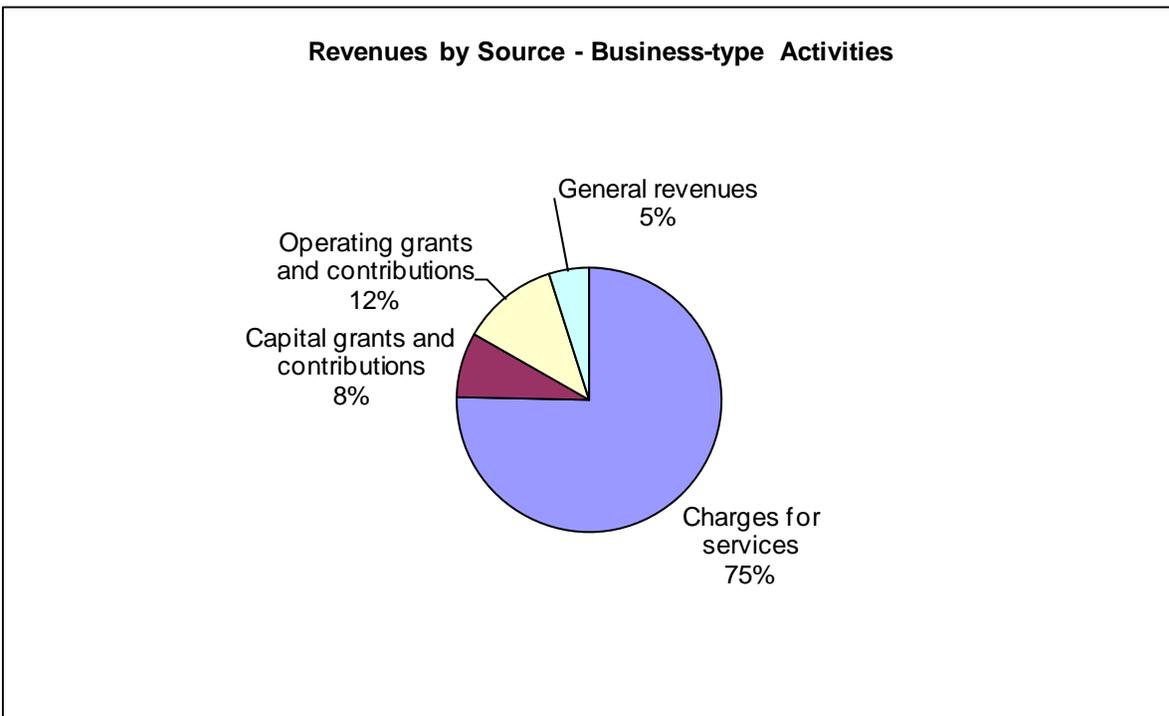
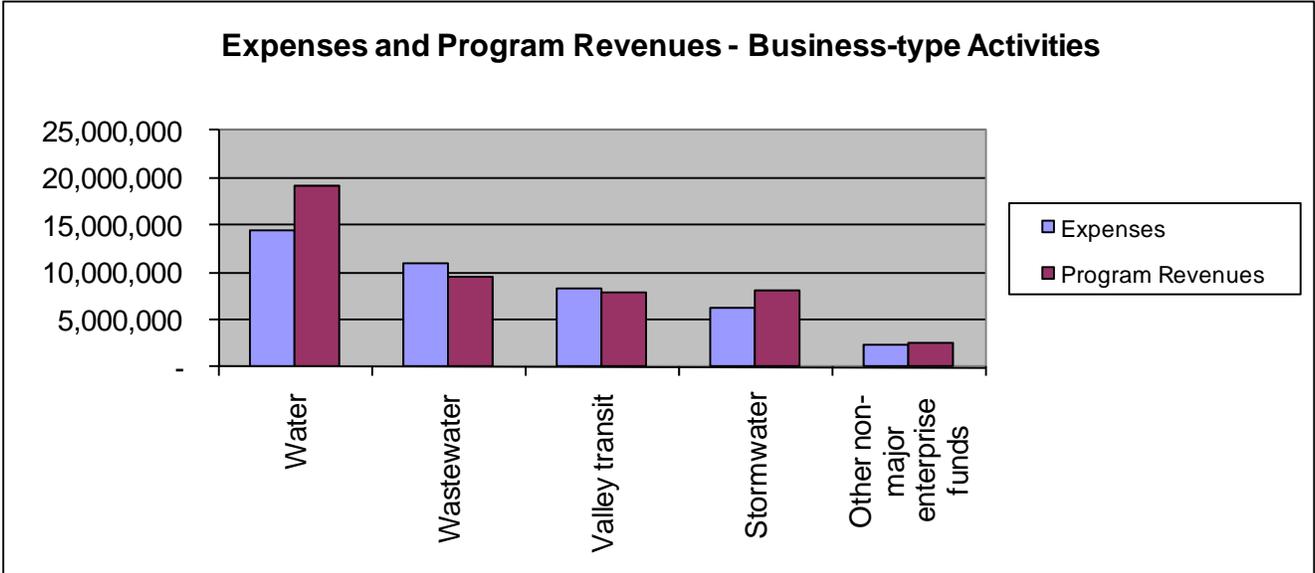
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE (cont.)



CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2010

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



CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2010

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

GOVERNMENTAL FUNDS

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

At the end of current fiscal year, the City of Appleton's governmental funds reported combined ending fund balances of \$31,279,543. The fund balance that is reserved to indicate that it is not available for new spending because it has already been committed equals \$15,849,405. It includes: 1) \$4,227,362 to pay for encumbrances, 2) \$34,111 for prepaid items, 3) \$890,237 for inventories, 4) \$10,479,175 for loans receivable, 5) \$184,868 for debt retirement and 6) \$33,652 for trust purposes.

The remaining \$15,430,138 constitutes the unreserved fund balance at year end. Of this amount, \$28,541,250 is designated for specific purposes (working capital and debt service for example), leaving a deficit of \$13,111,112 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 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 15.81% of the limit and have a debt per capita of \$529.

In 2010, the general fund balance increased \$1,591,503 due mainly to higher than anticipated revenues during the year. Some of the more notable items contributing to the fund balance increase included the closing of TID 4 which brought in approximately \$500,000 more than anticipated; State payments for local road improvements and reimbursement of a prior year's street reconstruction project added another \$400,000; an increase in the payment in lieu of taxes from the City's water utility due to the increased value of infrastructure within the City contributed approximately \$300,000; and increased revenue over budget from building and electrical permits (\$100,000), special assessment collections (\$64,000), and court fines (\$57,000) also contributed to the increase during the year.

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 2010.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2010

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

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 \$7,344,586 in 2010, or a 6.27% rate of return on the net investment rate base. This compares to operating income of \$8,030,315 in 2009, or a 7.43% rate of return. The 2010 rate of return is just below the 7% authorized by the Public Service Commission of Wisconsin (PSCW) in December, 2010. The decrease in operating income was caused mainly by a \$889,217 increase in depreciation expense which was a result of an increase in the depreciation rate allowed on the water plant, and equipment within the plant, that was approved by the PSCW in 2010. Fortunately, due to improved water quality which required less chemical treatment and lime waste disposal costs, operation and maintenance decreased \$531,673 (7.1%). This decrease, combined with a resurgence in investment income and increased capital contributions from developers and others, allowed the Utility to actually increase its net assets in 2010 by \$3,973,318, which compares favorably to \$3,312,200 in 2009.

Wastewater Utility: The Wastewater Utility realized an operating loss of \$2,085,932 in 2010 compared to an operating loss of \$1,619,734 in 2009. The biggest contributor to the loss was a 5.3% decrease in charges for service revenue led by a 14.1% 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. Fortunately, due to a rebound in the investment market, interest income increased \$666,629 over 2009, and capital contributions from developers and others increased \$598,160. These factors aided in limiting the decrease in the Utility's net assets to \$820,255 in 2010 compared to a decrease of \$1,792,617 in 2009.

Valley Transit: Operating revenues decreased slightly, \$68,848, a result of the continuing economic downturn. Operating expenses were up \$368,785 (4.7%) partially due to increased fuel prices at the end of 2010 as well as two contractual increases in salaries and benefits. Fortunately, due to increases in federal, state and local subsidies which more than offset the increase in operating expenses, net assets increased for the year \$237,200.

Stormwater Utility: The Stormwater Utility operating income was \$2,203,752 in 2010 compared to an operating income of \$1,938,627 in 2009. The increase in operating income was due mainly to an increase in stormwater rates which went into effect on July 1, 2010. Additionally, as with the other utilities, interest income increased \$611,038 from 2009. However, offsetting some of these gains were operating expenses which rose 5.0%, due mainly to the allocation of additional labor pool costs due to project workload, and lease payments for land related to the Memorial Park North Pond. The net result for the year was an increase in net assets of \$2,563,375 compared to an increase of \$2,034,683 in 2009.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2010

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended General Fund budget had total appropriations (including transfers) of \$3,443,951 more than the original budget. The total original appropriations, including those for transfers out, were \$57,423,818, while the final appropriations were \$60,867,769. The majority of the difference, \$2,257,554, was related to unspent budgetary funds from 2009 carried over into 2010 that will again be carried over into 2011 to safeguard against uncertainties in the economy. This includes general, fuel, and wage reserve contingency funds (\$858,685) along with an amount for uncertainties related to the State budget (\$600,000), and unspent cable settlement funds (\$199,672). The remaining funds carried over related to departmental projects budgeted in 2009, but not completed until 2010.

In addition to these amounts re-appropriated from the 2009 budget to the 2010 budget, new appropriations of \$1,186,397 were approved. The largest of which were transfers totaling \$1,075,286 from the general fund to the Subdivision Development capital projects fund to bring the fund into compliance with its fund balance policy. This amount was needed to help fund cash flow shortages due to property owners choosing five year installment payment plans rather than paying in full at the time of assessment, to compensate for legislative actions that forgave or reduced assessments, and to fund projects whose assessments were less than 70% of the total cost of the project. The remaining increase of approximately \$111,111 was for various items approved by the City Council throughout the year.

CAPITAL ASSETS

At the end of 2010, the City had invested a total of \$616,397,355 in capital assets (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, infrastructure and construction work in progress.

Major capital asset events during the current fiscal year included the following:

Water: Transmission and distribution capital outlay accounted for \$5.9 million of expenses and will continue to be a focus due to an aging distribution system. Major improvements made in this area include the extension of water service to the Utility's newest wholesale customer, the Village of Sherwood. The majority of the cost was born by the Village, however ownership of the assets was retained by the Utility. Additionally, over \$1.5 million was expended on improvements in the Wisconsin Avenue area in conjunction with a State road improvement project. Finally, the ongoing project to convert the water purification process from a granular activated carbon (GAC) filtering system to a combination sand and GAC filtration system was completed.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2010

CAPITAL ASSETS (cont.)

Wastewater: Significant additions included \$3.5 million in improvements to the wastewater collection system. Included in the improvements to the collection system was \$1.6 million for the upgrade of a major interceptor in the downtown area near the post office, and \$1 million on improvements in the Wisconsin Avenue area in conjunction with a State road improvement project. The remaining \$900,000 represents expenditures for collection system upgrades throughout the City.

Stormwater: Improvements necessary to continue our efforts in the management of stormwater in the City accounted for \$4.0 million in additions to land, mains, detention ponds and facilities in order to comply with regulations. In 2010, the Kensington Pond retrofit project was completed, and work started on the Memorial Park South and Conkey Street ponds which account for a major portion of the \$4.6 million in projects in process at the end of the year.

General: The newly remodeled and expanded Police Station was dedicated in June 2010. The \$12.8 million project added 22,500 square feet to the facility and included an improved booking area, an expanded firearms training range, a larger evidence processing and storage area, a secure parking area for squad cars, and a parking deck for employees.

Other building and capital equipment additions during the year included \$132,347 expended on the demolition of the former water plant. The project will continue into 2011 and is currently zoned to be used as park land along the river. Other park and recreation expenditures during the year included \$52,167 for land in Houdini Plaza, \$21,020 for land improvements to Arbutus Park, \$8,968 for lighting enhancements at Peabody Park, \$24,478 for sidewalks in Veterans Park, and \$149,674 for improvements to the Park and Recreation office roof, parking lot and walkways.

Other building improvements in 2010 included \$143,542 for a backup generator at City Hall, \$77,969 for a new roof for Fire Station 6, and \$24,940 for HVAC improvements at the Municipal Services building.

The City also continues its commitment to new technology investing \$23,423 in the redesign of the City's web site, \$67,189 on the continuation of a wide area wireless project, and \$10,475 on a storage area network to facilitate electronic recording of Common Council proceedings.

Finally, maintaining existing infrastructure remains a high priority with over \$4.7 million invested in various street, sidewalk and related infrastructure projects throughout the City. In 2010, the Memorial Drive reconstruction project highlighted the construction season with new concrete and redesigned intersections, and asphalt surfaces were applied to Superior Street and Lawrence Street in the central City area.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2010

CAPITAL ASSETS (cont.)

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

	Governmental Activities 2010	Business-Type Activities 2010	Totals
Land	\$ 13,978,440	\$ 26,597,194	\$ 40,575,634
Right-of-ways	72,254,500	-	72,254,500
Land improvements	38,095,142	-	38,095,142
Intangible assets	41,744	375,815	417,559
Improvements	4,919,825	-	4,919,825
Buildings	32,902,771	232,589,051	265,491,822
Equipment, furniture and fixtures	14,007,245	22,680,549	36,687,794
Streets	85,346,833	-	85,346,833
Sidewalks	17,621,931	-	17,621,931
Traffic signals	2,918,319	-	2,918,319
Bridges	34,893,885	-	34,893,885
Construction in progress	8,769,253	8,404,858	17,174,111
Totals	<u>\$ 325,749,888</u>	<u>\$ 290,647,467</u>	<u>\$ 616,397,355</u>

	Governmental Activities 2009	Business-Type Activities 2009	Totals
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>

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2010

LONG-TERM DEBT

During 2010, the City issued no new general obligation debt and retired \$6,763,004 of general obligation bonds and notes resulting in an outstanding balance of \$40,697,339 at December 31, 2010. This results in a per capita general obligation debt of \$529. Of this outstanding debt, \$24,906,215 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 \$38,354,552 (\$40,697,339 less reserves on hand) which is considerably below the maximum of \$242,579,815.

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

	<u>Governmental Activity 2010</u>	<u>Business-Type Activity 2010</u>	<u>Totals</u>
General obligation bonds and notes payable	\$ 39,988,830	\$ 708,509	\$ 40,697,339
Revenue bonds	-	126,374,002	126,374,002
Total Outstanding General Obligation and Revenue Bonds	<u>\$ 39,988,830</u>	<u>\$ 127,082,511</u>	<u>\$ 167,071,341</u>
	<u>Governmental Activity 2009</u>	<u>Business-Type Activity 2009</u>	<u>Totals</u>
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>

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

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2010

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

Paper manufacturing, insurance, health care, higher education and public sector institutions dominate the local employment base. The paper industry continues to experience pricing pressures, although employment at the largest local paper manufacturing company, Appleton, remains relatively stable. The City's largest employer, Thrivent Investment Management, Inc., an insurance services company, employs more than 1,700 people and also remains stable. The City's unemployment rate showed great improvement over the year dropping 2% from 10.2% in December, 2009 to 8.2% in December, 2010.

The City's \$4.9 billion equalized value increased \$62.5 million in 2010 and, unlike many communities throughout the nation, continues to experience steady growth averaging 3.1% increase annually over the last five years. Leading the growth in 2010 was the commercial sector which increased \$55.4 million and the residential sector which grew \$17.3 million. However, these gains were offset by decreases in manufacturing properties of \$7.7 million and in personal property values of \$2.5 million. So although the City continues to grow, it has not entirely avoided the impact of the national economic slowdown.

The promotion of commercial and industrial development remains one of the City's top priorities. This has been accomplished through the creation of several TIF Districts, which have allowed the City to install the infrastructure necessary to stimulate development by maintaining an adequate supply of industrial park land and developable sites. In 2010, the City Council approved an amendment to TID 8, which lies along the Fox River corridor, to add additional land to the District to accommodate Eagle Flats, a residential and commercial development project planned to add multiple residential apartment buildings, as well as office and retail space. Already included in TID 8 is the RiverHeath Development, a mixed-use project that will provide residential and commercial space as well as public access to the river, and the development of the former Foremost Dairy Site, which is slated to be developed into low density single-family residence area.

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 region for years to come.

REQUESTS FOR INFORMATION

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

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

CITY OF APPLETON

STATEMENT OF NET ASSETS
December 31, 2010

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
ASSETS				
Cash and investments	\$ 32,138,996	\$ 20,852,604	\$ 52,991,600	\$ 1,927,831
Receivables				
Taxes	43,337,400	-	43,337,400	-
Deferred loans	6,388,995	-	6,388,995	-
Accounts	213,362	7,131,566	7,344,928	-
Special assessments	1,536,544	814,084	2,350,628	-
Delinquent special assessments	9,676	-	9,676	-
Developer loans	1,423,313	-	1,423,313	3,220,635
Accrued interest	294,056	-	294,056	-
Other	1,099,044	838,903	1,937,947	285,162
Due from other governments	7,628,537	1,173,205	8,801,742	-
Internal balances -interfunds	(757,770)	757,770	-	-
Inventories	966,258	663,158	1,629,416	86,936
Prepaid items	86,023	9,846	95,869	51,714
Restricted Assets				
Temporarily restricted:				
Cash and investments	-	28,865,532	28,865,532	476,777
Accrued interest	-	186,876	186,876	-
Investment in WMIC	2,020,950	-	2,020,950	-
Property held for future use	-	95,011	95,011	-
Other assets	160,936	1,516,334	1,677,270	-
Capital Assets				
Land	124,328,082	26,597,194	150,925,276	1,415,887
Construction in progress	8,769,253	8,404,858	17,174,111	43,219
Intangible assets	10,421	375,815	386,236	-
Depreciable capital assets, net of depreciation	192,642,132	255,269,600	447,911,732	11,231,803
Net other postemployment benefit asset	15,953	-	15,953	-
Total Assets	<u>422,312,161</u>	<u>353,552,356</u>	<u>775,864,517</u>	<u>18,739,964</u>
LIABILITIES				
Accounts payable	1,722,739	1,546,953	3,269,692	145,717
Other accrued liabilities and deposits	2,545,300	866,703	3,412,003	145,374
Claims payable	4,437,000	-	4,437,000	-
Due to other governments	295	890,331	890,626	-
Unearned revenue	40,949,535	-	40,949,535	240,581
Security deposit	-	-	-	108,552
Tenant FSS escrow	-	-	-	82,853
Commercial tenants credit	-	-	-	2,550
Noncurrent Liabilities				
Due within one year	10,381,227	3,734,341	14,115,568	1,435
Due in more than one year	<u>38,546,578</u>	<u>125,798,710</u>	<u>164,345,288</u>	<u>43,958</u>
Total Liabilities	<u>98,582,674</u>	<u>132,837,038</u>	<u>231,419,712</u>	<u>771,020</u>
NET ASSETS				
Invested in capital assets, net of related debt	301,042,119	181,147,366	480,204,886	12,642,966
Restricted For				
Debt service	89,181	6,821,229	6,910,410	-
DNR replacement fund	-	3,874,842	3,874,842	-
Capital replacement fund	-	845,894	845,894	-
Housing programs	-	-	-	3,821,838
Grant programs	6,925,231	-	6,925,231	-
Unrestricted	<u>15,672,956</u>	<u>28,025,987</u>	<u>45,683,542</u>	<u>1,504,140</u>
TOTAL NET ASSETS	<u>\$ 323,729,487</u>	<u>\$ 220,715,318</u>	<u>\$ 544,444,805</u>	<u>\$ 17,968,944</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 13,706,195	\$ 878,504	\$ 276,318	\$ -
Public safety	28,042,633	1,053,774	990,117	-
Public works	16,995,311	1,687,998	2,792,264	6,308,367
Education and recreation	9,215,036	930,266	861,755	124,268
Community development	3,647,803	678,832	1,746,194	-
Interest	2,428,491	-	-	-
Total Governmental Activities	74,035,469	5,229,374	6,666,648	6,432,635
Business-Type Activities				
Water	14,456,132	18,155,384	-	962,248
Wastewater	11,039,780	8,439,730	-	1,016,775
Valley transit	8,237,666	1,383,740	5,856,887	635,743
Stormwater	6,322,301	6,776,766	-	1,308,771
Other non-major enterprise funds	2,295,987	2,480,431	-	-
Total Business-Type Activities	42,351,866	37,236,051	5,856,887	3,923,537
Total Primary Government	\$ 116,387,335	\$ 42,465,425	\$ 12,523,535	\$ 10,356,172
Component Units				
Appleton Redevelopment Authority	\$ 2,937	\$ -	\$ -	\$ -
Housing Authority	5,009,526	897,438	3,852,933	711,067
Business Improvement District	234,333	216,800	-	-
Total Component Units	\$ 5,246,796	\$ 1,114,238	\$ 3,852,933	\$ 711,067

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Gain on the sale of assets

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in net assets

NET ASSETS - Beginning

NET ASSETS - ENDING

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Totals	
\$ (12,551,373)	\$ -	\$ (12,551,373)	\$ -
(25,998,742)	-	(25,998,742)	-
(6,206,682)	-	(6,206,682)	-
(7,298,747)	-	(7,298,747)	-
(1,222,777)	-	(1,222,777)	-
(2,428,491)	-	(2,428,491)	-
<u>(55,706,812)</u>	<u>-</u>	<u>(55,706,812)</u>	<u>-</u>
-	4,661,500	4,661,500	-
-	(1,583,275)	(1,583,275)	-
-	(361,296)	(361,296)	-
-	1,763,236	1,763,236	-
-	184,444	184,444	-
<u>-</u>	<u>4,664,609</u>	<u>4,664,609</u>	<u>-</u>
(55,706,812)	4,664,609	(51,042,203)	-
-	-	-	(2,937)
-	-	-	451,912
-	-	-	(17,533)
36,762,878	-	36,762,878	-
3,533,999	-	3,533,999	-
862,279	-	862,279	-
13,916,622	-	13,916,622	-
2,703,110	2,412,385	5,115,495	28,036
208,401	-	208,401	-
190,944	6,555	197,499	53,977
2,175,620	(2,175,620)	-	-
<u>60,353,853</u>	<u>243,320</u>	<u>60,597,173</u>	<u>82,013</u>
4,647,041	4,907,929	9,554,970	513,455
<u>319,082,446</u>	<u>215,807,389</u>	<u>534,889,835</u>	<u>17,455,489</u>
<u>\$ 323,729,487</u>	<u>\$ 220,715,318</u>	<u>\$ 544,444,805</u>	<u>\$ 17,968,944</u>

See accompanying notes to financial statements.

