

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF APPLETON, WISCONSIN
YEAR ENDING DECEMBER 31, 2012



"...meeting community needs...enhancing quality of life."

CITY CENTER

APPLETON
CITY HALL

CITY OF APPLETON

Appleton, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2012

FINANCE DEPARTMENT

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

CITY OF APPLETON

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INTRODUCTORY SECTION



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

May 29, 2013

The Honorable Mayor Hanna
Chairman Plank and Members of the Common Council
City of Appleton:

Presented for your review is the Comprehensive Annual Financial Report of the City of Appleton for the fiscal year ended December 31, 2012.

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, Hortonville), 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 fifteen 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 (MSA) "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 (96 FTE's), public works (97 FTE's), administrative offices (59.5 FTE's), health services (14 FTE's), parks and recreation (17 FTE's), library services (44.5 FTE's), transportation (54 FTE's), facilities management (11 FTE's) and water, wastewater, stormwater and parking utilities (97 FTE's). Of the City's 624 employees, 222 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;
- Teamster's Union Local 563, representing Valley Transit workers.

Economic Condition and Outlook/Major Initiatives

The City of Appleton and the Appleton MSA has a well established labor force and is known nationally for its industry clusters of food processing, paper converting, insurance, health care, and manufacturing industries. Although not yet at pre-recession levels, unemployment figures for the City continued a positive trend in 2012. The December, 2012 unemployment rate of 7.5% represented a .3% decrease from the December, 2011 rate of 7.8%. The City's 7.5% unemployment rate also compares favorably to the national average of 7.8%. Additionally, City residents continued to enjoy above average earnings evidenced by the average gross income per income tax return of \$50,030 (2011 rate).

The City has not escaped the effects of the national economic downturn as economic development activity continued to decline in 2012 evidenced by a \$146 million (3.04%) decrease in the City's overall equalized value and a decrease in the number of building permits issued from 572 in 2011 to 511 in 2012. The negative trend in building permits issued was primarily attributable to sizeable declines in additions/remodeling permits which saw a decrease of 103 in 2012. However on the positive side, despite the decrease in total permits issued, the total dollar value of new construction in 2012 was \$49 million, up slightly from \$46 million in 2011. Additionally, commercial building permits issued increased from 126 in 2011 to 138 in 2012 and single-family housing units constructed ticked up slightly from 37 to 45 in this same period. Total housing unit construction increased for the fourth consecutive year, with the majority of units being added in the multi-family sector where 236 units were built in 2012 versus 132 in 2011.

Despite the economic challenges, the promotion of commercial and industrial development continues to remain one of the City's top priorities. One way this has been accomplished is through the creation of several Tax Incremental Financing (TIF) Districts, which have allowed the City to install the infrastructure needed to stimulate development while also maintaining an adequate supply of industrial park land. While overall TIF district values have decreased considerably over the past few years, the City's newest district, TIF 8 which lies along the Fox River corridor, continues to experience considerable development. In 2012, the equalized value of TIF 8 increased \$4.5 million led by the completion of two projects, Riverwalk Place, a 70 unit senior affordable housing complex, and The Landings, a 54 unit housing project. Additionally in TIF 8, the Riverheath development site continues to progress with developers expected to break ground in 2013 on a new 35 unit apartment complex with approximately 2,500 square feet of retail space lining the first floor, as well as two additional town house buildings providing four residential units. Finally, the former Foremost Farms site in TIF 8, which the City took title to in 2011, has been remediated and cleared, and is being marketed for development of low density single-family housing.

Despite the slowdown in the economy, businesses continue to gravitate towards the City. During the last year, 132 new businesses opened in the City while 79 closed, resulting in a net gain of 53. This improvement adds to the net gain of 30 businesses in the City in 2011.

In the City's northside growth area, the City has 15 acres of industrial land available in the Northeast Business Park for future development, and privately owned land is still available for office developments in the same vicinity. In the City's southside growth area, more than 100 acres of fully improved industrial sites are available in the Southpoint Commerce Park, while TIF 7 continues to support the rehabilitation and development of the urban corridor adjacent to State Highway 441. A planned upgrade of the highway will likely increase traffic, further enhancing the area's attractiveness to commercial development

Combined with a large selection of residential lots in the Apple Hill Farms, Glacier Ridge and Clearwater Creek subdivisions, as well as redevelopment in the downtown and on the riverfront, the City of 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, a cost-sharing multiple-employer defined benefit public employee system. 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, 2012, the City had 29 debt issues outstanding. These issues included \$33,305,000 of general obligation bonds and notes and \$123,665,000 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, 2012, the City's net general obligation debt of \$30,984,868 was well below the legal limit of \$232,570,430 (13.32%) and debt per capita equaled \$426. 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 \$2,975,064 on all investments for the year ended December 31, 2012.