CITY OF APPLETON

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2010

	General	Tax Incremental District No. 3	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 16,876,457	\$ 482,680	\$ 104	\$ 12,781,356	\$ 30,140,597
Receivables					
Taxes	32,234,936	1,035,183	3,852,111	6,215,170	43,337,400
Deferred loans	-	-	-	6,388,995	6,388,995
Accounts	164,491	-	-	48,871	213,362
Special assessments	962,337	-	-	574,207	1,536,544
Delinquent special assessments	9,676	-	-	-	9,676
Developer loans	1,423,313	-	-	-	1,423,313
Accrued interest	294,056	-	-	-	294,056
Other	243,226	-	629,687	186,297	1,059,210
Due from other governments	7,182,745	-	-	445,792	7,628,537
Due from other funds	2,203,076	-	-	17,442	2,220,518
Inventories	890,237	-	-	-	890,237
Prepaid items	34,111	-	-	-	34,111
Advances to other funds	14,250,486	-	-	-	14,250,486
TOTAL ASSETS	\$ 76,769,147	\$ 1,517,863	\$ 4,481,902	\$ 26,658,130	\$ 109,427,042
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 526,584	\$ -	\$ -	\$ 993,411	\$ 1,519,995
Other accrued liabilities	1,861,859	-	-	72,641	1,934,500
Due to other governments	295	-	-	-	295
Claims payable	2,937,000	-	-	-	2,937,000
Due to other funds	1,479,134	-	-	232,771	1,711,905
Deferred revenues	37,166,660	1,035,183	4,455,444	13,136,031	55,793,318
Advances from other funds	-	12,879,600	-	1,370,886	14,250,486
Total Liabilities	<u>43,971,532</u>	<u>13,914,783</u>	<u>4,455,444</u>	<u>15,805,740</u>	<u>78,147,499</u>
Fund Balances					
Reserved for					
Inventories	890,237	-	-	-	890,237
Prepaid items	34,111	-	-	-	34,111
Noncurrent receivables/advances	10,479,175	-	-	-	10,479,175
Debt service	-	-	26,458	158,410	184,868
Encumbrances	2,031,468	-	-	2,195,894	4,227,362
Trust purposes	-	-	-	33,652	33,652
Unreserved and designated, reported in					
General fund	18,876,184	-	-	-	18,876,184
Special revenue funds	-	-	-	2,177,048	2,177,048
Capital projects funds	-	-	-	7,488,018	7,488,018
Unreserved and undesignated (deficit), reported in					
General fund	486,440	-	-	-	486,440
Special revenue funds	-	(12,396,920)	-	(265,325)	(12,662,245)
Capital projects funds	-	-	-	(935,307)	(935,307)
Total Fund Balances	<u>32,797,615</u>	<u>(12,396,920)</u>	<u>26,458</u>	<u>10,852,390</u>	<u>31,279,543</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 76,769,147	\$ 1,517,863	\$ 4,481,902	\$ 26,658,130	

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. 315,184,396

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. 14,843,783

Internal service funds are reported in the statement of net assets as governmental funds. 11,433,577

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. (49,011,812)

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 323,729,487

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, 2010

	General	Tax Incremental District No. 3	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 29,909,926	\$ 1,366,494	\$ 3,533,999	\$ 6,348,737	\$ 41,159,156
Intergovernmental	17,165,081	5,877	-	3,151,556	20,322,514
Licenses and permits	990,827	-	-	-	990,827
Fines and forfeitures	356,971	-	-	-	356,971
Special assessments	1,014,114	-	-	654,414	1,668,528
Investment income	1,532,028	18,217	14,376	610,703	2,175,324
Charges for services	1,355,008	-	-	492,212	1,847,220
Other	2,070,167	-	94,100	2,823,191	4,987,458
Total Revenues	54,394,122	1,390,588	3,642,475	14,080,813	73,507,998
EXPENDITURES					
Current					
General government	7,355,165	1,547	-	5,745,523	13,102,235
Public safety	26,549,877	-	-	736,107	27,285,984
Public works	12,239,494	-	-	3,416,599	15,656,093
Education and recreation	8,771,545	-	-	139,139	8,910,684
Community development	785,177	-	-	2,563,477	3,348,654
Capital Outlay	-	-	-	8,380,704	8,380,704
Debt Service					
Principal	-	-	6,755,336	-	6,755,336
Interest and fiscal charges	-	622,838	1,859,817	44,792	2,527,447
Total Expenditures	55,701,258	624,385	8,615,153	21,026,341	85,967,137
Excess (deficiency) of revenues over (under) expenditures	<u>(1,307,136)</u>	<u>766,203</u>	<u>(4,972,678)</u>	<u>(6,945,528)</u>	<u>(12,459,139)</u>
OTHER FINANCING SOURCES (USES)					
Sale of city property	6,028	-	-	28,826	34,854
Transfers in	4,549,564	1,000,000	4,982,533	6,637,626	17,169,723
Transfers out	<u>(1,656,953)</u>	<u>(1,765,348)</u>	<u>-</u>	<u>(11,300,162)</u>	<u>(14,722,463)</u>
Total Other Financing Sources (Uses)	2,898,639	(765,348)	4,982,533	(4,633,710)	2,482,114
Net Change in Fund Balances	1,591,503	855	9,855	(11,579,238)	(9,977,025)
FUND BALANCES (DEFICIT) - Beginning	<u>31,206,112</u>	<u>(12,397,775)</u>	<u>16,603</u>	<u>22,431,628</u>	<u>41,256,568</u>
FUND BALANCES (DEFICIT) - ENDING	\$ 32,797,615	\$(12,396,920)	\$ 26,458	\$ 10,852,390	\$ 31,279,543

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, 2010

Net change in fund balances - total governmental funds		\$ (9,977,025)
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	\$ 23,744,176	
Total capital asset additions - contributed to the City	3,822,772	
Less: capital outlay and expenditures capitalized in the internal service funds	(1,439,437)	
Less: close-out of prior year CWIP	(11,772,363)	14,355,148
Depreciation is reported in the government-wide statements		(5,956,656)
Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets.		
		(587,058)
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	528,950	
Developer loans	(65,001)	
Rehabilitation loans	102,686	
Accounts receivable/interest income	(70,112)	
Special assessments	81,116	577,639
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.		
Principal repaid		6,755,336
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		(26,631)
Disability benefits		7,320
Pension liability		45,164
Postclosure care cost		90,000
Accrued interest on debt		106,157
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.		
Premium		28,447
Amortization of loss on advance refunding		(5,757)
Amortization of issuance costs		(27,762)
Internal service funds are used by management to charge the costs of self insurance and central equipment agency costs to individual funds. The increase in net assets of the internal service funds is reported with governmental activities.		
		<u>(737,281)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ 4,647,041</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
December 31, 2010

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
ASSETS			
Current Assets			
Cash and investments	\$ -	\$ 7,900,158	\$ 481,863
Accounts Receivable			
Customer accounts	4,119,610	1,578,522	-
Special assessments	348	666,658	-
Other	28,682	174,772	112,444
Due From Other Governments			
Federal government	-	-	783,488
State of Wisconsin	-	-	276,045
Local governments	-	-	113,672
Due from other funds	548,108	664,398	-
Inventories	299,775	201,836	161,547
Prepaid items	-	-	9,846
Restricted Assets			
Cash and investments	1,457,102	-	-
Total Current Assets	<u>6,453,625</u>	<u>11,186,344</u>	<u>1,938,905</u>
Non-Current Assets			
Advance to other funds	-	-	-
Restricted Assets			
Cash and investments	10,518,453	9,896,730	845,894
Accrued interest	74,288	73,463	-
Investment in WMIC	-	-	-
Capital Assets			
Land	1,150,874	504,762	891,831
Construction in progress	2,435,986	1,285,640	18,840
Intangible assets	130,553	151,711	-
Building and improvements	121,499,088	125,712,073	8,800,585
Equipment, furniture and vehicles	26,767,439	34,287,177	3,789,490
Less: Accumulated depreciation	(35,513,116)	(77,732,099)	(8,023,613)
Other Assets			
Property held for future use	95,011	-	-
Unamortized debt expense	801,560	184,826	-
Net other postemployment benefit asset	-	-	-
Total Non-Current Assets	<u>127,960,136</u>	<u>94,364,283</u>	<u>6,323,027</u>
Total Assets	<u>134,413,761</u>	<u>105,550,627</u>	<u>8,261,932</u>

Business-Type Activities - Enterprise Funds			Governmental
Stormwater Utility	Other Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 11,028,304	\$ 1,442,279	\$ 20,852,604	\$ 1,998,399
1,433,434	-	7,131,566	-
147,078	-	814,084	-
513,729	9,276	838,903	39,834
-	-	783,488	-
-	-	276,045	-
-	-	113,672	-
249,186	-	1,461,692	-
-	-	663,158	76,021
-	-	9,846	51,912
770,081	-	2,227,183	-
<u>14,141,812</u>	<u>1,451,555</u>	<u>35,172,241</u>	<u>2,166,166</u>
7,844	-	7,844	-
5,377,272	-	26,638,349	-
39,125	-	186,876	-
-	-	-	2,020,950
21,037,420	3,012,307	26,597,194	-
4,664,392	-	8,404,858	86,823
93,551	-	375,815	-
68,072,705	24,009,267	348,093,718	-
657	649,096	65,493,859	24,235,401
(21,158,842)	(15,890,307)	(158,317,977)	(13,756,732)
-	-	95,011	-
529,948	-	1,516,334	-
-	-	-	15,953
<u>78,664,072</u>	<u>11,780,363</u>	<u>319,091,881</u>	<u>12,602,395</u>
<u>92,805,884</u>	<u>13,231,918</u>	<u>354,264,122</u>	<u>14,768,561</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
December 31, 2010

		<u>Business-Type Activities - Enterprise Funds</u>		
		<u>Water</u>	<u>Wastewater</u>	<u>Valley</u>
		<u>Utility</u>	<u>Utility</u>	<u>Transit</u>
LIABILITIES				
Current Liabilities				
Accounts payable		\$ 606,312	\$ 279,061	\$ 369,507
Compensated absences		131,626	132,716	200,748
Other accrued liabilities		85,297	58,115	99,604
Claims payable		-	-	-
Due to other governments		-	-	890,331
Due to other funds		1,543,337	-	-
Current portion of general obligation debt		-	-	-
Current Liabilities Payables From Restricted Assets				
Revenue bonds payable		-	1,320,982	-
Accrued interest		-	123,480	-
Total Current Liabilities		<u>2,366,572</u>	<u>1,914,354</u>	<u>1,560,190</u>
Noncurrent Liabilities				
General obligation debt payable		-	-	-
Revenue bonds and notes payable		70,024,229	14,583,020	-
Advance from other funds		7,844	-	-
Compensated absences		240,820	129,456	324,060
Unamortized premium of debt issuance		2,106,665	159,073	-
Total Noncurrent Liabilities		<u>72,379,558</u>	<u>14,871,549</u>	<u>324,060</u>
Total Liabilities		<u>74,746,130</u>	<u>16,785,903</u>	<u>1,884,250</u>
NET ASSETS				
Invested in capital assets, net of related debt		54,830,088	71,356,402	5,477,133
Restricted for				
Debt service		2,456,256	2,946,484	-
DNR replacement fund		-	3,874,842	-
Capital replacement fund		-	-	845,894
Unrestricted		<u>2,381,287</u>	<u>10,586,996</u>	<u>54,655</u>
TOTAL NET ASSETS		<u>\$ 59,667,631</u>	<u>\$ 88,764,724</u>	<u>\$ 6,377,682</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>
\$ 223,889	\$ 68,184	\$ 1,546,953	\$ 202,744
72,342	50,927	588,359	117,556
34,436	51,140	328,592	70,191
-	-	-	1,500,000
-	-	890,331	-
-	-	1,543,337	426,968
-	-	-	7,667
1,825,000	-	3,145,982	-
414,631	-	538,111	-
<u>2,570,298</u>	<u>170,251</u>	<u>8,581,665</u>	<u>2,325,126</u>
-	708,509	708,509	61,340
37,220,000	-	121,827,249	-
-	-	7,844	-
75,017	91,561	860,914	109,103
136,300	-	2,402,038	-
<u>37,431,317</u>	<u>800,070</u>	<u>125,806,554</u>	<u>170,443</u>
<u>40,001,615</u>	<u>970,321</u>	<u>134,388,219</u>	<u>2,495,569</u>
38,411,889	11,071,854	181,147,366	10,496,485
1,418,489	-	6,821,229	-
-	-	3,874,842	-
-	-	845,894	-
<u>12,973,891</u>	<u>1,189,743</u>	<u>27,186,572</u>	<u>1,776,507</u>
<u>\$ 52,804,269</u>	<u>\$ 12,261,597</u>	<u>219,875,903</u>	<u>\$ 12,272,992</u>
		<u>839,415</u>	
		<u>\$ 220,715,318</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, 2010

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
OPERATING REVENUES			
Charges for services	\$ 17,753,788	\$ 7,663,237	\$ 1,324,831
Other	401,596	776,493	58,909
Total Operating Revenues	<u>18,155,384</u>	<u>8,439,730</u>	<u>1,383,740</u>
OPERATING EXPENSES			
Operation and maintenance	6,934,385	6,445,634	7,674,523
Depreciation	<u>3,876,413</u>	<u>4,080,028</u>	<u>539,325</u>
Total Operating Expenses	<u>10,810,798</u>	<u>10,525,662</u>	<u>8,213,848</u>
Operating Income (Loss)	<u>7,344,586</u>	<u>(2,085,932)</u>	<u>(6,830,108)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	782,017	850,848	36,011
Interest expense	(3,509,953)	(470,790)	-
Amortization of debt expense	(114,660)	(12,708)	-
Gain (loss) on sale of capital assets	(31,549)	-	-
Amortization of prior losses on refunding of bonds	(228,058)	(5,024)	-
Amortization of premium on debt issuance	319,269	4,026	-
Subsidies from other governmental units	-	-	5,856,887
Other	<u>6,555</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(2,776,379)</u>	<u>366,352</u>	<u>5,892,898</u>
Income (Loss) Before contributions and transfers	4,568,207	(1,719,580)	(937,210)
Capital contributions	962,248	1,016,775	635,743
Transfer in	-	-	538,667
Transfers out - tax equivalent	(1,543,337)	-	-
Transfers out	<u>(13,800)</u>	<u>(117,450)</u>	<u>-</u>
Change in Net Assets	3,973,318	(820,255)	237,200
TOTAL NET ASSETS - Beginning	<u>55,694,313</u>	<u>89,584,979</u>	<u>6,140,482</u>
TOTAL NET ASSETS - ENDING	<u>\$ 59,667,631</u>	<u>\$ 88,764,724</u>	<u>\$ 6,377,682</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>
\$ 6,716,402	\$ 1,932,556	\$ 35,390,814	\$ 5,564,143
60,364	547,875	1,845,237	341,001
<u>6,776,766</u>	<u>2,480,431</u>	<u>37,236,051</u>	<u>5,905,144</u>
2,916,892	1,698,446	25,669,880	6,350,673
<u>1,656,122</u>	<u>533,838</u>	<u>10,685,726</u>	<u>1,944,588</u>
<u>4,573,014</u>	<u>2,232,284</u>	<u>36,355,606</u>	<u>8,295,261</u>
<u>2,203,752</u>	<u>248,147</u>	<u>880,445</u>	<u>(2,390,117)</u>
695,623	47,886	2,412,385	9,648
(1,582,460)	(59,425)	(5,622,628)	(2,128)
(60,198)	-	(187,566)	-
-	-	(31,549)	200,824
-	-	(233,082)	-
10,387	-	333,682	-
-	-	5,856,887	-
-	-	6,555	21,579
<u>(936,648)</u>	<u>(11,539)</u>	<u>2,534,684</u>	<u>229,923</u>
1,267,104	236,608	3,415,129	(2,160,194)
1,308,771	-	3,923,537	1,439,436
-	-	538,667	-
-	-	(1,543,337)	-
<u>(12,500)</u>	<u>(1,027,200)</u>	<u>(1,170,950)</u>	<u>(271,640)</u>
2,563,375	(790,592)	5,163,046	(992,398)
<u>50,240,894</u>	<u>13,052,189</u>		<u>13,265,390</u>
<u>\$ 52,804,269</u>	<u>\$ 12,261,597</u>		<u>\$ 12,272,992</u>
		<u>(255,117)</u>	
		<u>\$ 4,907,929</u>	

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPES
 For the Year Ended December 31, 2010

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 18,469,986	\$ 8,403,526	\$ 1,304,070
Paid to suppliers for goods and services	(5,548,364)	(5,076,063)	(5,136,466)
Paid to employees for services	<u>(1,512,729)</u>	<u>(1,361,327)</u>	<u>(2,572,734)</u>
Net Cash Flows From Operating Activities	<u>11,408,893</u>	<u>1,966,136</u>	<u>(6,405,130)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Tax equivalent paid to municipality	(1,355,824)	-	-
Transfers out	(13,800)	(117,450)	-
Operation subsidies received from other governmental units	-	-	6,053,503
Repayment of advances to other funds	<u>(2,095,489)</u>	<u>-</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>(3,465,113)</u>	<u>(117,450)</u>	<u>6,053,503</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(6,177,228)	(4,502,527)	(676,361)
Proceeds from sale of capital assets	-	-	-
Revenue bonds issued	-	4,935,000	-
Premium received on debt issued	-	133,635	-
Costs of issuing revenue bonds	-	(68,585)	-
Principal paid on long-term debt	(4,600,000)	(2,514,988)	-
Interest paid on long-term debt	(3,620,470)	(510,399)	-
Capital contributed by others	51,224	65,594	788,344
Special assessments received	<u>2,121</u>	<u>562,048</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(14,344,353)</u>	<u>(1,900,222)</u>	<u>111,983</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	805,443	574,702	36,011
Investments sold and matured	2,852,313	8,979,578	-
Purchases of investments	<u>(3,242,047)</u>	<u>(4,430,380)</u>	<u>-</u>
Net Cash Flows From Investing Activities	<u>415,709</u>	<u>5,123,900</u>	<u>36,011</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,984,864)	5,072,364	(203,633)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>8,268,434</u>	<u>3,558,955</u>	<u>1,531,390</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,283,570</u>	<u>\$ 8,631,319</u>	<u>\$ 1,327,757</u>

<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>
\$ 6,575,601	\$ 2,502,077	\$ 37,255,260	\$ 6,344,963
(2,122,063)	(835,194)	(18,718,150)	(4,019,507)
<u>(775,195)</u>	<u>(859,979)</u>	<u>(7,081,964)</u>	<u>(2,172,648)</u>
<u>3,678,343</u>	<u>806,904</u>	<u>11,455,146</u>	<u>152,808</u>
-	-	(1,355,824)	-
(12,500)	(1,027,200)	(1,170,950)	(271,640)
-	-	6,053,503	-
<u>2,095,489</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,082,989</u>	<u>(1,027,200)</u>	<u>3,526,729</u>	<u>(271,640)</u>
(5,824,461)	4,389	(17,176,188)	-
-	-	-	66,616
-	-	4,935,000	-
-	-	133,635	-
-	-	(68,585)	-
(1,560,000)	-	(8,674,988)	(7,668)
(1,583,309)	(59,426)	(5,773,604)	(2,185)
519,072	-	1,424,234	-
<u>160,077</u>	<u>-</u>	<u>724,246</u>	<u>-</u>
<u>(8,288,621)</u>	<u>(55,037)</u>	<u>(24,476,250)</u>	<u>56,763</u>
587,587	47,886	2,051,629	9,648
1,374,546	-	13,206,437	-
<u>(2,466,294)</u>	<u>-</u>	<u>(10,138,721)</u>	<u>-</u>
<u>(504,161)</u>	<u>47,886</u>	<u>5,119,345</u>	<u>9,648</u>
(3,031,450)	(227,447)	(4,375,030)	(52,421)
<u>15,010,595</u>	<u>1,669,726</u>	<u>30,039,100</u>	<u>2,050,820</u>
<u>\$ 11,979,145</u>	<u>\$ 1,442,279</u>	<u>\$ 25,664,070</u>	<u>\$ 1,998,399</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPES
 For the Year Ended December 31, 2010

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 7,344,586	\$ (2,085,932)	\$ (6,830,108)
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities			
Non-operating income	6,555	-	-
Depreciation expense	3,876,413	4,080,028	539,325
Depreciation charged to other funds	223,770	-	-
Changes in Noncash Components of Working Capital			
Customer accounts receivable	(469)	33,041	-
Other accounts receivable	40,493	(85,505)	(41,734)
Due from other funds	44,253	16,260	-
Inventories	24,358	2,308	3,585
Prepaid items	-	-	(476)
Accounts payable	(147,365)	(5,391)	30,447
Accrued liabilities	(11,085)	(19,222)	(68,233)
Accrued compensated absences	7,384	30,549	-
Net other postemployment benefits asset	-	-	-
Postemployment benefits liability	-	-	-
Unearned revenues	-	-	(37,936)
	<u> </u>	<u> </u>	<u> </u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 11,408,893</u>	<u>\$ 1,966,136</u>	<u>\$ (6,405,130)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS			
Cash and investments - statement of net assets - proprietary fund	\$ -	\$ 7,900,158	\$ 481,863
Restricted cash and investments - statement of net assets - proprietary fund			
Current	1,457,102	-	-
Non-current	10,518,453	9,896,730	845,894
Less: Non-cash equivalents	<u>(9,691,985)</u>	<u>(9,165,569)</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,283,570</u>	<u>\$ 8,631,319</u>	<u>\$ 1,327,757</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributed property and equipment	\$ 911,024	\$ 129,754	\$ -
Capital costs invoiced to customers	-	821,427	-
Interest charged to construction	110,517	70,724	-
New special assessments	-	-	-
Capital grants accrued	-	-	(102,679)
Investment valuation adjustments	(1,704)	328,264	-

Business-Type Activities - Enterprise Funds			Governmental
Stormwater Utility	Other Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 2,203,752	\$ 248,147	\$ 880,445	\$ (2,390,117)
-	-	6,555	222,403
1,656,122	533,838	10,685,726	1,944,588
-	-	223,770	-
(202,048)	-	(169,476)	-
-	21,646	(65,100)	561,534
883	-	61,396	378,385
-	-	30,251	(7,097)
-	-	(476)	(51,912)
6,315	167	(115,827)	(110,738)
12,490	1,544	(84,506)	25,951
829	1,562	40,324	30,056
-	-	-	(15,953)
-	-	-	(90,174)
-	-	(37,936)	(344,118)
<u>\$ 3,678,343</u>	<u>\$ 806,904</u>	<u>\$ 11,455,146</u>	<u>\$ 152,808</u>
\$ 11,028,304	\$ 1,442,279	\$ 20,852,604	\$ 1,998,399
770,081	-	2,227,183	-
5,377,272	-	26,638,349	-
(5,196,512)	-	(24,054,066)	-
<u>\$ 11,979,145</u>	<u>\$ 1,442,279</u>	<u>\$ 25,664,070</u>	<u>\$ 1,998,399</u>
\$ 271,268	\$ -	\$ 1,312,046	\$ 1,439,436
268,105	-	1,089,532	-
91,184	-	272,425	-
250,326	-	250,326	-
-	-	(102,679)	-
103,794	-	430,354	-

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
December 31, 2010

	<u>Tax Collection Fund</u>
ASSETS	
Cash and investments	\$ 48,430,645
Property taxes receivable	<u>24,478,671</u>
TOTAL ASSETS	<u>\$ 72,909,316</u>
LIABILITIES	
Due to other taxing authorities	\$ 72,818,254
Accounts payable	<u>91,062</u>
TOTAL LIABILITIES	<u>\$ 72,909,316</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET ASSETS - COMPONENT UNITS
December 31, 2010

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 83,240	\$ 1,670,688	\$ 173,903	\$ 1,927,831
Other accounts receivable	-	127,959	83,558	211,517
Inventories	20,000	66,936	-	86,936
Prepaid items	-	51,714	-	51,714
Total Current Assets	<u>103,240</u>	<u>1,917,297</u>	<u>257,461</u>	<u>2,277,998</u>
Non-Current Assets				
Restricted Assets				
Cash and investments	-	476,777	-	476,777
Rehabilitation loans, net	-	3,220,635	-	3,220,635
Long-term receivables	-	73,645	-	73,645
Capital Assets				
Land	-	1,415,887	-	1,415,887
Construction in process	-	43,219	-	43,219
Buildings and improvements	-	17,302,156	-	17,302,156
Equipment, furniture and vehicles	-	785,830	-	785,830
Less: Accumulated depreciation	-	(6,856,183)	-	(6,856,183)
Total Non-Current Assets	<u>-</u>	<u>16,461,966</u>	<u>-</u>	<u>16,461,966</u>
Total Assets	<u>103,240</u>	<u>18,379,263</u>	<u>257,461</u>	<u>18,739,964</u>

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ -	\$ 104,714	\$ 41,003	\$ 145,717
Other accrued liabilities	-	145,374	-	145,374
Security deposits	-	108,552	-	108,552
Tenant FSS escrow	-	82,853	-	82,853
Commercial tenants credit	-	2,550	-	2,550
Current maturity of mortgage payable	-	1,435	-	1,435
Unearned revenue	-	27,463	213,118	240,581
Total Current Liabilities	<u>-</u>	<u>472,941</u>	<u>254,121</u>	<u>727,062</u>
Noncurrent Liabilities				
Mortgage payable	-	43,958	-	43,958
Total Noncurrent Liabilities	<u>-</u>	<u>43,958</u>	<u>-</u>	<u>43,958</u>
Total Liabilities	<u>-</u>	<u>516,899</u>	<u>254,121</u>	<u>771,020</u>
NET ASSETS				
Invested in capital assets, net of related debt	-	12,642,966	-	12,642,966
Restricted - housing programs	-	3,821,838	-	3,821,838
Unrestricted	103,240	1,397,560	3,340	1,504,140
TOTAL NET ASSETS	<u>\$ 103,240</u>	<u>\$ 17,862,364</u>	<u>\$ 3,340</u>	<u>\$ 17,968,944</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - COMPONENT UNITS Year Ended December 31, 2010

	Appleton Redevelopment Authority	Housing Authority	Business Improvement District	Totals
OPERATING REVENUES				
Charges for services	\$ -	\$ 897,438	\$ 216,800	\$ 1,114,238
Operating grants and contributions	-	3,852,933	-	3,852,933
Other	-	53,977	-	53,977
Total Operating Revenues	-	4,804,348	216,800	5,021,148
OPERATING EXPENSES				
Operating expenses	2,937	4,164,398	234,333	4,401,668
Depreciation	-	823,537	-	823,537
Total Operating Expenses	2,937	4,987,935	234,333	5,225,205
Operating Income (Loss)	(2,937)	(183,587)	(17,533)	(204,057)
NONOPERATING REVENUES (EXPENSES)				
Investment income	2,182	22,810	3,044	28,036
Capital grants	-	711,067	-	711,067
Loss on sale of capital assets	-	(19,039)	-	(19,039)
Interest expense	-	(2,552)	-	(2,552)
Total Nonoperating Revenues (Expenses)	2,182	712,286	3,044	717,512
Change in Net Assets	(755)	528,699	(14,489)	513,455
TOTAL NET ASSETS - Beginning	103,995	17,333,665	17,829	17,455,489
TOTAL NET ASSETS - ENDING	\$ 103,240	\$ 17,862,364	\$ 3,340	\$ 17,968,944

See accompanying notes to financial statements.