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 for time and savings accounts, \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for non-interest bearing transaction accounts. On January 1, 2013, the temporary unlimited coverage for non-interest bearing accounts expired. Therefore, demand deposit amounts (interest bearing and non-interest bearing) are insured for a total of \$250,000 beginning on this date. In addition, if deposits are held in an institution outside of the State, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts. 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

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 25 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

Christopher Croatt

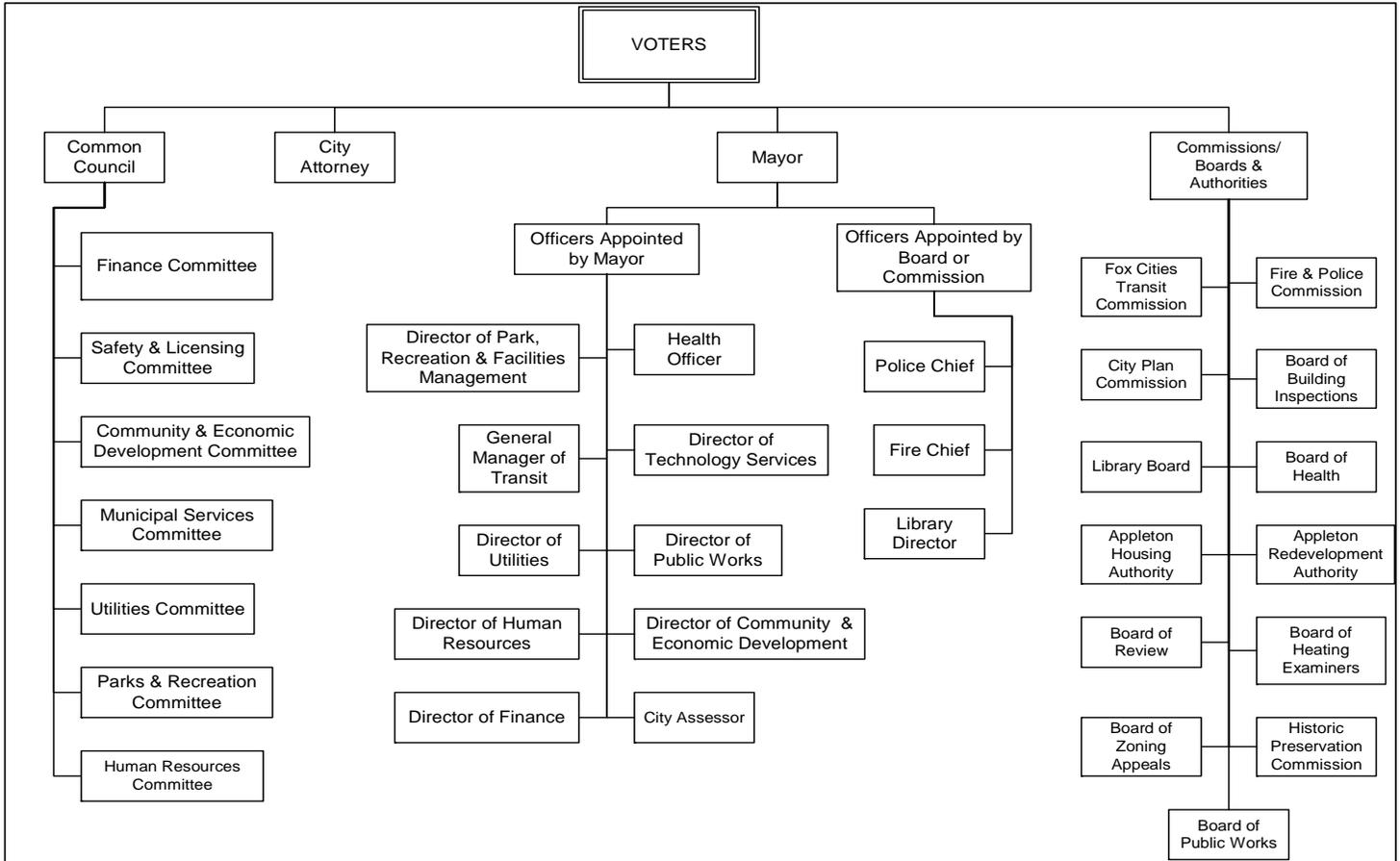
COUNCIL MEMBERS

District 1:	Teege Metille	District 10:	Michael R. Smith
District 2:	John Robin Hill	District 11:	Patti Coenen
District 3:	Curt J. Konetzke	District 12:	Cathy M. Spears
District 4:	Joseph Martin	District 13:	Kyle Lobner
District 5:	Sarah Gab	District 14:	Christopher Croatt
District 6:	Greg Dannecker	District 15:	Jeffrey M. Jirschele
District 7:	Kathy Plank		
District 8:	Kole Oswald		
District 9:	Peter J. Stueck		

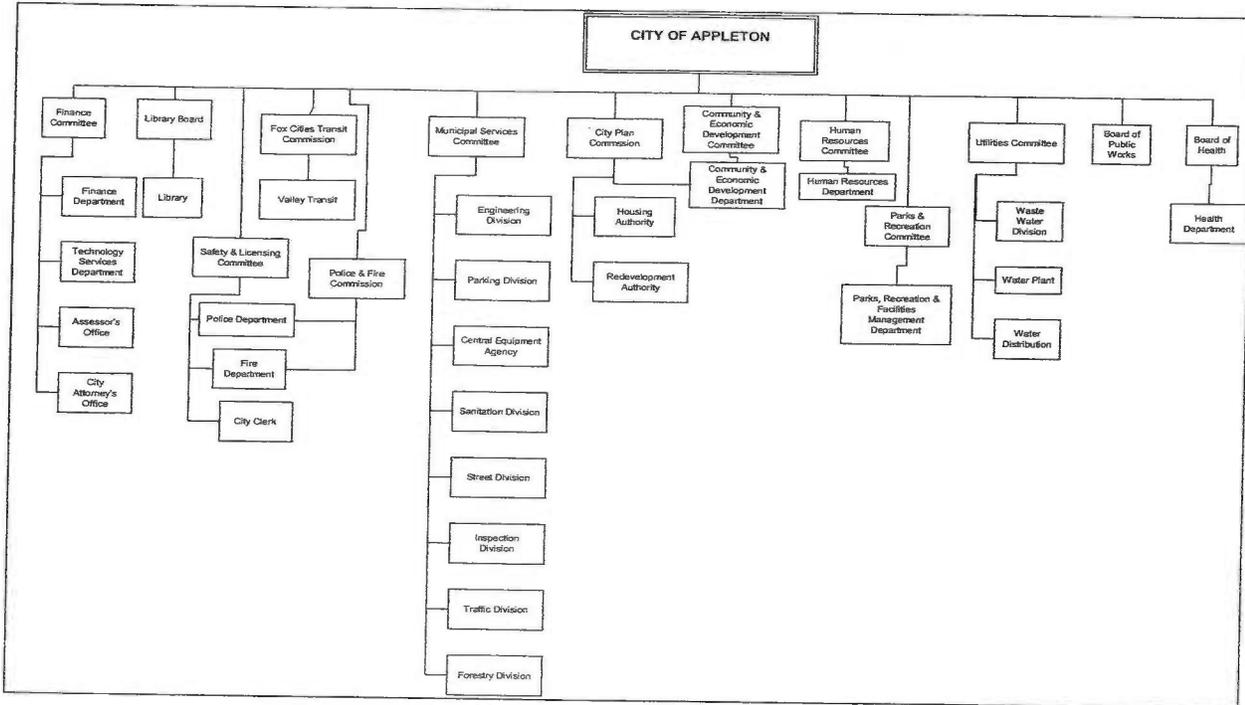
DEPARTMENT/DIVISION HEADS

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
City Clerk	Charlene Peterson
Valley Transit General Manager	Deborah S. Wetter
Director of Utilities	Chris Shaw
Director of Information Services	Dean Fox
Police Chief	Peter Helein
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, Parks & Recreation	Dean R. Gazza

City of Appleton Structure by Voters



City of Appleton Structure by Committee



FINANCIAL SECTION



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Madison, WI 53707-7398
tel 608 249 6622
fax 608 249 8532
bakertilly.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the City of Appleton's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 93 percent, 99 percent and 98 percent, respectively, of the assets, net position and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Housing Authority of the City of Appleton, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the City of Appleton's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of Appleton's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2012 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note I, the City of Appleton adopted the provisions of GASB Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective January 1, 2012. Our opinions are not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Appleton's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

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 introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2013 on our consideration of the City of Appleton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Appleton's internal control over financial reporting and compliance.