CITY OF APPLETON

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December 31, 2010

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CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In June 2007, the GASB issued Statement No. 51 – *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and reporting requirements for intangible assets to reduce inconsistencies among governments, thereby enhancing the comparability of such assets among state and local governments.

The City made the decision to implement this standard effective January 1, 2010.

A. REPORTING ENTITY

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

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

Discretely Presented Component Units

Redevelopment Authority of the City of Appleton

The government-wide financial statements include the Redevelopment Authority of the City of Appleton ("Redevelopment Authority") as a component unit. The Redevelopment Authority is a legally separate organization. The board of the Redevelopment Authority is appointed by the mayor of Appleton and approved by city council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Redevelopment Authority, and also create a potential financial benefit to or burden on the City. See Note IV.J. As a component unit, the Redevelopment Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2010. 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, 2010

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units (cont.)

Housing Authority of the City of Appleton

The government-wide financial statements include the Housing Authority of the City of Appleton ("Housing Authority") as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the mayor of Appleton. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Housing Authority, and also create a potential financial benefit to or burden on the City. See Note IV.J. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2010. Separately issued financial statements of the Housing Authority of the City of Appleton may be obtained from the Housing Authority's office, which is located at 925 West Northland Avenue, Appleton, WI 54914.

Business Improvement District

The government-wide financial statements include the Business Improvement District of the City of Appleton ("District") as a component unit. The District is a legally separate organization. The board of the District is appointed by the mayor of Appleton and approved by city council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the District, and also create a potential financial benefit to or burden on the City. See Note IV.J. As a component unit, the District's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2010. 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, 2010

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

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.

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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 | Housing Rehabilitation Grant |
| Tax Incremental District No. 4 | Business and Neighborhood |
| Community Development | Revitalization Grant |
| Block Grant | Neighborhood Stabilization Grant |
| Rental Rehabilitation Grants | Homeless Prevention Grant |
| Sanitation and Recycling | Lead Hazard Grant |
| Program | Energy Efficiency Block 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 |
| HOME Homeowner | Miracle League Baseball |

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

Fund Financial Statements (cont.)

The City reports the following non-major governmental and enterprise funds: (cont.)

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

Subdivision Development	Public Safety Facilities
Projects	Public Works Equipment
Industrial Park Land	Business Park Escrow
Park and Recreation Projects	CEA Replacement
Tax Incremental District No. 5	Community Development
Tax Incremental District No. 6	Library Improvements
Tax Incremental District No. 7	Facilities Capital Projects
Tax Incremental District No. 8	Technology

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

Frank P. Young Memorial

Enterprise Funds – may be used to report any activity for which a fee is charged to external users 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, 2010

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 guidance 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, 2010

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 guidance 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, 2010

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, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace 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, 2010

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, 2010

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, 2010, 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 – 2010 tax roll:

Lien date and levy date	November 2010
Tax bills mailed	December 2010
Payment in full, or	January 31, 2011
First installment due	January 31, 2011
Second installment due	March 31, 2011
Third installment due	May 31, 2011
Fourth installment due	July 31, 2011
Final settlement with county	August 15, 2011
Personal property taxes in full	January 31, 2011
Tax sale – 2009 delinquent real estate taxes	October 2013

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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, 2010

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. \$272,425 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, 2010

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 and amortization 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
Intangibles	10 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, 2010 are determined on the basis of current salary rates and include salary related payments.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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 \$38,188,894, made up of five issues.

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental fund types if it has matured. 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, 2010

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	\$ 301,042,119	\$ 181,147,366	\$ (1,984,599)	\$ 480,204,886
Unrestricted	15,672,956	28,025,987	1,984,599	45,683,542

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, 2010

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

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

11. Basis for Existing Rates – Proprietary Funds

Water Utility

Water rates charged during 2010 were approved by the Public Service Commission of Wisconsin (PSCW), effective for service beginning January 2009. New water rates were approved by the PSCW December 31, 2010.

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 the Common Council, effective for service beginning July 2010.

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds." The detail of this difference is as follows:

Capital assets per statement of net assets	
Land	\$ 124,328,082
Construction in progress	8,769,253
Intangible assets	10,421
Depreciable capital assets, net of depreciation	<u>192,642,132</u>
Sub-total	325,749,888
Less: Internal service fund capital assets	<u>(10,565,492)</u>
Net Adjustment for Capital Assets	<u>\$ 315,184,396</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

Another element of that reconciliation explains that “some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this difference in liabilities is as follows:

Bonds and notes payable	\$ 39,919,823
Unamortized debt premium	84,115
Unamortized debt issuance costs ¹	(160,936)
Compensated absences	5,975,656
Accrued interest ²	540,609
Disability benefits	117,018
Pension liability	285,527
Postclosure care cost	<u>2,250,000</u>
Net Adjustment for Liabilities	<u>\$ 49,011,812</u>

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

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

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

- a. Prior to the end of July, the department heads submit to the mayor proposed budgets, including expenditures and applicable revenue projections.
- b. The mayor and staff then develop the budget and service plan and submit it to the common council at the first council meeting in October. The executive budget includes proposed expenditures and the means of financing them. Copies of the document are made available for public review.
- c. Public hearings are conducted to obtain taxpayer comments.
- d. The budget is adopted formally by resolution of the common council at the first finance committee meeting in November.
- e. Activities of the general fund, special revenue funds, the debt service fund, capital projects funds, permanent fund, enterprise funds, and internal service funds are budgeted. The budget as adopted shows total expenditures/expenses by individual fund. Expenditures/expenses cannot legally exceed appropriations at this level without two-thirds common council approval. Council policies include additional budgetary controls beyond this legal level.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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, 2010, the following individual funds held a deficit balance:

Fund	Amount	Reason
Special Revenue Funds		
Tax Incremental District No. 3	\$ 12,396,920	Remaining development costs to be recovered over time
Tax Incremental District No. 2	143,220	Remaining development costs to be recovered over time
Community Development Block Grant	5,634	Revenue not received within 60 days of year-end
Police Grants	51,585	Revenue not received within 60 days of year-end
Safe Route to School	64,886	Revenue not received within 60 days of year-end
Capital Project Funds		
Tax Incremental District No. 6	935,307	Remaining development costs to be recorded over time

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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

B. DEFICIT BALANCES (cont.)

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.

C. EXCESS EXPENDITURES OVER APPROPRIATIONS

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
HOME Homeowner	\$ 8,000	\$ 29,791	\$ 21,791

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:

	<u>Carrying Value</u>	<u>Bank and Investment Balances</u>	<u>Associated Risks</u>
Demand deposits	\$ 11,659,150	\$ 14,181,029	Custodial credit risk
U.S. treasuries	36,888,410	36,888,410	Custodial credit risk, interest rate risk
U.S. agencies	41,527,649	41,527,649	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk, investments highly sensitive to market changes
Money market mutual funds	37,416,908	37,416,908	Credit risk, interest rate risk

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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

A. DEPOSITS AND INVESTMENTS (cont.)

	Carrying Value	Bank and Investment Balances	Associated Risks
Commercial paper	\$ 2,498,300	\$ 2,498,300	Custodial credit risk, credit risk, investments highly sensitive to market changes
LGIP	200,236	200,236	Credit risk, interest rate risk
Petty Cash	97,124	-	None
Total Cash and Investments	\$ 130,287,777	\$ 132,712,532	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 52,991,600		
Restricted cash and investments	28,865,532		
Per statement of net assets – Fiduciary Funds			
Funds	48,430,645		
Total Cash and Investments	\$ 130,287,777		

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, 2010, \$13,931,029 of the City's total bank balance of \$14,181,029 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 13,931,029
--------------------------------	---------------

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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2010, the City's investments were rated as follows:

Investment Type	Investment	Standard & Poor's	Moody's Investor Service
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.

Concentration of Credit Risk

At December 31, 2010, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Home Loan Mortgage Corporation	U.S. agencies	12%
Federal National Mortgage Association	U.S. agencies	18%

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, 2010, 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	\$ 37,416,908	\$ 37,416,908	\$ -	\$ -
Commercial paper	2,498,300	2,498,300	-	-
US treasuries	36,888,410	3,801,149	19,791,309	13,295,952
US agencies	41,527,649	14,798,930	6,592,109	20,136,610
External investment pools	200,236	200,236	-	-
Totals	\$ 118,531,503	\$ 58,715,523	\$ 26,383,418	\$ 33,432,562

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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

A. DEPOSITS AND INVESTMENTS (cont.)

Investments Highly Sensitive to Market Changes

The City also held various U.S. treasuries and agencies at December 31, 2010 where interest rates are based on inflation indices. These securities mature on April 15, 2012. The market value of these investments was \$139,662. In addition, the City held securities of \$12,756,383 with maturities exceeding ten years.

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

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	\$ -	\$ 40,724,725	\$ 40,724,725
Interest on advances	6,194,624	-	6,194,624
Interest income	52,165	-	52,165
Developer loans	603,334	-	603,334
Rehabilitation loans	6,388,994	-	6,388,994
Accounts receivable	64,010	-	64,010
Special assessments not yet due	1,540,656	-	1,540,656
Grant drawdowns prior to meeting all eligibility requirements	-	224,810	224,810
Total Deferred/Unearned Revenue for Governmental Funds	\$ 14,843,783	\$ 40,949,535	\$ 55,793,318

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, 2010

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, 2010:

	Restricted Assets	Liabilities Payable from Restricted Assets	Borrowed Restricted Assets	Restricted Net Assets
Bond redemption account	\$ 2,817,838	\$ 351,235	\$ -	\$ 2,466,603
Bond reserve account	18,099,775	-	14,745,149	3,354,626
Bond depreciation account	1,000,000	-	-	1,000,000
Construction account	2,227,183	-	2,227,183	-
DNR equipment replacement account	3,874,842	-	-	3,874,842
Capital equipment replacement account	845,894	-	-	845,894
Accrued interest	186,876	186,876	-	-
	\$ 29,052,408	\$ 538,111	\$ 16,972,332	\$ 11,541,965

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 13,908,103	\$ 70,337	\$ -	\$ 13,978,440
Right of ways	71,495,603	758,897	-	72,254,500
Land improvements ⁽¹⁾	38,095,142	-	-	38,095,142
Intangible assets	-	10,421	-	10,421
Construction in progress	13,217,468	7,324,148	11,772,363	8,769,253
Total Capital Assets	<u>136,716,316</u>	<u>8,163,803</u>	<u>11,772,363</u>	<u>133,107,756</u>
Not Being Depreciated/Amortized	136,716,316	8,163,803	11,772,363	133,107,756

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (cont.)				
Capital assets being depreciated/amortized				
Intangible assets	\$ -	\$ 31,323	\$ -	\$ 31,323
Improvements	7,331,557	152,482	10,676	7,473,363
Buildings	32,181,438	12,110,195	232,346	44,059,287
Equipment, furniture and fixtures	29,533,422	2,104,166	1,324,020	30,313,568
Streets	137,052,840	3,670,823	486,844	140,236,819
Sidewalk	25,663,187	1,085,198	235,378	26,513,007
Traffic signals	4,088,928	248,958	16,983	4,320,903
Bridges	41,342,545	-	166,891	41,175,654
Total Capital Assets				
Being Depreciated/Amortized	277,193,917	19,403,145	2,473,138	294,123,924
Less: Accumulated depreciation/amortization for				
Improvements	(2,330,722)	(230,289)	7,473	(2,553,538)
Buildings	(10,733,605)	(531,497)	108,586	(11,156,516)
Equipment, furniture and fixtures	(15,279,599)	(2,284,127)	1,257,403	(16,306,323)
Streets	(51,544,122)	(3,640,022)	294,158	(54,889,986)
Sidewalk	(8,370,792)	(655,144)	134,860	(8,891,076)
Traffic signals	(1,271,157)	(148,410)	16,983	(1,402,584)
Bridges	(5,870,014)	(411,755)	-	(6,281,769)
Total Accumulated Depreciation/Amortization	(95,400,011)	(7,901,244)	1,819,463	(101,481,792)
Net Capital Assets Being Depreciated/Amortized	181,793,906			192,642,132
Total Capital Assets, Net of Depreciation/Amortization	\$ 318,510,222			\$ 325,749,888

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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

D. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 252,048
Public safety	289,027
Public works, which includes the depreciation of roads, streets, signals, and bridges	4,968,189
Education and recreation	<u>447,392</u>
Sub-Total	5,956,656
Capital assets held by internal service funds charged to the various functions based on their usage of the assets	<u>1,944,588</u>
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 7,901,244</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital assets not being depreciated/amortized				
Land	\$ 24,458,452	\$ 2,138,742	\$ -	\$ 26,597,194
Intangible assets	-	375,815	-	375,815
Construction in progress	<u>4,702,174</u>	<u>6,446,318</u>	<u>2,743,634</u>	<u>8,404,858</u>
Total Capital Assets Not Being Depreciated	<u>29,160,626</u>	<u>8,960,875</u>	<u>2,743,634</u>	<u>35,377,867</u>
Capital assets being depreciated				
Buildings and improvements	329,617,736	14,211,411	746,523	343,082,624
Machinery and equipment	<u>71,923,344</u>	<u>1,124,866</u>	<u>2,543,258</u>	<u>70,504,952</u>
Total Capital Assets Being Depreciated	<u>401,541,080</u>	<u>15,336,277</u>	<u>3,289,781</u>	<u>413,587,576</u>
Less: Accumulated depreciation for				
Buildings and improvements	(102,829,895)	(8,410,201)	746,523	(110,493,573)
Machinery and equipment	<u>(45,538,440)</u>	<u>(3,413,531)</u>	<u>1,127,568</u>	<u>(47,824,403)</u>
Total Accumulated Depreciation	<u>(148,368,335)</u>	<u>(11,823,732)</u>	<u>1,874,091</u>	<u>(158,317,976)</u>
Net Capital Assets Being Depreciated	<u>253,172,745</u>			<u>255,269,600</u>
Capital Assets, Net of Depreciation	<u>\$ 282,333,371</u>			<u>\$ 290,647,467</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water	\$ 3,876,413
Wastewater	4,080,028
Valley Transit	539,325
Stormwater	1,656,122
Parking	455,953
Reid Municipal Golf Course	<u>77,885</u>
Total Business-Type Activities	
Depreciation Expense	<u>\$ 10,685,726</u>

An additional \$223,770 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	\$ 16,194
General	Special Revenue – Emergency Shelter	14,281
General	Special Revenue – Police Grants	57,053
General	Special Revenue – Housing Rehabilitation Grant	43,972
General	Special Revenue – Homeless Prevention Grant	7,401
General	Special Revenue – Safe Route to School	64,383
General	Special Revenue – Business and Neighborhood Revitalization Grant	11,214
General	Special Revenue – Lead Hazard Grant	3,575
General	Special Revenue – Energy Efficiency Block Grant	14,698
General	Internal Service – Risk Management	426,968
General	Enterprise – Water Utility	1,543,337
Special Revenue – Sanitation and Recycling Programs	General	17,442
Enterprise – Water Utility	General	548,108
Enterprise – Wastewater Utility	General	664,398
Enterprise – Stormwater Utility	General	<u>249,186</u>
Sub-Total – Fund Financial Statements		3,682,210
Less: Internal service allocation		(839,415)
Less: Elimination to government-wide		<u>(3,600,565)</u>
Total – Government-wide Financial Statements		<u>\$ (757,770)</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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	\$ 1,543,337
Business-Type Activity	Governmental Activity	(2,301,107)
Total		<u>\$ (757,770)</u>

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 stormwater utility to the water utility. The advances will be repaid as monies are available.

During 2010, 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	<u>14,482,496</u>	<u>2,727,923</u>	<u>17,210,419</u>
Totals		<u>\$ 14,962,496</u>	<u>\$ 2,727,923</u>	<u>\$ 17,690,419</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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	\$	\$345,886	\$345,886	\$345,886
General	Special Revenue – Tax Incremental District No. 3	7,055,862	5,823,738	12,879,600	12,879,600
General	Capital Projects – Tax Incremental District No. 6	1,000,000	25,000	1,025,000	1,025,000
Enterprise – Stormwater Utility	Enterprise – Water Utility	7,844	-	7,844	-
Sub-Total – Fund Financial Statements		<u>\$8,063,706</u>	<u>\$6,194,624</u>	14,258,330	<u>\$14,258,330</u>
Less: Fund eliminations				(14,258,330)	
Total – Government-wide Statements				<u>\$ -</u>	

The principal purpose of these advances is due to expenditures/expenses exceeding revenues.

For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	Special Revenue – Room Tax	\$ 30,000	Administrative fees
	Special Revenue – Tax Incremental District No. 4	2,805,277	TIF closeout
	Enterprise – Water Utility	13,800	Administrative fees
	Enterprise – Water Utility	1,543,337	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, 2010

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

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

Transfers (cont.)

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Debt Service	Special Revenue – Tax Incremental District No. 2	\$ 77,000	Debt payments
	Capital Project – Industrial Park Land	216,503	Debt payments
	Special Revenue – Tax Incremental District No. 3	1,765,348	Debt payments
	Capital Project – Tax Incremental District No. 5	100,775	Debt payments
	Capital Project – Tax Incremental District No. 6	2,819,910	Debt payments
	Capital Project – Tax Incremental District No. 7	1,762	Debt payments
	Capital Project – Tax Incremental District No. 8	1,235	Debt payments
Special Revenue Funds			
Tax Incremental District No. 3	Enterprise – Parking Utility	1,000,000	Increase advance
Business Park Escrow	Special Revenue – Tax Incremental District No. 4	4,100,000	TIF closeout
Capital Project Funds			
Subdivision Development Project	General	1,075,286	Fund projects until deferred special assessments are received
CEA Replacement	Internal Service – CEA	271,640	Proceeds from the sale of capital assets
Library Improvements	Capital Projects – Public Works Equipment	111,700	Capital assets
Facilities Capital Projects	General	43,000	Fund-current year projects
Facilities Capital Projects	Capital Projects – Public Works Equipment	336,000	Capital assets
Facilities Capital Projects	Capital Projects – Park Recreation Projects	700,000	Capital assets
Enterprise			
Valley Transit	General	<u>538,667</u>	Local share of funding
Sub-Total – Fund Financial Statements		17,708,390	
Less: Fund eliminations		(15,261,130)	
Government-wide elimination		<u>(271,640)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 2,175,620</u>	

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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	\$ 2,714,287
Business-Type Activity	Governmental Activity	<u>(538,667)</u>
Total		<u>\$ 2,175,620</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, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General Obligation Debt					
General	\$ 46,675,159	\$ -	\$ 6,755,336	\$ 39,919,823	\$ 7,021,626
Internal service	76,675	-	7,668	69,007	7,667
Add/(Subtract) Deferred Amounts For					
Premiums	112,562	-	28,447	84,115	-
Loss on refunding	<u>(5,757)</u>	-	<u>(5,757)</u>	-	-
Total Bonds and Notes Payable	<u>46,858,639</u>	<u>-</u>	<u>6,785,694</u>	<u>40,072,945</u>	<u>7,029,293</u>
Other Liabilities					
Vested compensated absences					
General	5,949,025	3,274,930	3,248,299	5,975,656	3,085,947
Internal service	177,890	156,523	107,754	226,659	117,556
Other postemployment benefits					
Internal service	90,174	-	90,174	-	-
Landfill liability	2,340,000	-	90,000	2,250,000	90,000
Disability benefits	124,338	-	7,320	117,018	19,435
Pension liability	330,691	-	45,164	285,527	38,996
Total Other Liabilities	<u>9,012,118</u>	<u>3,431,453</u>	<u>3,588,711</u>	<u>8,854,860</u>	<u>3,351,934</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 55,870,757</u>	<u>\$ 3,431,453</u>	<u>\$ 10,374,405</u>	<u>\$ 48,927,805</u>	<u>\$ 10,381,227</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 708,509	\$ -	\$ -	\$ 708,509	\$ -
Revenue bonds	130,113,990	4,935,000	8,674,988	126,374,002	3,145,982
Add/(Subtract) Deferred Amounts For					
Refundings – Gains/(Losses)	(1,633,854)	-	(233,083)	(1,400,771)	-
Premiums	2,602,085	133,635	333,682	2,402,038	-
Sub-totals	131,790,730	5,068,635	8,775,587	128,083,778	3,145,982
Other Liabilities					
Vested compensated absences	1,427,462	603,006	581,195	1,449,273	588,359
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 133,218,192</u>	<u>\$ 5,671,641</u>	<u>\$ 9,356,782</u>	<u>\$ 129,533,051</u>	<u>\$ 3,734,341</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, 2010.