Madison, Wisconsin
May 29, 2013

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2012 UNAUDITED

As management of the City of Appleton, Wisconsin we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2012. 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 \$581,144,450. Of this amount, \$70,316,605 may be used to meet the City's obligations to citizens and creditors as the rest of the amount includes funds subject to external restrictions on how they may be used, or invested in infrastructure capital assets. This compares to \$58,936,349 that was available at the end of 2011, an increase of \$11,380,256. The majority of the increase in 2012 was due to the positive results of the operations of the City's Water, Wastewater and Stormwater Utilities which, combined, added over \$5.7 million to their respective unrestricted net positions. A discussion of the results of these utilities operations can be found on page xxvii and xxviii of this report while the actual financial results can be found on pages 11 and 12. The remaining increase in the City's unrestricted net position in 2012 was due mainly to increases in certain governmental fund types unrestricted net position as discussed below.
- As of the close of the current fiscal year, the City of Appleton's governmental funds reported combined ending fund balances of \$35,556,553, an increase of \$6,077,322 in comparison to the prior year. The bulk of the increase in governmental fund balance, over \$4 million, was due to several capital projects funds having funding provided late in 2012 but the corresponding projects were delayed until 2013. Most notably was the Houdini Plaza reconstruction project and the demolition of the Washington Place facility. Both of these projects, planned for 2012, were pushed back to 2013 and will see substantial costs incurred in that year. Additionally, funding for new police radios and related infrastructure was provided in 2012 while the majority of the cost of the equipment will be incurred in 2013. The substantial cash balances in these funds at the end of 2012 will be used to fund project costs in 2013. Along with the capital projects funds increase in fund balance, the general fund also experienced an increase of approximately, \$1.8 million in 2012. A detailed discussion of the increase in general fund balance can be found on page xxvi of this report.
- The City continues to maintain \$2,070,362 of reserves (included in the City's \$14,328,372 unassigned fund balance) to guard against uncertainties in the economy. The amounts and purposes of these individual reserves are described in more detail on page xxvii of this report.
- The City's total net position increased by \$16,213,499. The City saw an overall decrease in the number, but increase in the value, of construction permits in 2012. Much of the dollar value increase was attributable to growth in multi-family construction, primarily downtown and on the south side. The employment base in Appleton and the Fox Cities remains competitive and stable. Overall equalized values decreased 3.04% in 2012 led by a decrease in the residential sector, and all but one of the City's Tax Incremental Financing Districts (TIF's) decreased in value with one continuing to produce positive increment. However, the City has seen substantial development activity along its riverfront areas with new construction projects both completed and beginning new phases at RiverHeath, Eagle Flats, and the former Foremost Farms site.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2012 UNAUDITED

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 Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the fiscal year. All changes in net position 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.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2012 UNAUDITED

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 43 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 public. They have been included within the governmental activities in the government-wide financial statements.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2012 UNAUDITED

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Valley Transit and the Water, Wastewater and Stormwater Utilities since they are considered to be major funds of the City. Data from the other enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report. All internal service funds are also combined into a single, aggregated column in the proprietary fund financial statements. Individual fund information is provided in the Supplementary Section of this report.

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

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

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 22 to 87 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 88 to 91 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 92 to 115 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 Position and the Statement of Revenues, Expenses and Changes in Net Position. These two statements report the City's net position 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 position 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 \$581,144,450 as of December 31, 2012.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For the Year Ended December 31, 2012
UNAUDITED

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

The largest portion of the City's net position (approximately 84%) 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'S NET POSITION