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, 2010, was \$242,579,815. Total general obligation debt outstanding at year end was \$40,697,339.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-10
Governmental Activities					
General Obligation Bonds					
General Obligation Refunding Bonds, Series 1998A	7/1/88	4/1/13	4.00 – 4.75%	\$ 9,570,000	\$ 1,660,000
General Obligation Notes, Series 2001A	8/1/01	10/1/11	4.00 – 4.44%	4,070,000	585,000
General Obligation Notes, Series 2001B	8/1/01	10/1/11	6.00%	3,270,000	1,050,000

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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 Indebtedness</u>	<u>Balance 12-31-10</u>
Governmental Activities					
General Obligation Bonds (cont.)					
2001 State Trust Fund Loan	8/24/01	3/15/11	5.00%	\$ 2,812,341	\$ 668,639
General Obligation Funds					
General Obligation Notes, Series 2002A	7/1/02	4/1/12	3.00 – 4.10%	8,535,000	1,540,000
General Obligation Notes, Series 2002B	7/1/02	4/1/12	5.00%	1,995,000	1,575,000
2002 State Trust Fund Loan	2/6/03	3/15/18	5.00%	2,000,000	1,252,977
General Obligation Notes, Series 2003A	9/3/03	4/1/13	1.25 – 3.70%	1,610,000	855,000
2003 State Trust Fund Loan	7/23/03	3/15/20	5.00%	2,800,000	2,212,215
General Obligation Refunding Bonds, Series 2005 A	3/15/05	4/1/13	3.00 – 4.00%	5,165,000	765,000
General Obligation Notes, Series 2005B	10/12/05	4/1/15	3.00 – 4.00%	6,210,000	4,335,000
General Obligation Notes, Series 2006A	8/9/06	10/1/16	4.125 – 4.200%	4,725,000	3,690,000
General Obligation Notes, Series 2007	8/1/07	4/1/17	4.25%	5,165,000	4,170,000
General Obligation Notes, Series 2008A	8/5/08	4/1/16	3.00 – 4.00%	3,980,000	3,344,999
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>4,960,000</u>
Total Governmental Activities – General Obligation Debt					<u>\$ 39,988,830</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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 12-31-10</u>
Business-Type Activities General Obligation Debt					
2005 State Trust Fund Loan	12/30/05	3/15/26	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>
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	3,892,885	694,195	49,250	34,473
2016 – 2020	10,117,685	1,797,063	285,639	133,656
2021 – 2025	2,370,000	743,808	347,306	49,168
2026 – 2028	1,760,000	135,252	7,267	363
Totals	<u>\$ 39,988,830</u>	<u>\$ 8,023,172</u>	<u>\$ 708,509</u>	<u>\$ 359,458</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	\$ 2,157,919
General Fund – compensated absences	4,531,088
Debt Service Fund – general obligation debt	26,458
Special Revenue Fund – Tuchscherer disability	64,497
Capital Projects Fund – general obligation debt	<u>158,410</u>
Total	<u>\$ 6,938,372</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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 \$174,290,817 for water, wastewater, and stormwater. For the current year, the water utility paid \$8,220,470 of principal and interest and had \$12,003,016 of net revenues. Annual principal and interest payments are expected to require 45% of net water revenues on average. The wastewater utility paid \$3,025,387 of principal and interest and had \$2,844,944 of net revenues. Annual principal and interest payments are expected to require 39% of net wastewater revenues on average. The stormwater utility paid \$3,143,309 of principal and interest and had \$4,555,498 of net revenues. Annual principal and interest payments are expected to require 63% of net stormwater revenues on average.

Revenue debt payable at December 31, 2010 consists of the following:

Business-Type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-10
<u>Water Utility</u>					
Water System Revenue					
Refunding Bonds, Series 2007A	2/6/07	1/1/25	4.00 – 4.50%	\$ 58,510,000	\$ 45,625,000
Taxable Water System Revenue					
Refunding Bonds, Series 2007B	2/6/07	1/1/12	5.40 – 5.35%	2,620,000	550,000
Water System Revenue					
Bonds, Series 2007C	3/1/07	1/1/26	4.00 – 4.75%	12,140,000	11,120,000
Water System Revenue					
Bonds, Series 2008	12/17/08	1/1/28	3.00 – 5.50%	15,215,000	14,130,000
				Total Water Utility	<u>71,425,000</u>
<u>Wastewater Utility</u>					
Sewerage System Mortgage					
Revenue Bonds, CWFL Series 1993B	3/24/93	5/1/12	3.369%	12,989,595	1,934,002
Sewerage System Revenue					
Bonds, Series 2006	8/9/06	5/1/26	4.25 – 5.00%	3,265,000	2,855,000
Sewerage System Revenue					
Bonds, Series 2007	9/5/07	5/1/27	4.25 – 5.00%	2,350,000	2,130,000
Sewerage System Revenue					
Bonds, Series 2008	9/10/08	5/1/28	3.00 – 4.50%	4,330,000	4,050,000
Sewerage System Revenue					
Bonds, Series 2010	5/22/10	5/1/30	2.00 – 4.00%	4,935,000	4,935,000
				Total Wastewater Utility	<u>15,904,002</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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 12-31-10
<u>Stormwater Utility</u>					
Stormwater System Revenue Bonds, Series 2001	9/1/01	4/1/21	4.00 – 5.00%	\$ 4,810,000	\$ 3,445,000
Stormwater System Revenue Bonds, Series 2002	8/23/02	4/1/22	3.00 – 5.00%	2,340,000	1,745,000
Stormwater System Revenue Bonds, Series 2003	10/9/03	4/1/23	2.00 – 4.55%	3,835,000	2,900,000
Stormwater System Revenue Bonds, Series 2004	10/15/04	4/1/24	2.50 – 4.65%	3,535,000	2,830,000
Stormwater System Revenue Refunding Bonds, Series 2006	5/1/06	4/1/26	4.00 – 4.50%	7,855,000	7,165,000
Stormwater System Revenue Bonds, Series 2007	9/5/07	4/1/27	4.25 – 5.00%	5,145,000	4,645,000
Stormwater System Revenue Bonds, Series 2008	9/10/08	4/1/28	3.00 – 4.50%	6,010,000	5,595,000
Stormwater System Revenue Bonds, Series 2009	12/30/09	4/1/29	2.00 – 4.45%	10,720,000	<u>10,720,000</u>
			Total Stormwater Utility		<u>39,045,000</u>
Total Business-Type Activities Revenue Debt					<u>\$ 126,374,002</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 3,145,982	\$ 3,969,587
2012	8,038,020	5,456,194
2013	7,600,000	5,132,708
2014	7,935,000	4,790,288
2015	7,825,000	4,441,485
2016 – 2020	43,980,000	16,442,804
2021 – 2025	34,150,000	6,634,400
2026 – 2030	<u>13,700,000</u>	<u>1,047,349</u>
Totals	<u>\$ 126,374,002</u>	<u>\$ 47,914,815</u>

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, 2010, \$47,040,000 of bonds outstanding are considered defeased.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund. A statutory mortgage lien upon the City's utility system and any additions, improvements and extensions thereto is created by Section 66.066 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issues. The City's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds. There are number of limitations and restrictions contained in the various bond indentures and loan agreements. The City believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

G. LEASE DISCLOSURES

Lessor – Capital Leases

In 1998, the City entered into a lease/development agreement with Appleton Ice Incorporated. As part of the agreement, the City leased approximately 2.5 acres of land to Appleton Ice Incorporated to be used for the Appleton Family Ice Arena. The lease is recorded as a receivable in the debt service fund. The gross amount of these assets under capital leases is \$1,210,000. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2010, are as follows:

	<u>Governmental Activities</u>
2011	\$ 92,842
2012	94,767
2013	94,800
2014	93,092
2015	94,567
2016 – 2018	<u>278,167</u>
Sub-Total	748,235
Less: Amount representing interest	<u>(144,902)</u>
Present Value of Minimum Lease Payments	<u>\$ 603,333</u>

H. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover on its Mackville Landfill, which no longer receives solid waste, and to perform certain maintenance and monitoring functions at the site for 40 years after closure. Construction of the cover was completed at December 31, 2002. The City does have postclosure care responsibility at the Mackville Landfill. As of December 31, 2010, a \$2,250,000 liability was estimated based on what it would cost to perform all postclosure care in 2010 and thereafter. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The City incurred approximately \$80,824 of closure costs in 2010.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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

I. GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2010 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land and land improvements	\$ 124,328,082
Intangible assets	10,421
Construction in progress	8,769,253
Other capital assets, net of accumulated depreciation	192,642,132
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(24,784,590)
Add: Unamortized debt issuance costs	160,936
Less: Unamortized debt premium	(84,115)
Total Invested in Capital Assets, Net of Related Debt	301,042,119
Restricted	
Debt service fund	89,181
Grant programs	6,925,231
Total Restricted	7,014,412
Unrestricted	15,672,956
Total Governmental Activities Net Assets	\$ 323,729,487

Governmental fund balances reported on the fund financial statements at December 31, 2010 include the following:

Reserved

Major Funds

General Fund	
Inventories	\$ 890,237
Prepaid items	34,111
Advance to other fund (principal portion)	9,055,862
Developer loans	1,423,313
Encumbrances	2,031,468
Total	\$ 13,434,991
Debt Service Fund	
Reserved for debt service	\$ 26,458

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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

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

Governmental Activities (cont.)

Reserved (cont.)

Non-Major Funds

Special Revenue Funds

Sanitation and recycling – encumbrances	<u>\$ 3,872</u>
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Capital Projects Funds

Subdivision development projects – encumbrances	\$ 54,642
Industrial park land – debt service	158,410
Industrial park land – encumbrances	18,000
Park and recreation projects – encumbrances	97,053
Tax Incremental District No. 7 – encumbrances	61,698
Tax Incremental District No. 8 – encumbrances	24,309
Public works equipment – encumbrances	187,343
Business park escrow – encumbrances	487,097
CEA replacement – encumbrances	152,945
Community development – encumbrances	271,415
Facilities capital projects – encumbrances	731,449
Technology – encumbrances	<u>106,071</u>

Total	<u>\$ 2,350,432</u>
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Permanent Fund

Frank P. Young memorial – trust purposes	<u>\$ 33,652</u>
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Unreserved (deficit)

Major Funds

General fund	<u>\$ 486,440</u>
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Special Revenue Funds

Tax Incremental District No. 3 special revenue fund	<u>\$ (12,396,920)</u>
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Non-Major Funds

Special Revenue Funds

Tax Incremental District No. 2	\$ (143,220)
Community development block grant	(5,634)
Police grants	(51,585)
Safe route to school	<u>(64,886)</u>

Total	<u>\$ (265,325)</u>
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CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

Governmental Activities (cont.)

Unreserved (deficit) (cont.)

Non-Major Funds (cont.)

Capital Projects Funds

Tax Incremental District No. 6	\$ (935,307)
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Total	<u>\$ (935,307)</u>
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Unreserved (designated)

Major Funds

General fund designated for:

Water utility tax equivalent	\$ 1,543,337
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Working capital	9,628,562
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Compensated absences	4,531,088
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Unfunded pension liability	285,527
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Debt service	2,157,919
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Health insurance	<u>729,751</u>
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Total	<u>\$ 18,876,184</u>
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Non-Major Funds

Special Revenue Funds

Rental rehabilitation grants	\$ 90,428
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Sanitation and recycling program	929,598
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Hazardous materials level A	441,950
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Forestry	9,193
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Room tax	24,247
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HOME/Homeowner	3,855
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Lead hazard control grant	3
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Tuchscherer disability	64,497
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Peabody estate	60,732
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Balliet locomotive	10,610
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Lutz Park	204,656
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Park purpose open space	284,655
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Union Spring park	2,347
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Project city park	5,496
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Universal playground trust	19,274
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Miracle League baseball	<u>25,507</u>
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Total	<u>\$ 2,177,048</u>
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CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

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

Governmental Activities (cont.)

Unreserved (designated) (cont.)

Non-Major Funds (cont.)

Capital Projects Fund

Subdivision development projects	\$ 762,605
Industrial park land	1,365,362
Parks and recreation projects	826
Tax Incremental District No. 5	120,346
Tax Incremental District No. 7	75,816
Public safety facilities	50,237
Public works equipment	1,195,870
Business park escrow	1,321,776
CEA replacement	2,502,139
Community development	42,534
Library improvements	1,448
Facilities capital projects	8,853
Technology	40,206
Total	<u>\$ 7,488,018</u>

Business-Type Activities

Invested in capital assets, net of related debt

Land	\$ 26,597,194
Intangible assets	375,815
Construction in progress	8,404,858
Other capital assets, net of accumulated depreciation	255,269,600
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(126,472,433)
Add: Borrowed reserve and depreciation funds	14,745,149
Add: Construction fund	2,227,183
Total Invested in Capital Assets, Net of Related Debt	<u>181,147,366</u>

Restricted

Debt service	6,821,229
DNR replacement fund	3,874,842
Capital replacement fund	845,894
Total Restricted	<u>11,541,965</u>

Unrestricted

28,025,987

Total Business-Type Activities Net Assets \$ 220,715,318

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

J. COMPONENT UNITS

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

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

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 \$83,240.

c. Inventory

This represents land held for resale.

Housing Authority

a. Basis of Accounting/Measurement Focus

The Housing Authority prepares its financial statements in accordance with 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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

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 \$2,147,465 on December 31, 2010 as summarized below:

Petty cash funds	\$	150
Deposits with financial institutions		<u>2,147,315</u>
 Total		 <u>\$ 2,147,465</u>

Additional information on the above deposits and investments follows:

Deposits – At year end, the carrying amount of the Authority's deposits was \$2,147,465 and the bank balance was \$2,165,851. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for interest bearing accounts and unlimited amounts for non-interest bearing accounts.

The Authority's bank balance of \$2,165,851 on December 31, 2010 is categorized below.

<u>Deposit Accounts</u>	<u>Bank Balance</u>
Insured	\$ 255,982
Collateralized:	
Collateral held by the pledging institutions trust department or agent not in the Authority's name	<u>1,909,869</u>
Total Deposits	<u>\$ 2,165,851</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

b. Cash and Investments (cont.)

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, 2010 consist of the following:

Cash and cash equivalents	<u>\$ 476,777</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.

The total of deferred loans outstanding at December 31, 2010 is as follows:

Deferred loans receivable	\$ 3,340,296
Unamortized grants	(368)
Allowance for uncollectible loans	<u>(119,293)</u>
Net Deferred Loans Receivable	<u>\$ 3,220,635</u>

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

e. Inventory

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

f. Unearned income at December 31, 2010 consisted of:

Prepaid rent from tenants	\$	19,239
Unearned CDBG admin. fee received		7,415
Prepaid income – rent smart program - HCV		809
Total	\$	27,463

g. 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.

The capital asset activity for the year ended December 31, 2010 was as follows:

	Balance 1/1/10	Additions	Disposals	Balance 12/31/10
Capital assets, not being depreciated				
Land	\$ 1,181,057	\$ 234,830	\$ -	\$ 1,415,887
Construction in progress	64,853	-	21,634	43,219
Total Capital Assets, Not Being Depreciated	1,245,910	234,830	21,634	1,459,106
Capital assets, being depreciated				
Buildings and improvements	16,879,522	243,491	328,092	16,794,921
Land improvements	388,071	119,164	-	507,235
Equipment – dwelling	364,723	98,463	5,139	458,047
Equipment – administration	318,213	95,778	86,208	327,783
Total Capital Assets, Being Depreciated	17,950,529	556,896	419,439	18,087,986
Less: Accumulated depreciation for				
Buildings and improvements	(5,576,989)	(745,703)	115,848	(6,206,844)
Land improvements	(142,724)	(22,546)	-	(165,270)
Equipment – dwelling	(284,646)	(13,859)	4,875	(293,630)
Equipment – administration	(227,818)	(41,429)	78,808	(190,439)
Total Accumulated Depreciation	(6,232,177)	(823,537)	199,531	(6,856,183)
Total Capital Assets Being Depreciated, Net	11,718,352			11,231,803
Total Capital Assets, Net	\$ 12,964,262			\$ 12,690,909

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

h. 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, 2010 was \$610,259; the Housing Authority’s total payroll was \$625,145. The total required contribution for the year ended December 31, 2010 was \$67,129 which consisted of \$29,292 or 4.8% of payroll from the employer and \$37,836 or 6.2% of payroll from employees. Total contributions for the years ending December 31, 2010 and 2009 were \$60,520 and \$59,590, respectively, equal to the required contributions for each year.

i. 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.

j. Conduit Debt Obligations

From time to time, the Authority, in cooperation with other governmental entities, has issued Revenue Bonds to provide financial assistance for the acquisition and construction of housing facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the Authority, City, State, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Presently, there is one Revenue Bond issue outstanding with a balance at December 31, 2010 of \$945,000. The Authority’s representative portion is \$241,712. The Authority’s portion of the proceeds from this Revenue Bond issue was used to construct the Authority’s Public Housing project known as Oneida Heights. Payments on the bond issue come from HUD under an annual contributions contract.

k. 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, 2010 was \$85,626 and is recorded as part of other accrued liabilities in the statement of net assets. The entire balance is considered a current liability.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

I. 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, 2010 was \$45,393. Payments for the next two years (unless refinanced) are 2010 - \$1,113 and 2011 - \$44,280.

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, 2010 was \$92,730 and accumulated depreciation for those assets was \$34,151. The total amount of future rent credits at December 31, 2010 was \$2,550 which will be provided to the tenants in 2011. 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. The Authority is currently in the process of working with a developer to construct a tax credit property with tax credits that were awarded to the Authority in 2010. The tax credit property would replace the current Washington Place facility. Therefore, the Authority paid off the mortgage note in full during 2010.

m. Leases

Portions of the property owned by the Authority are rented to three commercial tenants under leases for periods of one year. All the leases have one year renewal clauses which are cancelable at the end of each year.

n. 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, 2010

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

J. COMPONENT UNITS (cont.)

Business Improvement District

a. Basis of Accounting/Measurement Focus

The Business Improvement District prepares its financial statements in accordance with generally accepted accounting principles. The accounting records are kept on the accrual basis of accounting and the flow of economic resources measurement focus. No conversion entries are necessary to convert the BID financial statements to the full accrual method. 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 \$173,903.

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible City employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 6.2% of their salary (3.2% for Executives and Elected Officials, 5.5% for Protective Occupations with Social Security, and 3.9% 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, 2010 was \$38,287,577; the employer's total payroll was \$40,121,837. The total required contribution for the year ended December 31, 2010 was \$5,526,397 or 14% of covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ending December 31, 2010 and 2009 were \$4,871,172 and \$4,804,156, respectively, equal to the required contributions for each year.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Employees who retire at or after age 65 (62 for elected officials, 54 for protective occupation employees with less than 25 years of service, and 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

The pension related debt for the City as of December 31, 2010, 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 2010 was approximately \$57,211. The total estimated unfunded pension benefit obligation of this plan is approximately \$285,527 as of December 31, 2010, 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 \$285,527 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 9 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, 2010

NOTE V – OTHER INFORMATION (cont.)

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

Risk Management Fund

All funds of the City participate in the Risk Management Fund. For 2010, 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, 2010 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, 2010 and amounts expected to arise from claims which have been incurred but have not been reported to the City as of December 31, 2010. The reserve is based on a 2010 actuarial study and actual claims activity in recent years. 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, 2010, the City has designated net assets of \$42,049 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>
2009	\$ 1,500,000	\$ 689,585	\$ 689,585	\$ 1,500,000
2010	1,500,000	724,814	724,814	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 \$185,000 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 2010 totaled approximately \$393,633.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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, 2010:

Reported and Known Claims	\$ 761,351
Incurred but not Reported Claims	<u>2,175,649</u>
 Total	 <u>\$ 2,937,000</u>

Changes in the claims payable follow:

	<u>Balance January 1</u>	<u>Incurred Claims</u>	<u>Claims Paid</u>	<u>Balance December 31</u>
2009	\$ 2,600,000	\$ 8,057,989	\$ 7,720,989	\$ 2,937,000
2010	2,937,000	8,044,546	8,044,546	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 2010, 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, 2010 through January 1, 2011.

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 4.26% for auto liability and 4.75% 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, 2010

NOTE V – OTHER INFORMATION (cont.)

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, 2010

NOTE V – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

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, 2010:

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE V – OTHER INFORMATION (cont.)

D. BOND COVENANT DISCLOSURES (cont.)

Number of Customers – Water

<i>Unmetered</i>	
Commercial	16
 <i>Metered</i>	
Residential	24,778
Commercial	1,811
Industrial	79
Public Authority	90
Wholesale	<u>3</u>
Total	<u><u>26,777</u></u>

Number of Customers – Sewer

<i>Metered</i>	
Residential	24,666
Commercial	1,763
Industrial	75
Public Authority	<u>72</u>
Total	<u><u>26,576</u></u>

Number of Equivalent Run Off Units – Stormwater

<i>Metered</i>	
Residential	23,057
Commercial	25,955
Industrial	4,064
Public Authority	<u>4,061</u>
Total	<u><u>57,137</u></u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

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	\$	221,435
Interest on net OPEB obligation		4,509
Adjustment to annual required contribution		(5,866)
 Annual OPEB cost		 220,078
Contributions made		(326,205)
Increase in Net OPEB Obligation (Asset)		(106,127)
 Net OPEB Obligation (Asset) – Beginning of Year		 90,174
 Net OPEB Obligation (Asset) – End of Year	\$	 (15,953)

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/ (Asset)
12/31/10	\$ 220,078	148%	\$ (15,953)
12/31/09	270,256	87%	90,174
12/31/08	267,479	79%	55,548

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE V – OTHER INFORMATION (cont.)

E. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont.)

The funded status of the plans as of January 1, 2010, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 2,076,834
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 2,076,834</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 38,287,577
UAAL as a percentage of covered payroll	5.42%

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 dollar of projected payroll on an open basis. The amortization period at December 31, 2010 was 30 years. The City accounts for these activities in the post-employment benefits internal service fund, which has net assets of \$1,464,245 as of December 31, 2010.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE V – OTHER INFORMATION (cont.)

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, and Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 29,961,978	\$ 29,961,978	\$ 29,909,926	\$ (52,052)
Intergovernmental	16,696,931	16,749,607	17,165,081	415,474
Licenses and permits	840,349	840,349	990,827	150,478
Fines and forfeitures	300,000	300,000	356,971	56,971
Special assessments	950,000	950,000	1,014,114	64,114
Investment income	1,524,422	1,524,422	1,532,028	7,606
Charges for services	1,361,948	1,372,188	1,355,008	(17,180)
Other	2,024,240	2,092,481	2,070,167	(22,314)
Total Revenues	<u>53,659,868</u>	<u>53,791,025</u>	<u>54,394,122</u>	<u>603,097</u>
EXPENDITURES				
Current				
General government	7,783,265	9,242,670	7,355,165	1,887,505
Public safety	26,517,695	26,834,172	26,549,877	284,295
Public works	12,715,055	13,105,425	12,239,494	865,931
Education and recreation	8,935,022	9,094,435	8,771,545	322,890
Community development	836,369	836,369	785,177	51,192
Total Expenditures	<u>56,787,406</u>	<u>59,113,071</u>	<u>55,701,258</u>	<u>3,411,813</u>
Excess (deficiency) of revenues over expenditures	<u>(3,127,538)</u>	<u>(5,322,046)</u>	<u>(1,307,136)</u>	<u>4,014,910</u>
OTHER FINANCING SOURCES (USES)				
Sale of city property	15,000	15,000	6,028	(8,972)
Transfers in	3,748,950	3,748,950	4,549,564	800,614
Transfers out	(636,412)	(1,754,698)	(1,656,953)	97,745
Total Other Financing Sources (Uses)	<u>3,127,538</u>	<u>2,009,252</u>	<u>2,898,639</u>	<u>889,387</u>
Net Change in Fund Balance	-	(3,312,794)	1,591,503	4,904,297
FUND BALANCE - Beginning	<u>31,206,112</u>	<u>31,206,112</u>	<u>31,206,112</u>	<u>2,484,551</u>
FUND BALANCE - ENDING	<u>\$ 31,206,112</u>	<u>\$ 27,893,318</u>	<u>\$ 32,797,615</u>	<u>\$ 7,388,848</u>

See independent auditors' report and 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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,318,623	\$ 1,354,173	\$ 1,366,494	\$ 12,321
Intergovernmental	7,279	7,279	5,877	(1,402)
Investment income	8,000	8,000	18,217	10,217
Total Revenues	<u>1,333,902</u>	<u>1,369,452</u>	<u>1,390,588</u>	<u>21,136</u>
EXPENDITURES				
Current				
General government	2,000	2,000	1,547	453
Debt Service				
Interest	586,838	622,388	622,838	(450)
Total Expenditures	<u>588,838</u>	<u>624,388</u>	<u>624,385</u>	<u>3</u>
Excess of revenues over expenditures	745,064	745,064	766,203	21,139
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000,000	1,000,000	1,000,000	-
Transfers out	(1,765,348)	(1,765,348)	(1,765,348)	-
Total Other Financing Sources (Uses)	<u>(765,348)</u>	<u>(765,348)</u>	<u>(765,348)</u>	<u>-</u>
Net Change in Fund Balance	(20,284)	(20,284)	855	21,139
FUND BALANCE (DEFICIT) - Beginning	<u>(12,382,082)</u>	<u>(12,382,082)</u>	<u>(12,397,775)</u>	<u>(15,693)</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (12,402,366)</u>	<u>\$ (12,402,366)</u>	<u>\$ (12,396,920)</u>	<u>\$ 5,446</u>

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF APPLETON

OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDED STATUS
For the Year Ended December 31, 2010

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
12/31/2010	\$ -	\$ 2,076,834	\$ 3,002,471	0%	\$ 38,287,577	5.4%
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 independent auditors' report and accompanying notes to required supplementary information.

CITY OF APPLETON

OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDING PROGRESS For the Year Ended December 31, 2010

Postemployment Health Care Plan**

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
12/31/10	\$ 221,435	1.47%
12/31/08	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 independent auditors' report and accompanying notes to required supplementary information.

CITY OF APPLETON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2010

BUDGETARY INFORMATION

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

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

See independent auditors' report.

SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

GENERAL FUND

CITY OF APPLETON

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
Property tax	\$ 29,497,878	\$ 29,497,878	\$ 29,497,480	\$ (398)
Payment in lieu of taxes	464,100	464,100	412,446	(51,654)
Total Taxes	<u>29,961,978</u>	<u>29,961,978</u>	<u>29,909,926</u>	<u>(52,052)</u>
INTERGOVERNMENTAL REVENUES				
State shared revenues	11,114,214	11,114,214	11,126,034	11,820
State aid - exempt computers	296,126	296,126	354,751	58,625
Highway aid - connecting streets	204,488	204,488	204,101	(387)
State tax disparity act	1,500,191	1,500,191	1,482,540	(17,651)
State aid - local streets	2,575,021	2,575,021	2,575,850	829
State aid - fire insurance dues	143,500	143,500	151,384	7,884
Miscellaneous federal aids	6,855	6,855	6,581	(274)
Miscellaneous state aids	42,523	67,119	441,743	374,624
Miscellaneous local aids	7,500	7,500	7,500	-
Library grants and aids	806,513	806,513	806,517	4
Health grants	-	28,080	8,080	(20,000)
Total Intergovernmental Revenues	<u>16,696,931</u>	<u>16,749,607</u>	<u>17,165,081</u>	<u>415,474</u>
LICENSES AND PERMITS				
Licenses				
Amusement devices	8,500	8,500	8,205	(295)
Cigarette	6,500	6,500	5,290	(1,210)
Electricians	3,840	3,840	6,100	2,260
Health	117,000	117,000	115,520	(1,480)
Liquor and malt beverages	75,000	75,000	90,652	15,652
Operators	50,000	50,000	58,905	8,905
Commercial solicitation	9,000	9,000	16,770	7,770
Taxi cab/limousine	1,300	1,300	1,680	380
Taxi driver	2,000	2,000	2,255	255
Sundry	6,000	6,000	7,205	1,205
Secondhand/pawnbroker	1,500	1,500	2,100	600
Special events	10,000	10,000	20,532	10,532
Dog	30,000	30,000	22,407	(7,593)
Cat	10,000	10,000	10,443	443
Weights and measures	47,559	47,559	48,507	948
Permits				
Building	200,000	200,000	253,697	53,697
Electrical	90,000	90,000	140,329	50,329
Heating	63,600	63,600	70,236	6,636
Plumbing and sewer	50,000	50,000	58,386	8,386
Burning	25,000	25,000	21,920	(3,080)
Trailer parking	8,000	8,000	6,478	(1,522)
State building	3,000	3,000	2,490	(510)
Signs	4,000	4,000	4,170	170
Sidewalk	5,000	5,000	1,695	(3,305)
Storage of flammable liquids	100	100	180	80
Street occupancy	3,000	3,000	2,965	(35)
Street excavating and patching	6,000	6,000	7,165	1,165
Sundry	4,450	4,450	4,545	95
Total Licenses and Permits	<u>840,349</u>	<u>840,349</u>	<u>990,827</u>	<u>150,478</u>

CITY OF APPLETON

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
FINES AND FORFEITURES				
Court fines and costs	\$ 300,000	\$ 300,000	\$ 356,971	\$ 56,971
Total Fines and Forfeitures	<u>300,000</u>	<u>300,000</u>	<u>356,971</u>	<u>56,971</u>
SPECIAL ASSESSMENTS				
Asphalt paving	350,000	350,000	353,346	3,346
Concrete paving	400,000	400,000	424,234	24,234
Grade and gravel	10,000	10,000	6,621	(3,379)
Sidewalks	20,000	20,000	16,333	(3,667)
Snow removal	75,000	75,000	80,802	5,802
Weed cutting	35,000	35,000	42,224	7,224
Street light revenue	60,000	60,000	68,299	8,299
Miscellaneous	-	-	22,255	22,255
Total Special Assessments	<u>950,000</u>	<u>950,000</u>	<u>1,014,114</u>	<u>64,114</u>
INVESTMENT INCOME				
Investment income	1,324,422	1,324,422	1,355,962	31,540
Interest on taxes	100,000	100,000	105,901	5,901
Interest - deferred special assessments	100,000	100,000	70,165	(29,835)
Total Investment Income	<u>1,524,422</u>	<u>1,524,422</u>	<u>1,532,028</u>	<u>7,606</u>
CHARGES FOR SERVICES				
City clerk	40,200	40,200	55,089	14,889
Assessor	1,500	1,500	900	(600)
Mayor	-	10,240	10,240	-
Finance	4,000	4,000	5,563	1,563
Human resources	-	-	19	19
City attorney	3,000	3,000	2,243	(757)
Library	88,000	88,000	80,701	(7,299)
Technology services	17,500	17,500	34,883	17,383
Parks and Recreation				
Park administration	125	125	-	(125)
Recreation and administration	333,577	333,577	343,803	10,226
Aquatics	254,000	254,000	251,556	(2,444)
Public Works				
Street division	70,000	70,000	49,222	(20,778)
Traffic	80,600	80,600	74,484	(6,116)
Inspection department	32,000	32,000	27,790	(4,210)
Health department	68,790	68,790	66,338	(2,452)
Police department	327,656	327,656	311,368	(16,288)
Fire department	41,000	41,000	40,809	(191)
Total Charges for Services	<u>1,361,948</u>	<u>1,372,188</u>	<u>1,355,008</u>	<u>(17,180)</u>
OTHER				
Fees and commissions	734,050	734,050	772,811	38,761
Zoning and subdivision fees	20,000	20,000	28,540	8,540
Property inquiry fees	70,000	70,000	62,619	(7,381)
Exempt property fee	-	-	820	820
Miscellaneous revenue	77,931	86,740	98,124	11,384
Rental of city property	46,770	46,770	46,130	(640)

CITY OF APPLETON

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OTHER (cont.)				
Donations and memorials	\$ 32,055	\$ 44,879	\$ 38,972	\$ (5,907)
Damage to city property	52,500	52,500	24,788	(27,712)
Other reimbursements	918,664	965,272	907,541	(57,731)
Leases	68,870	68,870	85,272	16,402
Board of appeals	3,400	3,400	4,550	1,150
Total Other	<u>2,024,240</u>	<u>2,092,481</u>	<u>2,070,167</u>	<u>(22,314)</u>
Total Revenues	<u>53,659,868</u>	<u>53,791,025</u>	<u>54,394,122</u>	<u>603,097</u>
OTHER FINANCING SOURCES				
Sale of city property	15,000	15,000	6,028	(8,972)
Transfers From				
Tax incremental district no. 4	2,300,500	2,300,500	2,805,277	504,777
Room tax fund	30,000	30,000	30,000	-
Water utility fund - property tax equivalent	1,261,300	1,261,300	1,557,137	295,837
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>3,748,950</u>	<u>3,748,950</u>	<u>4,549,564</u>	<u>800,614</u>
Total Other Financing Sources	<u>3,763,950</u>	<u>3,763,950</u>	<u>4,555,592</u>	<u>791,642</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 57,423,818</u>	<u>\$ 57,554,975</u>	<u>\$ 58,949,714</u>	<u>\$ 1,394,739</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		
GENERAL GOVERNMENT				
Common council	\$ 124,193	\$ 125,371	\$ 126,277	\$ (906)
Mayor	309,827	325,067	317,020	8,047
City clerk	740,832	740,832	641,056	99,776
City assessor	599,270	579,170	566,972	12,198
Finance	986,416	993,416	960,751	32,665
Information services	1,946,128	1,946,128	1,906,573	39,555
Human resources	699,566	700,566	667,353	33,213
City attorney	451,918	451,918	447,363	4,555
Unclassified				
Severance pay	185,000	575,000	640,759	(65,759)
Insurance	472,841	472,841	473,899	(1,058)
Reserve for contingencies	593,270	1,658,357	-	1,658,357
City hall	543,480	543,480	505,717	37,763
Other	130,524	130,524	101,425	29,099
Total General Government	<u>7,783,265</u>	<u>9,242,670</u>	<u>7,355,165</u>	<u>1,887,505</u>
PUBLIC SAFETY				
Health services	1,219,384	1,247,464	1,156,911	90,553
Police	15,092,949	15,378,846	15,290,253	88,593
Fire	10,205,362	10,207,862	10,102,713	105,149
Total Public Safety	<u>26,517,695</u>	<u>26,834,172</u>	<u>26,549,877</u>	<u>284,295</u>
PUBLIC WORKS				
	<u>12,715,055</u>	<u>13,105,425</u>	<u>12,239,494</u>	<u>865,931</u>
EDUCATION AND RECREATION				
Library	4,442,562	4,601,975	4,508,997	92,978
Parks and recreation	4,492,460	4,492,460	4,262,548	229,912
Total Education and Recreation	<u>8,935,022</u>	<u>9,094,435</u>	<u>8,771,545</u>	<u>322,890</u>
COMMUNITY DEVELOPMENT				
	<u>836,369</u>	<u>836,369</u>	<u>785,177</u>	<u>51,192</u>
OTHER FINANCING USES				
Transfers Out To				
Subdivision development projects	-	1,075,286	1,075,286	-
Facility capital projects	-	43,000	43,000	-
Valley transit fund	636,412	636,412	538,667	97,745
Total Other Financing Uses	<u>636,412</u>	<u>1,754,698</u>	<u>1,656,953</u>	<u>97,745</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES				
	<u>\$ 57,423,818</u>	<u>\$ 60,867,769</u>	<u>\$ 57,358,211</u>	<u>\$ 3,509,558</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 SCHOOL 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)

ENERGY EFFICIENCY BLOCK GRANT

To account for the grant proceeds, and corresponding program expenditures, related to various energy efficient retrofits on municipal facilities throughout the City.

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.

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

SPECIAL REVENUE FUNDS (CONTINUED)

PROJECT CITY PARK PROJECT

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

UNIVERSAL PLAYGROUND

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

MIRACLE LEAGUE BASEBALL

To account for donations received to finance the maintenance and upgrade costs of the Miracle League Baseball Field and its associated amenities.

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.

BUSINESS PARK ESCROW

To account for the remaining project costs for public improvement within the area formerly known as T.I.D. No. 4.

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.

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

CAPITAL PROJECTS FUNDS (CONTINUED)

LIBRARY IMPROVEMENTS

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

FACILITIES CAPITAL PROJECTS

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

TECHNOLOGY

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

PERMANENT FUND

FRANK P. YOUNG MEMORIAL

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

CITY OF APPLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
December 31, 2010

	Special Revenue Funds					
	Tax Incremental District No. 2	Community Development Block Grant	Rental Rehabili- tation Grants	Sanitation & Recycling Program	Health Grants	Police Grants
ASSETS						
Cash and investments	\$ 202,666	\$ -	\$ 90,428	\$ 889,913	\$ 161,049	\$ -
Receivables						
Taxes	324,137	-	-	2,310,000	-	-
Deferred loans	-	-	789,926	-	-	-
Accounts	-	522	-	2,914	435	45,000
Special assessments	-	-	-	-	-	-
Other	-	-	-	92,463	-	-
Due from other governments	-	79,873	-	-	6,736	17,128
Due from other funds	-	-	-	17,442	-	-
TOTAL ASSETS	\$ 526,803	\$ 80,395	\$ 880,354	\$ 3,312,732	\$ 168,220	\$ 62,128
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ -	\$ 69,132	\$ -	\$ 16,632	\$ 245	\$ 5,075
Other accrued liabilities	-	703	-	51,139	8,051	-
Due to other funds	-	16,194	-	-	-	57,053
Deposits	-	-	-	-	-	-
Deferred revenues	324,137	-	789,926	2,311,491	159,924	51,585
Advances from other funds	345,886	-	-	-	-	-
Total Liabilities	670,023	86,029	789,926	2,379,262	168,220	113,713
Fund Balances						
Reserved for						
Debt service	-	-	-	-	-	-
Encumbrances	-	-	-	3,872	-	-
Trust purposes	-	-	-	-	-	-
Unreserved						
Designated for subsequent year's expenditures	-	-	90,428	929,598	-	-
Undesignated (deficit)	(143,220)	(5,634)	-	-	-	(51,585)
Total Fund Balances	(143,220)	(5,634)	90,428	933,470	-	(51,585)
TOTAL LIABILITIES AND FUND BALANCES	\$ 526,803	\$ 80,395	\$ 880,354	\$ 3,312,732	\$ 168,220	\$ 62,128

Continued on
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Special Revenue Funds							
Safe Route to School Grant	Hazardous Materials Level A	Forestry	Room Tax	Emergency Shelter	Continuum of Care	HOME Homeowner	Housing Rehabilitation Grant
\$ -	\$ 442,522	\$ 9,193	\$ 16,467	\$ -	\$ 4,631	\$ 16,622	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	236,916	5,242,084
-	-	-	-	-	-	-	-
-	-	-	81,681	-	-	-	-
64,886	-	-	-	14,581	40,728	-	54,134
-	-	-	-	-	-	-	-
<u>\$ 64,886</u>	<u>\$ 442,522</u>	<u>\$ 9,193</u>	<u>\$ 98,148</u>	<u>\$ 14,581</u>	<u>\$ 45,359</u>	<u>\$ 253,538</u>	<u>\$ 5,296,218</u>
\$ 503	\$ 572	\$ -	\$ 73,901	\$ 193	\$ 45,274	\$ 12,767	\$ 7,999
-	-	-	-	107	85	-	2,163
64,383	-	-	-	14,281	-	-	43,972
-	-	-	-	-	-	-	-
64,886	-	-	-	-	-	236,916	5,242,084
-	-	-	-	-	-	-	-
<u>129,772</u>	<u>572</u>	<u>-</u>	<u>73,901</u>	<u>14,581</u>	<u>45,359</u>	<u>249,683</u>	<u>5,296,218</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	441,950	9,193	24,247	-	-	3,855	-
(64,886)	-	-	-	-	-	-	-
<u>(64,886)</u>	<u>441,950</u>	<u>9,193</u>	<u>24,247</u>	<u>-</u>	<u>-</u>	<u>3,855</u>	<u>-</u>
<u>\$ 64,886</u>	<u>\$ 442,522</u>	<u>\$ 9,193</u>	<u>\$ 98,148</u>	<u>\$ 14,581</u>	<u>\$ 45,359</u>	<u>\$ 253,538</u>	<u>\$ 5,296,218</u>

CITY OF APPLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)
December 31, 2010

	Special Revenue Funds					
	Business and Neighborhood Revitalization Grant	Neighborhood Stabilization Grant	Homeless Prevention Grant	Lead Hazard Control Grant	Energy Efficiency Block Grant	Tuch- scherer Disability
ASSETS						
Cash and investments	\$ -	\$ 13,626	\$ -	\$ -	\$ -	\$ 64,497
Receivables						
Taxes	-	-	-	-	-	-
Deferred loans	-	-	-	120,069	-	-
Accounts	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other governments	15,751	9,844	21,390	13,352	107,389	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 15,751</u>	<u>\$ 23,470</u>	<u>\$ 21,390</u>	<u>\$ 133,421</u>	<u>\$ 107,389</u>	<u>\$ 64,497</u>
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ 2,000	\$ 22,864	\$ 13,694	\$ 9,434	\$ 90,769	\$ -
Other accrued liabilities	2,537	606	295	340	1,922	-
Due to other funds	11,214	-	7,401	3,575	14,698	-
Deposits	-	-	-	-	-	-
Deferred revenues	-	-	-	120,069	-	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	<u>15,751</u>	<u>23,470</u>	<u>21,390</u>	<u>133,418</u>	<u>107,389</u>	<u>-</u>
Fund Balances						
Reserved for						
Debt service	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-
Trust purposes	-	-	-	-	-	-
Unreserved						
Designated for subsequent year's expenditures	-	-	-	3	-	64,497
Undesignated (deficit)	-	-	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>64,497</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,751</u>	<u>\$ 23,470</u>	<u>\$ 21,390</u>	<u>\$ 133,421</u>	<u>\$ 107,389</u>	<u>\$ 64,497</u>

Continued on
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Special Revenue Funds							
Peabody Estate	Balliet Locomotive	Lutz Park	Park Purpose Open Space	Union Spring Park	Project City Park	Universal Playground	Miracle League Baseball
\$ 60,732	\$ 10,610	\$ 204,656	\$ 284,655	\$ 2,347	\$ 5,496	\$ 19,274	\$ 25,507
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>60,732</u>	<u>10,610</u>	<u>204,656</u>	<u>284,655</u>	<u>2,347</u>	<u>5,496</u>	<u>19,274</u>	<u>25,507</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
60,732	10,610	204,656	284,655	2,347	5,496	19,274	25,507
-	-	-	-	-	-	-	-
<u>60,732</u>	<u>10,610</u>	<u>204,656</u>	<u>284,655</u>	<u>2,347</u>	<u>5,496</u>	<u>19,274</u>	<u>25,507</u>
<u>\$ 60,732</u>	<u>\$ 10,610</u>	<u>\$ 204,656</u>	<u>\$ 284,655</u>	<u>\$ 2,347</u>	<u>\$ 5,496</u>	<u>\$ 19,274</u>	<u>\$ 25,507</u>

CITY OF APPLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)
December 31, 2010

	Capital Projects Funds					
	Subdivision	Industrial	Parks and	Tax	Tax	Tax
	Development	Park	Recreation	Incremental	Incremental	Incremental
Projects	Land	Projects	District	District	District	
			No. 5	No. 6	No. 7	
ASSETS						
Cash and investments	\$ 516,017	\$ 1,541,772	\$ 99,566	\$ 120,346	\$ 119,961	\$ 139,882
Receivables						
Taxes	1,220,227	-	-	208,284	2,089,076	41,295
Deferred loans	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Special assessments	574,207	-	-	-	-	-
Other	11,574	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	\$ 2,322,025	\$ 1,541,772	\$ 99,566	\$ 328,630	\$ 2,209,037	\$ 181,177
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ 29,360	\$ -	\$ 1,687	\$ -	\$ 30,039	\$ 2,286
Other accrued liabilities	1,211	-	-	-	229	82
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Deferred revenues	1,474,207	-	-	208,284	2,089,076	41,295
Advances from other funds	-	-	-	-	1,025,000	-
Total Liabilities	1,504,778	-	1,687	208,284	3,144,344	43,663
Fund Balances						
Reserved for						
Debt service	-	158,410	-	-	-	-
Encumbrances	54,642	18,000	97,053	-	-	61,698
Trust purposes	-	-	-	-	-	-
Unreserved						
Designated for subsequent						
year's expenditures	762,605	1,365,362	826	120,346	-	75,816
Undesignated (deficit)	-	-	-	-	(935,307)	-
Total Fund Balances	817,247	1,541,772	97,879	120,346	(935,307)	137,514
TOTAL LIABILITIES AND						
FUND BALANCES	\$ 2,322,025	\$ 1,541,772	\$ 99,566	\$ 328,630	\$ 2,209,037	\$ 181,177

Capital Projects Funds							
Tax Incremental District No. 8	Public Safety Facilities	Public Works Equipment	Business Park Escrow	CEA Replacement	Community Development	Library Improve- ments	Facilities Capital Projects
\$ 24,524	\$ 50,237	\$ 1,673,100	\$ 1,961,679	\$ 2,655,084	\$ 313,949	\$ 2,834	\$ 857,585
22,151	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	579	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 46,675</u>	<u>\$ 50,237</u>	<u>\$ 1,673,100</u>	<u>\$ 1,962,258</u>	<u>\$ 2,655,084</u>	<u>\$ 313,949</u>	<u>\$ 2,834</u>	<u>\$ 857,585</u>
\$ 215	\$ -	\$ 289,887	\$ 151,968	\$ -	\$ -	\$ 1,124	\$ 115,791
-	-	-	1,417	-	-	262	1,492
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
22,151	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>22,366</u>	<u>-</u>	<u>289,887</u>	<u>153,385</u>	<u>-</u>	<u>-</u>	<u>1,386</u>	<u>117,283</u>
-	-	-	-	-	-	-	-
24,309	-	187,343	487,097	152,945	271,415	-	731,449
-	-	-	-	-	-	-	-
-	50,237	1,195,870	1,321,776	2,502,139	42,534	1,448	8,853
-	-	-	-	-	-	-	-
<u>24,309</u>	<u>50,237</u>	<u>1,383,213</u>	<u>1,808,873</u>	<u>2,655,084</u>	<u>313,949</u>	<u>1,448</u>	<u>740,302</u>
<u>\$ 46,675</u>	<u>\$ 50,237</u>	<u>\$ 1,673,100</u>	<u>\$ 1,962,258</u>	<u>\$ 2,655,084</u>	<u>\$ 313,949</u>	<u>\$ 2,834</u>	<u>\$ 857,585</u>

CITY OF APPLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)
December 31, 2010

	<u>Capital Projects Fund</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Technology</u>	<u>Frank P. Young Memorial</u>	
ASSETS			
Cash and investments	\$ 146,277	\$ 33,652	\$ 12,781,356
Receivables			
Taxes	-	-	6,215,170
Deferred loans	-	-	6,388,995
Accounts	-	-	48,871
Special assessments	-	-	574,207
Other	-	-	186,297
Due from other governments	-	-	445,792
Due from other funds	-	-	17,442
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 146,277</u>	<u>\$ 33,652</u>	<u>\$ 26,658,130</u>
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ -	\$ -	\$ 993,411
Other accrued liabilities	-	-	72,641
Due to other funds	-	-	232,771
Deposits	-	-	-
Deferred revenues	-	-	13,136,031
Advances from other funds	-	-	1,370,886
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u> </u>	<u> </u>	<u>15,805,740</u>
Fund Balances			
Reserved for			
Debt service	-	-	158,410
Encumbrances	106,071	-	2,195,894
Trust purposes	-	33,652	33,652
Unreserved			
Designated for subsequent year's expenditures	40,206	-	9,665,066
Undesignated (deficit)	-	-	(1,200,632)
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>146,277</u>	<u>33,652</u>	<u>10,852,390</u>
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 146,277</u>	<u>\$ 33,652</u>	<u>\$ 26,658,130</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010

	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
REVENUES						
Taxes	\$ 293,437	\$ -	\$ -	\$ -	\$ 2,810,000	\$ -
Intergovernmental	3,750	-	400,027	-	-	325,301
Special assessments	-	-	-	-	-	-
Investment income (loss)	3,633	-	-	-	20,051	-
Charges for services	-	-	-	-	492,041	-
Other	-	-	3	65,630	2,747	2,800
Total Revenues	<u>300,820</u>	<u>-</u>	<u>400,030</u>	<u>65,630</u>	<u>3,324,839</u>	<u>328,101</u>
EXPENDITURES						
Current						
General government	1,547	5,008,865	-	-	-	-
Public safety	-	-	-	-	-	328,101
Public works	-	-	-	-	3,416,599	-
Education and recreation	-	-	-	-	-	-
Community development	-	-	400,027	17,893	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service						
Interest and fiscal charges	19,209	-	-	-	-	-
Total Expenditures	<u>20,756</u>	<u>5,008,865</u>	<u>400,027</u>	<u>17,893</u>	<u>3,416,599</u>	<u>328,101</u>
Excess (deficiency) of revenues over expenditures	<u>280,064</u>	<u>(5,008,865)</u>	<u>3</u>	<u>47,737</u>	<u>(91,760)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Sale of city property	-	-	-	-	1,549	-
Transfer in	-	-	-	-	-	-
Transfers out	(77,000)	(6,905,277)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(77,000)</u>	<u>(6,905,277)</u>	<u>-</u>	<u>-</u>	<u>1,549</u>	<u>-</u>
Net Change in Fund Balances	203,064	(11,914,142)	3	47,737	(90,211)	-
FUND BALANCES (DEFICIT) - Beginning 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>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (143,220)</u>	<u>\$ -</u>	<u>\$ (5,634)</u>	<u>\$ 90,428</u>	<u>\$ 933,470</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
\$ -	\$ -	\$ -	\$ 12,800	\$ 354,737	\$ -	\$ -	\$ -	\$ -
186,110	-	106,613	-	-	114,774	225,767	-	125,386
-	-	-	-	-	-	-	-	-
-	-	9,991	153	-	-	-	-	-
-	-	-	171	-	-	-	-	-
-	-	-	500	-	-	-	12,222	166,664
<u>186,110</u>	<u>-</u>	<u>116,604</u>	<u>13,624</u>	<u>354,737</u>	<u>114,774</u>	<u>225,767</u>	<u>12,222</u>	<u>292,050</u>
-	-	14,576	-	320,315	-	-	-	-
237,695	-	42,092	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	51,468	-	13,694	-	-	-	-	-
-	-	-	-	-	114,774	225,767	29,791	305,441
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>237,695</u>	<u>51,468</u>	<u>56,668</u>	<u>13,694</u>	<u>320,315</u>	<u>114,774</u>	<u>225,767</u>	<u>29,791</u>	<u>305,441</u>
<u>(51,585)</u>	<u>(51,468)</u>	<u>59,936</u>	<u>(70)</u>	<u>34,422</u>	<u>-</u>	<u>-</u>	<u>(17,569)</u>	<u>(13,391)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	(30,000)	-	-	-	-
-	-	-	-	(30,000)	-	-	-	-
<u>(51,585)</u>	<u>(51,468)</u>	<u>59,936</u>	<u>(70)</u>	<u>4,422</u>	<u>-</u>	<u>-</u>	<u>(17,569)</u>	<u>(13,391)</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>
<u>\$ (51,585)</u>	<u>\$ (64,886)</u>	<u>\$ 441,950</u>	<u>\$ 9,193</u>	<u>\$ 24,247</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,855</u>	<u>\$ -</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (cont.)
For the Year Ended December 31, 2010

	Special Revenue Funds					
	Business and Neighborhood Revitalization Grant	Neighborhood Stabilization Grant	Homeless Prevention Grant	Lead Hazard Control Grant	Energy Efficiency Block Grant	Tuch- scherer Disability
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	142,513	580,467	247,487	128,222	270,012	-
Special assessments	-	-	-	-	-	-
Investment income (loss)	-	-	-	-	-	1,754
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Revenues	<u>142,513</u>	<u>580,467</u>	<u>247,487</u>	<u>128,222</u>	<u>270,012</u>	<u>1,754</u>
EXPENDITURES						
Current						
General government	-	-	-	-	270,012	6,391
Public safety	-	-	-	128,219	-	-
Public works	-	-	-	-	-	-
Education and recreation	-	-	-	-	-	-
Community development	142,513	580,467	247,487	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service						
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>142,513</u>	<u>580,467</u>	<u>247,487</u>	<u>128,219</u>	<u>270,012</u>	<u>6,391</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>(4,637)</u>
OTHER FINANCING SOURCES (USES)						
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	-	-	-	3	-	(4,637)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,134</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 64,497</u>

Special Revenue Funds								Capital Projects Funds
Peabody Estate	Balliet Locomotive	Lutz Park	Park Purpose Open Space	Union Spring Park	Project City Park	Universal Playground	Miracle League Baseball	Subdivision Development Projects
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000
-	-	124,268	-	-	-	-	-	-
-	-	-	-	-	-	-	-	654,414
3,156	268	4,600	7,762	59	143	496	507	41,320
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	25,000	41,246
<u>3,156</u>	<u>268</u>	<u>128,868</u>	<u>7,762</u>	<u>59</u>	<u>143</u>	<u>496</u>	<u>25,507</u>	<u>1,236,980</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	73,187	-	-	790	-	-
-	-	-	-	-	-	-	-	-
48,968	-	888	-	-	-	-	-	1,342,479
-	-	-	-	-	-	-	-	-
<u>48,968</u>	<u>-</u>	<u>888</u>	<u>73,187</u>	<u>-</u>	<u>-</u>	<u>790</u>	<u>-</u>	<u>1,342,479</u>
<u>(45,812)</u>	<u>268</u>	<u>127,980</u>	<u>(65,425)</u>	<u>59</u>	<u>143</u>	<u>(294)</u>	<u>25,507</u>	<u>(105,499)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,075,286
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,075,286
(45,812)	268	127,980	(65,425)	59	143	(294)	25,507	969,787
<u>106,544</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>-</u>	<u>(152,540)</u>
<u>\$ 60,732</u>	<u>\$ 10,610</u>	<u>\$ 204,656</u>	<u>\$ 284,655</u>	<u>\$ 2,347</u>	<u>\$ 5,496</u>	<u>\$ 19,274</u>	<u>\$ 25,507</u>	<u>\$ 817,247</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (cont.)
For the Year Ended December 31, 2010

	Capital Projects Funds					
	Industrial Park Land	Parks and Recreation Projects	Tax	Tax	Tax	Tax
			Incremental District No. 5	Incremental District No. 6	Incremental District No. 7	Incremental District No. 8
REVENUES						
Taxes	\$ -	\$ -	\$ 207,338	\$ 2,125,569	\$ 44,856	\$ -
Intergovernmental	-	-	1,160	41,673	128,026	-
Special assessments	-	-	-	-	-	-
Investment income (loss)	45,815	23,105	2,052	19,270	2,489	773
Charges for services	-	-	-	-	-	-
Other	8,232	-	-	19,448	-	-
Total Revenues	<u>54,047</u>	<u>23,105</u>	<u>210,550</u>	<u>2,205,960</u>	<u>175,371</u>	<u>773</u>
EXPENDITURES						
Current						
General government	-	-	1,547	1,547	1,547	5,150
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Education and recreation	-	-	-	-	-	-
Community development	-	-	-	499,317	-	-
Capital Outlay	8,434	94,955	-	122,671	131,649	696
Debt Service						
Interest and fiscal charges	-	-	583	25,000	-	-
Total Expenditures	<u>8,434</u>	<u>94,955</u>	<u>2,130</u>	<u>648,535</u>	<u>133,196</u>	<u>5,846</u>
Excess (deficiency) of revenues over expenditures	<u>45,613</u>	<u>(71,850)</u>	<u>208,420</u>	<u>1,557,425</u>	<u>42,175</u>	<u>(5,073)</u>
OTHER FINANCING SOURCES (USES)						
Sale of city property	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(216,503)	(700,000)	(100,775)	(2,819,910)	(1,762)	(1,235)
Total Other Financing Sources (Uses)	<u>(216,503)</u>	<u>(700,000)</u>	<u>(100,775)</u>	<u>(2,819,910)</u>	<u>(1,762)</u>	<u>(1,235)</u>
Net Change in Fund Balances	(170,890)	(771,850)	107,645	(1,262,485)	40,413	(6,308)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>1,712,662</u>	<u>869,729</u>	<u>12,701</u>	<u>327,178</u>	<u>97,101</u>	<u>30,617</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 1,541,772</u>	<u>\$ 97,879</u>	<u>\$ 120,346</u>	<u>\$ (935,307)</u>	<u>\$ 137,514</u>	<u>\$ 24,309</u>

Capital Projects Funds							
Public Safety Facilities	Public Works Equipment	Business Park Escrow	CEA Replacement	Community Development	Library Improvements	Facilities Capital Projects	Technology
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,512	55,082	283,019	35,558	8,249	(925)	31,806	6,896
-	-	-	-	-	-	-	-
-	637,585	35,580	1,720,048	-	-	-	84,986
<u>3,512</u>	<u>692,667</u>	<u>318,599</u>	<u>1,755,606</u>	<u>8,249</u>	<u>(925)</u>	<u>31,806</u>	<u>91,882</u>
-	-	-	-	-	-	113,026	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
71,654	225,272	2,609,726	1,426,080	5,180	111,432	1,966,414	214,206
-	-	-	-	-	-	-	-
<u>71,654</u>	<u>225,272</u>	<u>2,609,726</u>	<u>1,426,080</u>	<u>5,180</u>	<u>111,432</u>	<u>2,079,440</u>	<u>214,206</u>
<u>(68,142)</u>	<u>467,395</u>	<u>(2,291,127)</u>	<u>329,526</u>	<u>3,069</u>	<u>(112,357)</u>	<u>(2,047,634)</u>	<u>(122,324)</u>
-	-	-	-	-	-	27,277	-
-	-	4,100,000	271,640	-	111,700	1,079,000	-
-	(447,700)	-	-	-	-	-	-
-	<u>(447,700)</u>	<u>4,100,000</u>	<u>271,640</u>	-	<u>111,700</u>	<u>1,106,277</u>	-
(68,142)	19,695	1,808,873	601,166	3,069	(657)	(941,357)	(122,324)
<u>118,379</u>	<u>1,363,518</u>	<u>-</u>	<u>2,053,918</u>	<u>310,880</u>	<u>2,105</u>	<u>1,681,659</u>	<u>268,601</u>
<u>\$ 50,237</u>	<u>\$ 1,383,213</u>	<u>\$ 1,808,873</u>	<u>\$ 2,655,084</u>	<u>\$ 313,949</u>	<u>\$ 1,448</u>	<u>\$ 740,302</u>	<u>\$ 146,277</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010

	Permanent Fund		Total Nonmajor Governmental Funds
	Frank P. Young Memorial		
REVENUES			
Taxes	\$ -	\$	6,348,737
Intergovernmental	-		3,151,556
Special assessments	-		654,414
Investment income (loss)	109		610,703
Charges for services	-		492,212
Other	<u>500</u>		<u>2,823,191</u>
Total Revenues	<u>609</u>		<u>14,080,813</u>
EXPENDITURES			
Current			
General government	1,000		5,745,523
Public safety	-		736,107
Public works	-		3,416,599
Education and recreation	-		139,139
Community development	-		2,563,477
Capital Outlay	-		8,380,704
Debt Service			
Interest and fiscal charges	-		<u>44,792</u>
Total Expenditures	<u>1,000</u>		<u>21,026,341</u>
Excess (deficiency) of revenues over expenditures	<u>(391)</u>		<u>(6,945,528)</u>
OTHER FINANCING SOURCES (USES)			
Sale of city property	-		28,826
Transfer in	-		6,637,626
Transfers out	<u>-</u>		<u>(11,300,162)</u>
Total Other Financing Sources (Uses)	<u>-</u>		<u>(4,633,710)</u>
Net Change in Fund Balances	(391)		(11,579,238)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>34,043</u>		<u>22,431,628</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 33,652</u>		<u>\$ 10,852,390</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, 2010

	Enterprise Funds		Totals
	Parking Utility	Reid Municipal Golf Course	
ASSETS			
Current Assets			
Cash and investments	\$ 1,279,532	\$ 162,747	\$ 1,442,279
Other accounts receivable	9,276	-	9,276
Total Current Assets	1,288,808	162,747	1,451,555
Non-Current Assets			
Capital Assets			
Land	1,583,640	1,428,667	3,012,307
Building and improvements	22,930,112	1,079,155	24,009,267
Equipment, furniture and vehicles	545,763	103,333	649,096
Less: Accumulated depreciation	(14,717,592)	(1,172,715)	(15,890,307)
Total Non-Current Assets	10,341,923	1,438,440	11,780,363
Total Assets	11,630,731	1,601,187	13,231,918
LIABILITIES			
Current Liabilities			
Accounts payable	67,964	220	68,184
Compensated absences	40,565	10,362	50,927
Other accrued liabilities	20,966	30,174	51,140
Total Current Liabilities	129,495	40,756	170,251
Noncurrent Liabilities			
General obligation debt payable	-	708,509	708,509
Compensated absences	51,898	39,663	91,561
Total Noncurrent Liabilities	51,898	748,172	800,070
Total Liabilities	181,393	788,928	970,321
NET ASSETS			
Invested in capital assets, net of related debt	10,341,923	729,931	11,071,854
Unrestricted	1,107,415	82,328	1,189,743
TOTAL NET ASSETS	\$ 11,449,338	\$ 812,259	\$ 12,261,597

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - NONMAJOR PROPRIETARY FUNDS For the Year Ended December 31, 2010

	Enterprise Funds		Totals
	Parking Utility	Reid Municipal Golf Course	
OPERATING REVENUES			
Charges for services	\$ 1,448,943	\$ 483,613	\$ 1,932,556
Other	517,040	30,835	547,875
Total Operating Revenues	1,965,983	514,448	2,480,431
OPERATING EXPENSES			
Operation and maintenance	1,299,507	398,939	1,698,446
Depreciation	455,953	77,885	533,838
Total Operating Expenses	1,755,460	476,824	2,232,284
Operating Income	210,523	37,624	248,147
NONOPERATING REVENUES (EXPENSES)			
Investment income	43,719	4,167	47,886
Interest expense	-	(59,425)	(59,425)
Total Nonoperating Revenues (Expenses)	43,719	(55,258)	(11,539)
Income (Loss) Before Transfers and Capital Contributions	254,242	(17,634)	236,608
Transfers out	(1,009,300)	(17,900)	(1,027,200)
Change in Net Assets	(755,058)	(35,534)	(790,592)
TOTAL NET ASSETS - Beginning	12,204,396	847,793	13,052,189
TOTAL NET ASSETS - ENDING	\$ 11,449,338	\$ 812,259	\$ 12,261,597

CITY OF APPLETON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended December 31, 2010

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 1,987,629	\$ 514,448	\$ 2,502,077
Paid to suppliers for goods and services	(621,083)	(214,111)	(835,194)
Paid to employees for services	(673,184)	(186,795)	(859,979)
Net Cash Flows From Operating Activities	693,362	113,542	806,904
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
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)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	4,389	-	4,389
Interest paid on long-term debt	-	(59,426)	(59,426)
Net Cash Flows From Capital and Related Financing Activities	4,389	(59,426)	(55,037)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	43,719	4,167	47,886
Net Cash Flows From Investing Activities	43,719	4,167	47,886
Net Increase in Cash and Cash Equivalents	(267,830)	40,383	(227,447)
CASH AND CASH EQUIVALENTS - Beginning of Year	1,547,362	122,364	1,669,726
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,279,532	\$ 162,747	\$ 1,442,279

	<u>Enterprise Funds</u>		
	<u>Parking Utility</u>	<u>Reid Municipal Golf Course</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES			
Operating income	\$ 210,523	\$ 37,624	\$ 248,147
Adjustments to reconcile operating income to net cash flows from operating activities			
Depreciation	455,953	77,885	533,838
Change in assets and liabilities			
Other accounts receivable	21,646	-	21,646
Accounts payable	-	167	167
Accrued liabilities	4,070	(2,526)	1,544
Compensated absences	1,170	392	1,562
	<u>1,170</u>	<u>392</u>	<u>1,562</u>
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 693,362</u>	 <u>\$ 113,542</u>	 <u>\$ 806,904</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, 2010

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Totals
ASSETS					
Current Assets					
Cash and investments	\$ 373,397	\$ -	\$ 160,757	\$ 1,464,245	\$ 1,998,399
Other receivables	14,808	17,942	7,084	-	39,834
Prepaid items	-	51,912	-	-	51,912
Inventories	76,021	-	-	-	76,021
Total Current Assets	<u>464,226</u>	<u>69,854</u>	<u>167,841</u>	<u>1,464,245</u>	<u>2,166,166</u>
Non-Current Assets					
Restricted Assets					
Investment in WMIC	-	2,020,950	-	-	2,020,950
Capital Assets					
Construction in progress	86,823	-	-	-	86,823
Equipment	1,538,540	-	-	-	1,538,540
Vehicles	22,696,861	-	-	-	22,696,861
Less: Accumulated depreciation	(13,756,732)	-	-	-	(13,756,732)
Net other postemployment benefit	-	-	-	15,953	15,953
Total Non-Current Assets	<u>10,565,492</u>	<u>2,020,950</u>	<u>-</u>	<u>15,953</u>	<u>12,602,395</u>
Total Assets	<u>11,029,718</u>	<u>2,090,804</u>	<u>167,841</u>	<u>1,480,198</u>	<u>14,768,561</u>
LIABILITIES					
Current Liabilities					
Accounts payable	55,648	60,365	86,731	-	202,744
Compensated absences	55,673	18,648	43,235	-	117,556
Other accrued liabilities	38,567	8,913	22,711	-	70,191
Claims payable	-	1,500,000	-	-	1,500,000
Due to other funds	-	426,968	-	-	426,968
Current portion of general obligation debt	7,667	-	-	-	7,667
Total Current Liabilities	<u>157,555</u>	<u>2,014,894</u>	<u>152,677</u>	<u>-</u>	<u>2,325,126</u>
Noncurrent Liabilities					
General obligation debt	61,340	-	-	-	61,340
Compensated absences	65,721	33,861	9,521	-	109,103
Total Noncurrent Liabilities	<u>127,061</u>	<u>33,861</u>	<u>9,521</u>	<u>-</u>	<u>170,443</u>
Total Liabilities	<u>284,616</u>	<u>2,048,755</u>	<u>162,198</u>	<u>-</u>	<u>2,495,569</u>
NET ASSETS					
Invested in capital assets, net of related debt	10,496,485	-	-	-	10,496,485
Unrestricted	248,617	42,049	5,643	1,480,198	1,776,507
TOTAL NET ASSETS	<u>\$ 10,745,102</u>	<u>\$ 42,049</u>	<u>\$ 5,643</u>	<u>\$ 1,480,198</u>	<u>\$ 12,272,992</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS -
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2010

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Totals
OPERATING REVENUES					
Charges for services	\$ 2,605,252	\$ 813,804	\$ 2,145,087	\$ -	\$ 5,564,143
Other	7,295	227,579	-	106,127	341,001
Total Operating Revenue	<u>2,612,547</u>	<u>1,041,383</u>	<u>2,145,087</u>	<u>106,127</u>	<u>5,905,144</u>
OPERATING EXPENSES					
Operation and maintenance	2,668,065	1,503,110	2,179,498	-	6,350,673
Depreciation	1,944,588	-	-	-	1,944,588
Total Operating Expenses	<u>4,612,653</u>	<u>1,503,110</u>	<u>2,179,498</u>	<u>-</u>	<u>8,295,261</u>
Operating Income (Loss)	<u>(2,000,106)</u>	<u>(461,727)</u>	<u>(34,411)</u>	<u>106,127</u>	<u>(2,390,117)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	9,293	329	26	-	9,648
Interest expense	(2,128)	-	-	-	(2,128)
Gain on the sale of capital assets	200,824	-	-	-	200,824
Other	-	-	21,579	-	21,579
Total Nonoperating Revenues (Expenses)	<u>207,989</u>	<u>329</u>	<u>21,605</u>	<u>-</u>	<u>229,923</u>
Income (Loss) Before Transfers and Contributions	<u>(1,792,117)</u>	<u>(461,398)</u>	<u>(12,806)</u>	<u>106,127</u>	<u>(2,160,194)</u>
Capital contributions	1,439,436	-	-	-	1,439,436
Transfers out	<u>(271,640)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(271,640)</u>
Change in Net Assets	<u>(624,321)</u>	<u>(461,398)</u>	<u>(12,806)</u>	<u>106,127</u>	<u>(992,398)</u>
TOTAL NET ASSETS - Beginning	<u>11,369,423</u>	<u>503,447</u>	<u>18,449</u>	<u>1,374,071</u>	<u>13,265,390</u>
TOTAL NET ASSETS - ENDING	<u>\$ 10,745,102</u>	<u>\$ 42,049</u>	<u>\$ 5,643</u>	<u>\$ 1,480,198</u>	<u>\$ 12,272,992</u>

CITY OF APPLETON

COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2010

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 2,807,863	\$ 1,266,181	\$ 2,164,792	\$ 106,127	\$ 6,344,963
Paid to suppliers for goods and services	(1,481,673)	(917,848)	(1,513,859)	(106,127)	(4,019,507)
Paid to employees for services	(1,184,864)	(348,662)	(639,122)	-	(2,172,648)
Net Cash Flows From Operating Activities	<u>141,326</u>	<u>(329)</u>	<u>11,811</u>	<u>-</u>	<u>152,808</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out	(271,640)	-	-	-	(271,640)
Net Cash Flows From Noncapital Financing Activities	<u>(271,640)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(271,640)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the sale of capital assets	66,616	-	-	-	66,616
Debt retired	(7,668)	-	-	-	(7,668)
Interest paid	(2,185)	-	-	-	(2,185)
Net Cash Flows From Capital and Related Financing Activities	<u>56,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,763</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	9,293	329	26	-	9,648
Net Cash Flows From Investing Activities	<u>9,293</u>	<u>329</u>	<u>26</u>	<u>-</u>	<u>9,648</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(64,258)	-	11,837	-	(52,421)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>437,655</u>	<u>-</u>	<u>148,920</u>	<u>1,464,245</u>	<u>2,050,820</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 373,397</u>	<u>\$ -</u>	<u>\$ 160,757</u>	<u>\$ 1,464,245</u>	<u>\$ 1,998,399</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ (2,000,106)	\$ (461,727)	\$ (34,411)	\$ 106,127	\$ (2,390,117)
Adjustments to reconcile income (loss) to net cash flows from operating activities:					
Non-operating income	200,824	-	21,579	-	222,403
Depreciation	1,944,588	-	-	-	1,944,588
Change in assets and liabilities:					
Other accounts receivable	(5,508)	568,916	(1,874)	-	561,534
Inventories	(7,097)	-	-	-	(7,097)
Prepays	-	(51,912)	-	-	(51,912)
Accounts payable	1,638	(126,990)	14,614	-	(110,738)
Accrued liabilities	(3,822)	20,025	9,748	-	25,951
Due to other funds	-	378,385	-	-	378,385
Accrued compensated absences	10,809	17,092	2,155	-	30,056
Net other postemployment benefit asset	-	-	-	(15,953)	(15,953)
Postemployment benefits liability	-	-	-	(90,174)	(90,174)
Unearned revenue	-	(344,118)	-	-	(344,118)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 141,326</u>	<u>\$ (329)</u>	<u>\$ 11,811</u>	<u>\$ -</u>	<u>\$ 152,808</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Contributed property and equipment	<u>\$ 1,439,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,439,436</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, 2010

	<u>Balance 1-1-10</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12-31-10</u>
TAX COLLECTIONS				
Assets				
Cash and investments	\$ 45,538,451	\$ 48,430,645	\$ 45,538,451	\$ 48,430,645
Property taxes receivable	<u>16,325,680</u>	<u>24,478,671</u>	<u>16,325,680</u>	<u>24,478,671</u>
TOTAL ASSETS	<u>\$ 61,864,131</u>	<u>\$ 72,909,316</u>	<u>\$ 61,864,131</u>	<u>\$ 72,909,316</u>
Liabilities				
Due to other taxing authorities	\$ 61,779,218	\$ 72,818,254	\$ 61,779,218	\$ 72,818,254
Accounts payable	<u>84,913</u>	<u>91,062</u>	<u>84,913</u>	<u>91,062</u>
TOTAL LIABILITIES	<u>\$ 61,864,131</u>	<u>\$ 72,909,316</u>	<u>\$ 61,864,131</u>	<u>\$ 72,909,316</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>	<u>2010</u>
Governmental Activities								
Invested in Capital Assets, net of related debt	\$ 222,306,765	\$ 232,641,235	\$ 240,869,557	\$ 251,427,513	\$ 256,159,970	\$ 275,565,973	\$ 292,088,865	\$ 301,042,119
Restricted	218,516	6,429,747	6,796,749	6,868,633	6,825,544	6,874,327	6,778,453	7,014,412
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>	<u>15,672,956</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	323,729,487
Business-type Activities								
Invested in Capital Assets, net of related debt	148,565,590	164,337,658	171,026,349	178,165,977	172,857,282	175,623,218	181,388,463	181,147,366
Restricted	9,927,016	10,482,382	10,852,698	9,249,057	11,781,325	14,167,468	14,656,581	11,541,965
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>	<u>28,025,987</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	220,715,318
Primary Government								
Invested in Capital Assets, net of related debt	370,872,355	396,978,893	410,473,911	425,890,500	426,736,257	448,610,849	471,187,897	480,204,886
Restricted	10,145,532	16,912,129	17,649,447	16,117,690	18,606,869	21,041,795	21,435,034	18,556,377
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>	<u>45,683,542</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>	<u>\$ 544,444,805</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>	<u>2010</u>
Expenses								
Governmental Activities:								
General Government	\$ 6,492,619	\$ 6,419,439	\$ 6,945,784	\$ 6,791,974	\$ 8,800,555	\$ 9,034,711	\$ 9,803,592	\$ 13,706,195
Public Safety	22,639,969	23,575,858	24,424,002	24,478,781	25,981,454	26,734,234	26,793,172	28,042,633
Public Works	15,379,335	15,521,570	16,935,291	16,394,553	15,318,805	18,453,713	15,845,722	16,995,311
Education & Recreation	8,820,286	8,667,868	8,706,013	8,827,228	8,977,181	9,558,936	9,505,050	9,215,036
Community Development	4,356,058	2,450,493	2,532,059	2,300,154	1,982,044	1,893,734	2,362,625	3,647,803
Interest	4,080,710	3,983,171	2,070,103	4,731,390	2,790,898	2,537,817	2,624,393	2,428,491
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>	<u>74,035,469</u>
Business-type Activities								
Water	11,436,383	11,384,777	12,075,437	13,734,286	14,431,806	13,794,313	14,218,376	14,456,132
Wastewater	10,442,858	10,901,021	10,714,320	10,527,573	10,919,223	11,193,807	11,004,780	11,039,780
Valley Transit	5,951,388	6,454,888	6,577,385	6,884,932	7,367,991	8,194,083	7,869,264	8,237,666
Stormwater	3,032,606	3,974,123	4,347,493	4,711,912	5,036,135	5,504,427	5,754,175	6,322,301
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	2,295,987
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>	<u>42,351,866</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>	<u>\$ 116,387,335</u>
Program Revenues								
Governmental Activities:								
Charges for Service	\$ 4,945,020	\$ 4,285,207	\$ 4,195,931	\$ 4,629,519	\$ 4,192,537	\$ 4,256,826	\$ 5,736,414	\$ 5,229,374
Operating Grants & Contributions	2,320,915	2,470,595	2,984,118	2,986,715	2,734,921	5,734,618	6,242,490	6,666,648
Capital Grants & Contributions	4,416,370	7,176,121	6,861,161	6,332,043	5,922,608	14,461,771	15,244,780	6,432,635
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>	<u>18,328,657</u>
Business-type Activities								
Charges for Service								
Water	14,503,814	14,143,690	14,251,543	14,373,765	17,773,481	17,444,729	18,483,569	18,155,384
Wastewater	8,381,938	8,153,375	7,942,307	9,684,273	9,737,880	9,299,844	8,705,216	8,439,730
Valley Transit	845,530	899,244	983,778	1,136,722	1,163,950	1,310,187	1,452,588	1,383,740
Stormwater	3,102,677	3,835,617	3,933,221	5,713,662	6,151,417	6,336,084	6,291,673	6,776,766
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	2,480,431
Operating Grants & Contributions	4,355,203	4,560,499	4,401,611	4,599,362	5,006,545	5,526,780	5,499,174	5,856,887
Capital Grants & Contributions	4,345,345	7,303,800	4,995,504	4,094,711	2,398,543	3,388,620	2,290,162	3,923,537
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>	<u>47,016,475</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>	<u>\$ 65,345,132</u>
Net (Expense)/Revenue								
Governmental Activities	(50,086,672)	(46,686,476)	(47,572,042)	(49,575,803)	(51,000,871)	(43,759,930)	(39,710,870)	(55,706,812)
Business-Type Activities	4,730,216	6,274,247	2,932,950	4,108,336	4,804,923	4,698,742	4,402,254	4,664,609
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>	<u>\$ (51,042,203)</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>	<u>2010</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	40,296,877
Other Taxes	866,069	1,195,606	1,060,335	790,509	989,071	869,514	743,076	862,279
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	13,916,622
Investment income	2,030,374	2,182,845	1,682,999	5,470,655	4,877,181	4,634,775	1,562,496	2,703,110
Gain(Loss) on the sale of assets	206,811	135,307	2,255,997	532,942	432,440	275,699	298,632	208,401
Miscellaneous	568,296	1,224,976	790,190	-	51,861	130,482	116,175	190,944
Transfers	641,359	591,386	11,918,030	836,691	907,424	1,508,789	2,178,788	2,175,620
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>	<u>60,353,853</u>
Business-type Activities								
Investment income	1,142,573	788,552	791,730	1,452,672	3,098,764	3,726,367	475,003	2,412,385
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	6,555
Transfers	(641,359)	(591,386)	(11,918,030)	(836,691)	(907,424)	(1,508,789)	(2,178,788)	(2,175,620)
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>	<u>243,320</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>	<u>\$ 60,597,173</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	\$ 4,647,041
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>	<u>4,907,929</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>	<u>\$ 9,554,970</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>	<u>2010</u>
Governmental Activities:								
General Government	\$ 252,984	\$ 560,841	\$ 551,625	\$ 922,350	\$ 719,464	\$ 513,367	\$ 1,199,330	\$ 1,154,822
Public Safety	1,719,607	1,869,967	2,059,771	2,020,978	1,912,579	2,159,092	1,758,084	2,043,891
Public Works	6,064,272	8,825,461	8,363,126	7,513,891	6,787,697	18,966,301	20,838,101	10,788,629
Education & Recreation	1,636,676	1,645,419	1,690,834	1,623,161	2,087,549	1,710,864	1,699,207	1,916,289
Community Development	2,008,766	1,030,235	1,375,854	1,867,897	1,342,777	1,103,591	1,728,962	2,425,026
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>	<u>18,328,657</u>
Business-type Activities								
Water	15,516,139	15,087,868	15,044,585	14,865,848	17,808,923	18,310,360	18,696,899	19,117,632
Wastewater	9,227,688	9,273,617	9,353,598	10,907,330	10,265,003	10,484,298	9,123,831	9,456,505
Valley Transit	5,159,558	8,957,170	6,514,788	6,192,470	6,317,752	6,985,997	7,243,607	7,876,370
Stormwater	5,631,122	5,577,570	5,594,993	7,636,847	7,814,638	7,525,589	7,658,045	8,085,537
Other non-major enterprise funds	2,566,566	2,575,747	2,593,791	2,847,392	2,888,651	2,830,333	2,716,563	2,480,431
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>	<u>47,016,475</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>	<u>\$ 65,345,132</u>

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

	<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>	<u>2010</u>
General Fund										
Reserved for:										
Inventories	\$ 434,194	\$ 443,632	\$ 730,647	\$ 624,307	\$ 631,367	\$ 598,994	\$ 512,923	\$ 575,485	\$ 684,658	\$ 890,237
Prepaid items	18,098	40,342	231,697	37,156	15,564	9,792	4,475	1,856	7,155	34,111
Noncurrent receivables/advances	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	10,479,175
Encumbrances	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	2,031,468
Unreserved	<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>	<u>19,362,624</u>
Total General Fund	<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>	<u>\$ 32,797,615</u>
All Other Governmental Funds										
Reserved for:										
Prepaid items	\$ -	\$ -	\$ 82,614	\$ -	\$ -	\$ 313,569	\$ 16,588	\$ 539,196	\$ 52,860	\$ -
Debt service	899,984	152,081	218,516	1,308,374	1,187,549	986,156	808,953	584,586	391,516	184,868
Encumbrances	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	2,195,894
Trust purposes ⁽¹⁾	13,231	15,423	15,922	15,703	16,070	16,364	32,093	33,746	34,043	33,652
Unreserved, reported in:										
Special revenue funds	(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	(10,485,197)
Capital projects funds	(2,974,667)	(8,387,804)	11,644,012	11,461,170	13,252,019	8,186,649	6,872,235	9,420,766	5,136,208	6,552,711
Total All Other Governmental Funds	<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>	<u>(1,518,072)</u>
Total Governmental Funds	<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>	<u>\$ 31,279,543</u>

Notes:

¹. This presentation shows non-expendable fiduciary funds for all years as Trust funds. With the adoption of GASB # 34 in 2003, expendable fiduciary funds were re-classified as special revenue funds and, to be consistent, we have re-classified years 2000 - 2002.

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

	<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>	<u>2010</u>
REVENUES										
Taxes	\$ 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	\$ 41,159,156
Intergovernmental	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	20,322,514
Licenses and permits	791,011	884,000	857,425	855,231	921,707	938,603	858,761	809,009	823,787	990,827
Fines and forfeitures	550,333	355,125	277,692	281,958	251,401	271,530	315,809	346,338	342,923	356,971
Special assessments	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	1,668,528
Investment income	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	2,175,324
Charges for services	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	1,847,220
Other	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	4,987,458
Total Revenues	<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>	<u>73,507,998</u>
EXPENDITURES										
Current:										
General government	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	13,102,235
Public safety	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	27,285,984
Public works	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	15,656,093
Education and recreation	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	8,910,684
Community development	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	3,348,654
Capital Outlay	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	8,380,704
Debt Service:										
Principal retirement	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	6,755,336
Interest and fiscal charges	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	2,527,447
Total Expenditures	<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>	<u>85,967,137</u>
Excess (deficiency) of revenues over (under) expenditures	<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>	<u>(12,459,139)</u>
OTHER FINANCING SOURCES (USES)										
Debt issued	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	740,827	1,741,379	683,294	1,683,147	4,376,356	605,603	214,675	362,631	93,404	34,854
Transfers in	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	16,929,723
Transfers out	(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)	(14,482,463)
Total Other Financing Sources (Uses)	<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>	<u>2,482,114</u>
Net Change in Fund Balances	<u>(1,903,997)</u>	<u>(1,419,726)</u>	<u>(1,742,363)</u>	<u>(2,984,918)</u>	<u>25,021,409</u>	<u>(744,547)</u>	<u>4,677,479</u>	<u>5,357,089</u>	<u>(3,959,965)</u>	<u>(9,977,025)</u>
FUND BALANCES (DEFICIT) - Beginning (as restated)										
	* <u>18,000,914</u>	<u>16,096,917</u>	<u>15,677,717</u>	<u>13,890,021</u>	<u>10,905,103</u>	<u>35,926,512</u>	<u>35,181,965</u>	<u>39,859,444</u>	<u>45,216,533</u>	<u>41,256,568</u>
FUND BALANCES (DEFICIT) - ENDING										
	<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>	<u>\$ 31,279,543</u>

Debt service as a percent of non-capital expenditures ⁽¹⁾ 21.6% 23.4% 19.1% 20.7% 16.2% 27.1% 18.6% 15.0% 19.2% 17.5%

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

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

<u>Levy Year</u>	<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Agricultural Property</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u> ^A	<u>Total Direct Tax Rate</u> ^B	<u>Estimated Actual Taxable Value</u> ^C	<u>Assessed as Percent of Estimated Actual Value</u> ^D
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%
2010	2011	3,339,934,400	1,129,570,400	141,693,800	694,900	141,066,900	4,752,960,400	8.0496	4,851,596,300	97.97%

Notes:

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

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

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

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

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

Last Ten Fiscal Years

OUTAGAMIE COUNTY/APPLETON AREA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate ⁽¹⁾	Appleton School District	FVTC	Outagamie County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
2001	2002	\$ 8.41	\$ 1.03	\$ 9.44	\$ 9.52	\$ 2.01	\$ 5.36	\$ 0.21	\$ 25.97	\$ 1.52	\$ 25.02
2002	2003	7.68	0.89	8.57	8.63	1.89	4.85	0.20	26.55	1.29	22.85
2003	2004	7.46	0.86	8.32	8.83	1.83	4.72	0.20	26.54	1.21	22.69
2004	2005	7.66	0.84	8.50	8.92	1.82	4.73	0.21	24.14	1.13	23.05
2005	2006	7.63	0.81	8.44	8.94	1.83	4.74	0.20	23.90	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
2010	2011	7.21	0.84	8.05	9.29	1.82	4.53	0.17	23.86	1.31	22.55

OUTAGAMIE COUNTY/MENASHA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate ⁽¹⁾	Menasha School District	FVTC	Outagamie County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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
2010	2011	7.21	0.84	8.05	9.73	1.82	4.53	0.17	24.30	1.31	22.99

* 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 ⁽¹⁾	Freedom School District	FVTC	Outagamie County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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
2010	2011	7.21	0.84	8.05	9.00	1.82	4.53	0.17	23.57	1.31	22.26

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 ⁽¹⁾	Freedom School District	FVTC	Outagamie County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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
2010	2011	7.21	0.84	8.05	9.38	1.82	4.53	0.17	23.95	1.31	22.65 *

* 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

<u>Levy Year</u>	<u>Collection Year</u>	<u>Basic Rate</u>	<u>G.O. Debt Service</u>	<u>City of Appleton Direct Rate ⁽¹⁾</u>	<u>Appleton School District</u>	<u>FVTC</u>	<u>Calumet County</u>	<u>State of Wisconsin</u>	<u>Gross Tax Rate</u>	<u>State Tax Credits</u>	<u>Net Tax Rate</u>
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 *
2010	2011	7.17	0.83	8.00	9.24	1.81	4.48	0.17	23.70	1.22	22.47 *

CALUMET COUNTY/KIMBERLY AREA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

<u>Levy Year</u>	<u>Collection Year</u>	<u>Basic Rate</u>	<u>G.O. Debt Service</u>	<u>City of Appleton Direct Rate ⁽¹⁾</u>	<u>Kimberly School District</u>	<u>FVTC</u>	<u>Calumet County</u>	<u>State of Wisconsin</u>	<u>Gross Tax Rate</u>	<u>State Tax Credits</u>	<u>Net Tax Rate</u>
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
2010	2011	7.17	0.83	8.00	10.09	1.81	4.48	0.17	24.55	1.22	23.33

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

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

Last Ten Fiscal Years

WINNEBAGO COUNTY/APPLETON AREA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate ⁽¹⁾	Appleton School District	FVTC	Winnebago County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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
2010	2011	7.39	0.86	8.25	9.67	1.86	5.96	0.18	25.92	1.42	24.50

WINNEBAGO COUNTY/MENASHA JOINT SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate ⁽¹⁾	Menasha School District	FVTC	Winnebago County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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
2010	2011	7.39	0.86	8.25	9.95	1.86	5.96	0.18	26.20	1.42	24.79 *

* 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>2010</u>			<u>2001</u>		
		<u>Taxable Assessed Value ^(A)</u>	<u>Percent of Total Assessed Value ^(B)</u>	<u>Rank</u>	<u>Taxable Assessed Value ^(A)</u>	<u>Percent of Total Assessed Value ^(B)</u>	<u>Rank</u>
Pfefferle/Hoffman/Evans et al Ptshps	Real Estate Development	\$ 46,546,000	0.98	1	\$		
Plank Inv/Eisenhower /Kensington Prop	Real Estate Development	41,700,800	0.88	2			
Winters Properties et al	Real Estate Development	39,731,000	0.84	3	20,401,800	0.67	3
North Appleton Ambulatory Care Ctr	Medical Clinic	30,398,100	0.64	4			
Thomas Wright et al	Rental Properties	27,832,300	0.59	5	14,774,900	0.48	7
LHPT Appleton	Hospital	22,423,300	0.47	6			
Thrivent/North Meadows	Insurance ^(C)	20,138,800	0.42	7	20,752,200	0.68	2
Livesey	Real Estate Development	15,794,100	0.33	8			
Watermark Montclair	Hotel	17,207,300	0.36	9	17,776,900	0.58	4
VH Enterprise/Warehouse Spec. et al	Warehouse Storage	15,376,600	0.32	10	15,563,800	0.51	6
Appleton, Inc. (Appleton Papers)	NCR Paper Products				23,537,200	0.77	1
Voith Inc./Voith Fabrics	Industrial Machines/Papermaker Felts				12,713,200	0.42	8
Guardian Life Insurance	Insurance				17,639,600	0.58	5
Secura Insurance	Insurance				10,719,500	0.35	10
Gannett Midwest	Newspaper Publisher				11,340,000	0.37	9
TOTAL		\$ 277,148,300	5.83		\$ 165,219,100	5.39	

^(A) Per City Assessor's records.

^(B) Based on the city's total January 1, 2010 and 2001 assessed valuation of \$4,752,960,400 and \$3,062,811,050, respectively, including personal property.

^(C) Home office site (maximum 10 acres) is tax exempt as a fraternal organization. A voluntary contribution is made to all taxing jurisdictions.

**Schedule 9
CITY OF APPLETON
PROPERTY TAX LEVIES AND COLLECTIONS**

Last Ten Fiscal Years

Collection Year	Total Tax Levy	Collections Prior to Transfer of Roll on August 1	Percent of Levy Collected	Total Tax Collections as of December 31	Total Collections as Percent of Current Levy	Outstanding Delinquent Taxes ^(A)	Outstanding Delinquent Taxes as Percent of Current Levy
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
2010	36,354,678	35,694,813	98.18	36,331,377	99.94	23,301	0.06

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

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

	<u>City Direct Rate</u>	<u>Outagamie County Direct Rate</u>	<u>Calumet County Direct Rate</u>	<u>Winnebago County Direct Rate</u>	<u>Wisconsin</u>
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
2010	0.0	0.0	0.0	0.0	5.0

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

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

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Business-type Bonds for Activities	Capital Leases	Water Revenue Bonds	Wastewater Revenue Bonds	Stormwater Revenue Bonds			
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	8.39%	2,453
2010	39,988,830	708,509	-	71,425,000	15,904,002	39,045,000	167,071,341	N/A	2,302

* N/A = Not Available.

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

<u>Fiscal Year</u>	<u>General Obligation Bonds ⁽¹⁾</u>	<u>Less Assets Restricted for Debt Service</u>	<u>Total Net Debt</u>	<u>Percentage of Actual Taxable Value of Property ⁽²⁾</u>	<u>Per Capita ⁽³⁾</u>
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
2010	40,697,339	(2,342,787)	38,354,552	0.79	529

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

(2) See Schedule 6 for property value data.

(3) See Schedule 16 for population data.

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

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Appleton	Amount Applicable to City of Appleton
City of Appleton ^(A)	\$ 38,354,552	100.0000 %	<u>\$ 38,354,552</u>
<u>Overlapping Debt</u>			
Appleton Area School District	40,272,223	63.0900	25,407,745
Menasha Joint School District	14,246,262	4.2000	598,343
Kimberly Area School District	40,975,000	1.4400	590,040
Freedom Area School District	9,106,323	8.1300	740,344
Hortonville Area School District	19,570,000	0.0007	132
Fox Valley Technical College	33,847,513	13.9900	4,735,267
Outagamie County	44,878,387	30.3900	13,638,542
Calumet County	10,186,179	18.1800	1,851,847
Winnebago County	59,000,883	0.6309	<u>372,237</u>
Total Overlapping Debt			<u>47,934,497</u>
Total Direct And Overlapping Debt			<u><u>\$ 86,289,049</u></u>

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

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

Legal Debt Margin Calculation for Fiscal Year 2010:

Equalized Value of Real & Personal Property	<u>\$ 4,851,596,300</u>
Outagamie County	4,109,952,700
Calumet County	667,814,300
Winnebago County	73,829,300
 Legal Debt Limit (5% of equalized value)	 <u>242,579,815</u>
 Amount of Debt Applicable to Debt Limitation: Total General Obligation Bonds and Notes Outstanding at December 31, 2008	 40,697,339
 Less: Assets in Government Fund Types Available for Debt Service	 <u>(2,342,787)</u>
 Amount of Debt Applicable to Debt Limit	 <u>38,354,552</u>
 Remaining Legal Debt Margin	 <u>\$ 204,225,263</u>

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	Fiscal Year									
	<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>	<u>2010</u>
Debt Limit	\$ 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	\$ 242,579,815
Total net debt applicable to limit	<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>	<u>38,354,552</u>
Legal Debt Margin	<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>	<u>\$ 204,225,263</u>
Total net debt applicable to limit as a percentage of debt limit	32.53%	31.05%	28.91%	24.16%	22.78%	19.01%	17.06%	19.39%	18.75%	15.81%

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

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Revenues</u> ⁽¹⁾	<u>Direct Operating Expenses</u> ⁽²⁾	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
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
2007	18,648,036	8,073,424	10,574,612	6,314,707	3,332,401	9,647,108	1.10
2008	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
2010	18,937,401	6,934,385	12,003,016	5,015,000	3,121,486	8,136,486	1.48

(Continued)

⁽¹⁾ Includes total operating revenues and investment income.

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

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

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Revenues</u> ⁽¹⁾	<u>Direct Operating Expenses</u> ⁽²⁾	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
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
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	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
2010	9,290,578	6,445,634	2,844,944	1,320,982	626,947	1,947,929	1.46

(Continued)

⁽¹⁾ Includes total operating revenues and investment income.

⁽²⁾ Includes total operating expenses less depreciation.

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

Last Ten Fiscal Years

Fiscal Year	Gross Revenues ⁽¹⁾	Direct Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
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	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
2010	7,472,389	2,916,892	4,555,497	2,535,000	931,565	3,466,565	1.31

⁽¹⁾ Includes total operating revenues and investment income.

⁽²⁾ Includes total operating expenses less depreciation.

**Schedule 16
CITY OF APPLETON
DEMOGRAPHIC STATISTICS**

Last Ten Fiscal Years

Fiscal Year	Appleton Population ⁽¹⁾	Personal Income ⁽²⁾	AGI Per Return ⁽³⁾	School System Enrollment ⁽⁴⁾	Total Employment ⁽⁵⁾	Annual Average Unemployment Rate ⁽⁵⁾
2001	70,623	1,827,449,049	43,597	14,800	38,774	4.6
2002	71,348	1,792,395,580	43,228	14,948	37,785	6.7
2003	71,649	1,821,726,575	43,972	15,275	37,531	7.0
2004	71,895	1,914,976,268	45,631	15,075	37,188	6.1
2005	72,085	1,975,028,500	46,167	15,196	37,081	5.8
2006	72,004	2,132,152,832	48,635	15,166	37,046	6.0
2007	72,158	2,193,539,875	49,473	15,143	37,150	5.8
2008	72,297	2,203,834,342	50,501	15,148	37,168	5.9
2009	72,400	2,117,485,336	48,751	15,002	36,091	11.0
2010	72,563	N/A *	N/A *	14,953	36,110	10.1

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>2010</u>			<u>2001</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	1,719	1	4.8 %	2,100	1	5.4 %
Appleton Area School District	Education	1,690	2	4.7	1,090	7	2.8
Appleton, Inc.	NCR Paper Products	1,535	3	4.3	1,410	2	3.6
St. Elizabeth Hospital	Medical & Health Care Facility	1,398	4	3.9	1,217	5	3.1
Appleton Medical Center	Medical & Health Care Facility	1,250	5	3.5	1,300	3	3.4
Outagamie County	Government	1,200	6	3.3	1,190	6	3.1
Miller Electric Manufacturing	Electric Arc Welders	1,100	7	3.0	1,300	4	3.4
West Business Services	Communication Services	900	8	2.5			
Voith Allis, Inc.	Paper Machines & Fabrics	770	9	2.1			
Valley Packaging Industries, Inc.	Hi-speed Packager	750	10	2.1	1,000	8	2.6
The Guardian Insurance Company	Insurance				850	9	2.2
City of Appleton	Government				677	10	1.7
Total		12,312		34.1 %	12,134		31.3 %
Total Employment		36,110			38,774		

* Includes Full- and Part-Time employees

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

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

DEPARTMENT	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Assessor's Office	8.00	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.63
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	15.00	15.00	15.00	15.70	15.80	16.00	16.00
Human Resources	8.00	8.60	8.60	8.60	8.60	8.60	8.60	8.60	8.60	8.80
Information Services	14.00	15.40	15.40	15.40	15.40	15.40	15.40	15.40	15.00	15.00
Mayor's Office	3.00	3.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00
Facilities Management	-	-	-	-	-	-	8.00	8.00	8.00	8.00
Total - General Government	59.00	61.00	60.00	58.00	59.00	59.00	67.70	67.80	67.60	67.43
Community Development	12.50	12.50	12.50	11.00	11.00	10.00	10.00	10.00	10.00	10.00
Recreation/Library/Transit										
Parks & Recreation	40.50	39.50	39.50	36.17	36.17	36.17	36.17	36.17	35.87	33.37
Library	45.50	45.50	46.00	46.00	46.00	45.50	45.50	45.50	45.50	45.50
Valley Transit	56.10	56.50	56.50	55.50	55.30	55.93	55.43	53.03	53.03	52.65
Total - Recreation/ Library/Transit	142.10	141.50	142.00	137.67	137.47	137.60	137.10	134.70	134.40	131.52
Public Works	160.00	160.00	160.00	155.00	154.00	153.00	153.00	153.00	153.00	151.00
Public Health & Safety										
Health Department	13.55	14.10	14.05	16.55	17.55	17.60	17.40	17.20	16.20	16.15
Fire Department										
Firefighters and Officers	90.00	90.00	90.00	90.00	90.00	90.00	89.00	89.00	89.00	89.00
Civilian & Administrative	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	9.50
Police Department										
Sworn	106.00	107.00	107.00	102.00	102.00	102.00	105.00	105.00	106.00	105.00
Civilian	31.00	33.00	33.00	33.00	32.00	31.00	30.00	30.00	30.00	29.50
Total - Public Health & Safety	252.55	256.10	256.05	253.55	253.55	252.60	253.40	253.20	253.20	249.15
Water & Sewer Utilities	45.00	47.00	47.00	43.00	43.00	41.00	35.00	35.00	35.00	35.00
Total Regular Employees	671.15	678.10	677.55	658.22	658.02	653.20	656.20	653.70	653.20	644.09

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.

Schedule 19
City of Appleton
Operating Indicators by Function/Program

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Building permits issued	858	916	906	854	757	712	705	577	552	959
Est. construction value (\$000)	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	60,635.5
School aged children vaccinated	98.0%	98.0%	99.2%	99.6%	97.8%	99.4%	99.5%	99.5%	99.5%	94.8%
Accurate weights & measures devices	91.3%	88.1%	93.4%	95.9%	91.8%	95.0%	91.7%	93.5%	92.0%	94.4%
Food-borne disease outbreaks	0	0	0	0	0	0	0	1	1	0
Police										
Calls for service	N/A	N/A	55,570	51,926	52,154	55,947	54,956	54,494	50,796	51,183
Reported Group A crimes ¹	2,340	2,046	2,139	2,554	2,487	2,547	2,561	2,824	4,370	4,194
Reported Group B crimes ¹	10,722	9,615	10,320	10,886	11,089	11,764	11,758	14,515	7,650	7,213
Fire										
Emergency response < 4 min.	78%	80%	81%	72%	67%	62%	72.0%	67.0%	66.1%	61.0%
Fire loss (\$000)	656.2	2,095.6	746.5	832.5	276.9	1,284.0	953.8	1,580.5	2,196.8	1,177.1
Fire-related deaths	0	0	0	0	0	0	0	0	0	0
Emergency calls	3,166	2,330	2,232	2,317	2,511	2,439	2,739	2,991	2,721	3,524
Public Works										
Tons of refuse collected	29,058	29,201	29,712	31,226	29,945	30,600	30,300	29,301	22,126	22,214 ⁵
Tons of recycling collected	3,952	8,058	8,179	8,060	7,579	6,962	7,024	6,704	6,046	5,368
Cu. Yds. of debris - street sweeping	2,290	1,850	2,525	2,537	2,165	2,722	2,161	3,351	3,368	3,130
Cost/ton - residential auto pickup	\$ 54.39	\$ 54.51	\$ 56.86	\$ 52.35	\$ 57.67	\$ 57.67	\$ 61.38	\$ 67.47	\$ 71.21	\$ 82.20
Miles of street reconstructed	7.54	6.75	6.02	6.64	3.47	3.39	1.68	3.37	7.24	2.89
Parks & Recreation										
Sports league participants	9,951	8,437	8,348	8,425	6,709	6,675	5,824	5,425	5,538	2,284
Acquatics program participants ^{2,3}	3,641	2,523	3,679	3,689	2,120	2,218	2,616	2,750	2,616	2,950
Open swim attendance ³	102,050	97,838	93,452	71,676	96,375	86,315	83,616	75,846	64,372	72,086
Rounds of golf played	46,409	45,576	46,320	44,342	39,313	35,595	34,870	34,666	35,545	31,530
Trees pruned	1,000	3,500	2,500	2,375	3,780	3,600	6,100	5,600	5,725	N/A
Average pruning cycle, trees > 6" dia.	N/A	N/A	N/A	N/A	N/A	7.0 yrs	7.5 yrs	7.9 yrs	7.5 yrs	9.0 yrs
Public Library										
Titles in collection	315,741	318,898	342,514	332,036	350,256	299,295	382,690	307,777	316,182	298,221 ⁶
Materials circulated	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	1,528,776
Annual door count	523,179	552,005	559,789	534,075	551,072	537,057	533,291	554,125	590,528	586,677
Water										
Avg. daily consumption (000 gal.)	8,708	8,397	8,385	8,135	8,108	8,096	7,937	7,593	7,515	8,456
Peak daily consumption (000 gal.)	17,255	15,126	13,222	13,153	14,635	13,765	13,941	11,659	11,636	10,419
Number of invoices per quarter ⁴	24,849	25,161	24,849	25,161	26,785	26,963	27,101	27,257	27,336	27,507
Wastewater										
Avg. daily sewage treatment (000 gal.)	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	12,300.0
Valley Transit										
Total route miles	963,514	922,456	908,792	894,824	894,756	880,219	893,218	895,168	869,611	876,760
Passengers	971,692	970,417	909,197	937,410	954,725	937,297	958,359	1,001,325	909,109	956,086
Cost per trip	\$ 3.61	\$ 3.66	\$ 4.15	\$ 4.42	\$ 4.25	\$ 4.20	\$ 4.54	\$ 4.72	\$ 4.84	\$ 5.19

* 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.
6. Decrease due to above average rate of culling associated with installation of RFID tags.

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

	<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>	<u>2010</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	82	82	82	83	83	83	83	83	83	83
Fire										
Stations	6	6	6	6	6	6	6	6	6	6
Fire suppression units	9	9	10	11	11	12	11	11	10	10
Public Works										
Miles of streets	310.0	313.0	322.0	332.7	335.0	339.4	334.2	337.9	339.5	340.3
Refuse packers	14	14	14	14	14	14	14	13	12	12
Single- and tri-axle dump trucks	24	24	24	24	24	24	23	23	25	25
Other heavy vehicles	19	20	20	20	19	19	20	20	21	21
Parks & Recreation										
Parks	31	32	32	32	32	32	32	32	32	32
Acreage	489.5	495.3	495.3	495.3	495.3	495.3	495.3	495.3	495.3	495.3
Swimming pools ¹	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	332.3	333.7	341.1	348.9	354.5	361.9	362.9	366.6	372.3	374.5
Storage capacity (000 gallons)	6,800	6,800	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300
Wastewater										
Miles of mains	280.6	282.1	287.1	292.7	298.6	303.0	303.8	307.3	309.4	309.6
Stormwater										
Miles of mains	247.4	251.9	259.6	272.8	281.7	286.5	289.1	293.5	297.6	298.3

¹: 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

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, 2010, which collectively comprise the City of Appleton's basic financial statements and have issued our report thereon dated May 27, 2011. 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 first paragraph of this section 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 27, 2011.

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 27, 2011

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT OR MATERIAL EFFECT
ON 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 City of Appleton, Wisconsin's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the City of Appleton's major federal and state programs for the year ended December 31, 2010. 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 \$4,564,000 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, 2010. 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 compliance requirements referred to above that could have a direct or material effect on each of its major federal and major state programs for the year ended December 31, 2010.

Internal Control Over Compliance

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 to determine the 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.

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, or 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 material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

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

Schedule of Expenditures of Federal and State Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Appleton, Wisconsin as of and for the year ended December 31, 2010, and have issued our report thereon dated May 27, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Appleton's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* and is not a required part of the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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 Vinchow Krause, LLP

Madison, Wisconsin
May 27, 2011

CITY OF APPLETON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	(Accrued) Deferred Revenue January 1, 2010	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2010
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Direct Programs					
Community Development Block Grant Entitlement Program (CDBG)					
Entitlement Program	14.218	\$ (114,698)	\$ 588,545	\$ 622,973	\$ 149,126
ARRA Community Development Block Grant - Recovery (CDBG-R)	14.253	-	44,320	44,952	632
Passed Through State of Wisconsin Department of Commerce					
Neighborhood Stabilization Program (NSP)	14.228	(124,116)	694,739	580,467	9,844
Emergency Shelter Grant (ESG)	14.231	(23,887)	124,080	114,774	14,581
Supportive Housing Program (SHP)	14.235	(42,921)	227,961	225,767	40,727
ARRA Homeless Prevention and Rapid Rehousing (HPRP)	14.257	(17,303)	243,400	247,487	21,390
ARRA Lead Hazard Control (LHC)	14.907	<u>(15,868)</u>	<u>130,736</u>	<u>128,219</u>	<u>13,351</u>
Total U.S. Department of Housing and Urban Development		<u>(338,793)</u>	<u>2,053,781</u>	<u>1,964,639</u>	<u>249,651</u>
U.S. DEPARTMENT OF JUSTICE					
Direct Programs					
Edward Byrne Memorial Justice Assistance Grant 2007	16.738	-	883	883	-
Edward Byrne Memorial Justice Assistance Grant 2009	16.738	-	21,861	21,861	-
Edward Byrne Memorial Justice Assistance Grant 2010	16.738	-	4,930	4,930	-
Passed Through Outagamie County					
ARRA Edward Byrne Memorial Justice Assistance Grant	16.804	-	6,976	50,000	43,024
Passed through State of Wisconsin Department of Administration					
Anti-Gang Grant	16.744	-	<u>1,007</u>	<u>1,007</u>	<u>-</u>
Total U.S. Department of Justice		<u>-</u>	<u>35,657</u>	<u>78,681</u>	<u>43,024</u>
U.S. DEPARTMENT OF TRANSPORTATION					
Federal Transit Cluster					
Direct Programs					
Federal Transit Formula Grants	20.507	(660,079)	2,572,226	2,512,349	600,202
ARRA Federal Transit Formula Grants	20.507	(112,357)	612,219	518,820	18,958

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, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	(Accrued) Deferred Revenue January 1, 2010	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2010
U.S. DEPARTMENT OF TRANSPORTATION (cont.)					
Passed Through State of Wisconsin Department of Transportation (cont.)					
Federal Transit Capital Improvement Grants					
WI-03-0076	20.500	\$ (22,351)	\$ 22,351	\$ -	\$ -
WI-03-0080	20.500	(22,917)	30,674	50,116	42,359
WI-03-0084	20.500	(53,404)	35,790	-	17,614
WI-03-0087	20.500	(42,513)	30,753	39,413	51,173
WI-03-0091	20.500	<u>(29,163)</u>	<u>54,199</u>	<u>25,036</u>	<u>-</u>
Total Federal Transit Cluster		<u>(942,784)</u>	<u>3,358,212</u>	<u>3,145,734</u>	<u>730,306</u>
State Planning and Research	20.515	-	-	49,922	49,922
Section 5310 - JARC/WETAP - 1/1/09 - 12/31/09	20.516	(28,661)	28,661	-	-
Section 5310 - JARC/WETAP - 1/1/10 - 12/31/10	20.516	<u>-</u>	<u>90,226</u>	<u>174,092</u>	<u>83,866</u>
Total Section 5310 - JARC/WETAP		(28,661)	118,887	224,014	133,788
Bicycle Pedestrian Facilities Program (BFPF)	20.205	-	-	45,760	45,760
Safe Routes to School Grant - Infrastructure	20.205	(13,418)	-	7,219	20,637
Safe Routes to School Grant - Incentive	20.205	<u>(6,972)</u>	<u>6,972</u>	<u>489</u>	<u>489</u>
Total Safe Route to School		(20,390)	6,972	53,468	66,886
State and Community Highway Safety					
Alcohol Enforcement 2009	20.600	-	29,900	29,900	-
Alcohol Enforcement 2010	20.600	-	-	4,528	4,528
Speed Enforcement 2009	20.600	-	25,000	25,000	-
Speed Enforcement 2010	20.600	-	-	4,135	4,135
Bicycle Enforcement 2009	20.600	-	2,000	2,000	-
Pedestrian Enforcement 2009	20.600	-	2,000	2,000	-
Traffic and Criminal Software (TraCS) 2010	20.600	<u>-</u>	<u>160,838</u>	<u>160,838</u>	<u>-</u>
Total State and Community Highway Safety		<u>-</u>	<u>219,738</u>	<u>228,401</u>	<u>8,663</u>
Total U.S. Department of Transportation		<u>(991,835)</u>	<u>3,703,809</u>	<u>3,651,617</u>	<u>939,643</u>
U.S. DEPARTMENT OF NATURAL RESOURCES					
Passed Through State of Wisconsin Department of Natural Resources					
ARRA Capitalization Grants for Clean Water State Revolving Loan Funds	66.458	<u>(105,008)</u>	<u>105,008</u>	<u>97,790</u>	<u>97,790</u>
Total U.S. Department of Natural Resources		<u>(105,008)</u>	<u>105,008</u>	<u>97,790</u>	<u>97,790</u>
U.S. DEPARTMENT OF ENERGY					
Direct Programs					
ARRA Energy Efficiency and Conservation Block Grant (EECBG)	81.128	<u>-</u>	<u>162,623</u>	<u>270,012</u>	<u>107,389</u>
Total U.S. Department of Energy		<u>-</u>	<u>162,623</u>	<u>270,012</u>	<u>107,389</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, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	(Accrued) Deferred Revenue January 1, 2010	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2010
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed Through State of Wisconsin Department of Health Services					
Childhood Immunization Grant - 1/1/09 - 12/31/09	93.268	\$ 6,299	\$ -	\$ 6,299	\$ -
ARRA Immunizations and Vaccines - 9/1/09 - 12/31/11	93.268	-	7,740	6,722	(1,018)
Childhood Immunization Grant - 1/1/10 - 12/31/10	93.268	-	22,941	20,918	(2,023)
Total Childhood Immunization Grant		<u>6,299</u>	<u>30,681</u>	<u>33,939</u>	<u>(3,041)</u>
Preventative Health and Health Services Block Grant 1/1/07 - 12/31/07	93.991	7,007	-	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	-	3,249	(4,803)
Preventative Health and Health Services Block Grant 1/1/10 - 12/31/10	93.991	-	10,560	-	(10,560)
Total Preventative Health and Health Services Block Grant		<u>23,288</u>	<u>10,560</u>	<u>18,485</u>	<u>(15,363)</u>
Maternal and Child Health Services Block Grant 1/1/09 - 12/31/09	93.994	13,516	-	13,516	-
Maternal and Child Health Services Block Grant 1/1/10 - 12/31/10	93.994	-	32,354	13,755	(18,599)
Total Maternal and Child Health Services Block Grant		<u>13,516</u>	<u>32,354</u>	<u>27,271</u>	<u>(18,599)</u>
CDC Investigations - Technical Assistance - 1/1/05 - 12/31/05	93.283	3,279	-	-	(3,279)
CDC Investigations - Bioterrorism Grant - 1/1/09 - 12/31/09	93.283	83,101	-	83,101	-
CDC Investigations - Bioterrorism Grant - 1/1/10 - 12/31/10	93.283	-	268,300	154,059	(114,241)
Total CDC Investigations Technical Assistance		<u>86,380</u>	<u>268,300</u>	<u>237,160</u>	<u>(117,520)</u>
Project Grants Cooperative Agreement for Tuberculosis Control Programs - 1/1/02 - 12/31/02	93.116	2,217	-	209	(2,008)
Total U.S. Department of Health and Human Services		<u>131,700</u>	<u>341,895</u>	<u>317,064</u>	<u>(156,531)</u>
U.S. DEPARTMENT OF HOMELAND SECURITY					
Passed through State of Wisconsin Department of Administration					
Office of Justice Assistance					
Homeland Security Grant Program	97.067	-	35,481	35,481	-
Total U.S. Department of Homeland Security		-	<u>35,481</u>	<u>35,481</u>	-
TOTAL FEDERAL AWARDS		<u>\$ (1,303,936)</u>	<u>\$ 6,438,254</u>	<u>\$ 6,415,284</u>	<u>\$ 1,280,966</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, 2010

State Grantor/Program Title	State I.D. Number	(Accrued) Deferred Revenue January 1, 2010	Grantor Reimburse- ments	Expendi- tures	Accrued (Deferred) Revenue December 31, 2010
WISCONSIN DEPARTMENT OF TRANSPORTATION					
Transit Operating Aids					
2008	395.104	\$ (197,284)	\$ 197,286	\$ 2	\$ -
2009	395.104	206,917	-	-	(206,917)
2010	395.104	<u>-</u>	<u>1,538,664</u>	<u>1,935,249</u>	<u>396,585</u>
Total Wisconsin Department of Transportation		<u>9,633</u>	<u>1,735,950</u>	<u>1,935,251</u>	<u>189,668</u>
WISCONSIN DEPARTMENT OF NATURAL RESOURCES					
Recreational Boating Facilities 2008-2010	370.573	(124,268)	124,268	-	-
Urbanized Nonpoint Source Stormwater Management Grants	370.658	<u>-</u>	<u>-</u>	<u>399,835</u>	<u>399,835</u>
Total Wisconsin Department of Natural Resources		<u>(124,268)</u>	<u>124,268</u>	<u>399,835</u>	<u>399,835</u>
WISCONSIN DEPARTMENT OF HEALTH SERVICES					
T. Melvin Public Education (associated with PHHS) - 1/1/01 - 12/31/01	435.158853	930	-	-	(930)
Lead Poisoning - 1/1/09 - 12/31/09	435.157720	2,311	-	2,311	-
Lead Poisoning - 1/1/10 - 12/31/10	435.157720	<u>-</u>	<u>12,120</u>	<u>8,726</u>	<u>(3,394)</u>
Total Wisconsin Department of Health and Family Services		<u>3,241</u>	<u>12,120</u>	<u>11,037</u>	<u>(4,324)</u>
WISCONSIN DEPARTMENT OF MILITARY AFFAIRS					
Regional Emergency Response Team	465.306		196,228	154,739	(41,489)
Radiological Field Team Services	465.306	<u>-</u>	<u>24,999</u>	<u>16,542</u>	<u>(8,457)</u>
Total Wisconsin Department of Military Affairs		<u>-</u>	<u>221,227</u>	<u>171,281</u>	<u>(49,946)</u>
TOTAL STATE AWARDS		<u>\$ (111,394)</u>	<u>\$ 2,093,565</u>	<u>\$ 2,517,404</u>	<u>\$ 535,233</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, 2010

NOTE 1 – REPORTING ENTITY

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*.

NOTE 2 – BASIS OF PRESENTATION

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

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

CITY OF APPLETON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2010

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued: *unqualified*

Internal control over financial reporting:

- > Material weakness identified? yes X no

- > Significant deficiencies identified that
are not considered to be material
weaknesses? yes X none reported

Noncompliance material to basic financial
statements noted?

 yes X no

FEDERAL OR STATE AWARDS

Internal control over major programs:

- > Material weakness identified? yes X no

- > Significant deficiencies identified that
are not considered to be material
weakness? yes X none reported

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

Any audit findings disclosed that are required to
be reported in accordance with section 510(a) of
Circular A-133?

 yes X no

 Federal Programs State Programs

Auditee qualified as low-risk auditee?

 X yes no X yes no

Identification of major federal programs:

CFDA Numbers

14.218
14.253
14.907
20.500/20.507

Name of Federal Program or Cluster

Community Development Block Grant
ARRA – Community Development Block Grant
ARRA – Lead Hazard Control
Federal Transit Cluster

 Federal State

Dollar threshold used to distinguish between
type A and type B programs:

 \$ 300,000 \$ 100,000

CITY OF APPLETON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2010

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

FEDERAL OR STATE AWARDS (cont.)

Identification of major state programs:

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AND STATE FINDINGS AND QUESTIONED COSTS

None reported.

CITY OF APPLETON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2010

SECTION IV – OTHER ISSUES

1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? yes no
2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
- | | | |
|---------------------------------|------------------------------|--|
| Department of Health Services | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no |
| Department of Natural Resources | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no |
| Department of Transportation | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no |
| Department of Military Affairs | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no |
3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? yes no
4. Name and signature of partner
- 

Heather Acker, CPA, Partner
5. Date of report
- May 27, 2011