	<u>Governmental Activities 2012</u>	<u>Business- Type Activities 2012</u>	<u>Totals</u>
Current and Other Assets	\$ 110,203,770	\$ 70,621,650	\$ 180,825,420
Capital Assets	<u>328,156,955</u>	<u>295,791,650</u>	<u>623,948,605</u>
Total Assets	<u>438,360,725</u>	<u>366,413,300</u>	<u>804,774,025</u>
Long-term Liabilities	42,306,237	127,086,033	169,392,270
Other Liabilities	<u>50,363,793</u>	<u>3,873,512</u>	<u>54,237,305</u>
Total Liabilities	<u>92,670,030</u>	<u>130,959,545</u>	<u>223,629,575</u>
Net Position:			
Net Investment in			
Capital Assets	306,228,924	183,532,977	488,423,709
Restricted	10,030,642	12,373,494	22,404,136
Unrestricted	<u>29,431,129</u>	<u>39,547,284</u>	<u>70,316,605</u>
Total Net Position	<u>\$ 345,690,695</u>	<u>\$ 235,453,755</u>	<u>\$ 581,144,450</u>
	<u>Governmental Activities 2011</u>	<u>Business- Type Activities 2011</u>	<u>Totals</u>
Current and Other Assets	\$ 102,606,092	\$ 65,785,363	\$ 168,391,455
Capital Assets	<u>326,845,855</u>	<u>295,130,219</u>	<u>621,976,074</u>
Total Assets	<u>429,451,947</u>	<u>360,915,582</u>	<u>790,367,529</u>
Long-term Liabilities	42,136,222	128,453,547	170,589,769
Other Liabilities	<u>50,661,772</u>	<u>4,185,037</u>	<u>54,846,809</u>
Total Liabilities	<u>92,797,994</u>	<u>132,638,584</u>	<u>225,436,578</u>
Net Position:			
Net Investment in			
Capital Assets	304,733,210	184,841,387	487,906,774
Restricted	8,193,931	9,893,897	18,087,828
Unrestricted	<u>23,726,812</u>	<u>33,541,714</u>	<u>58,936,349</u>
Total Net Position	<u>\$ 336,653,953</u>	<u>\$ 228,276,998</u>	<u>\$ 564,930,951</u>

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2012 UNAUDITED

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

An additional portion of the City's net position (approximately 3.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$70,316,605 may be used to meet the government's ongoing obligation to citizens and creditors.

Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended December 31, 2012. Governmental activities increased the City of Appleton's net position by \$9,036,742. Of this amount, \$2,921,349 was contributed from others. Business-type activities increased the City's net position by \$7,176,757. Capital contributions in the business-type activities were \$1,773,549.

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

	<u>Governmental Activities 2012</u>	<u>Business- Type Activities 2012</u>	<u>Totals</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 5,569,974	\$ 43,150,010	\$ 48,719,984
Operating grants and contributions	5,221,263	5,815,980	11,037,243
Capital grants and contributions	6,130,651	1,773,549	7,904,200
General Revenues:			
Property taxes	41,605,012	-	41,605,012
Other taxes	801,134	-	801,134
Intergovernmental	12,320,048	-	12,320,048
Investment income	1,997,644	977,420	2,975,064
Gain (loss) on sale of assets	358,693	4,100	362,793
Miscellaneous	94,767	5,169	99,936
Total Revenues	<u>74,099,186</u>	<u>51,726,228</u>	<u>125,825,414</u>
Expenses:			
General government	8,716,117	-	8,716,117
Public safety	27,503,588	-	27,503,588
Public works	19,736,896	-	19,736,896
Education and recreation	7,327,066	-	7,327,066
Community development	2,272,772	-	2,272,772
Interest and fiscal charges	1,996,256	-	1,996,256
Water Utility	-	15,311,621	15,311,621
Wastewater Utility	-	9,915,016	9,915,016
Valley Transit	-	8,189,269	8,189,269
Stormwater Utility	-	6,472,284	6,472,284
Other non-major proprietary funds	-	2,171,030	2,171,030
Total Expenses	<u>67,552,695</u>	<u>42,059,220</u>	<u>109,611,915</u>
Increases in net position before transfers	6,546,491	9,667,008	16,213,499
Transfers	<u>2,490,251</u>	<u>(2,490,251)</u>	<u>-</u>
Increase in net position	9,036,742	7,176,757	16,213,499
Net Position – January 1, 2012	<u>336,653,953</u>	<u>228,276,998</u>	<u>564,930,951</u>
Net Position – December 31, 2012	<u>\$ 345,690,695</u>	<u>\$ 235,453,755</u>	<u>\$ 581,144,450</u>

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For the Year Ended December 31, 2012
UNAUDITED

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

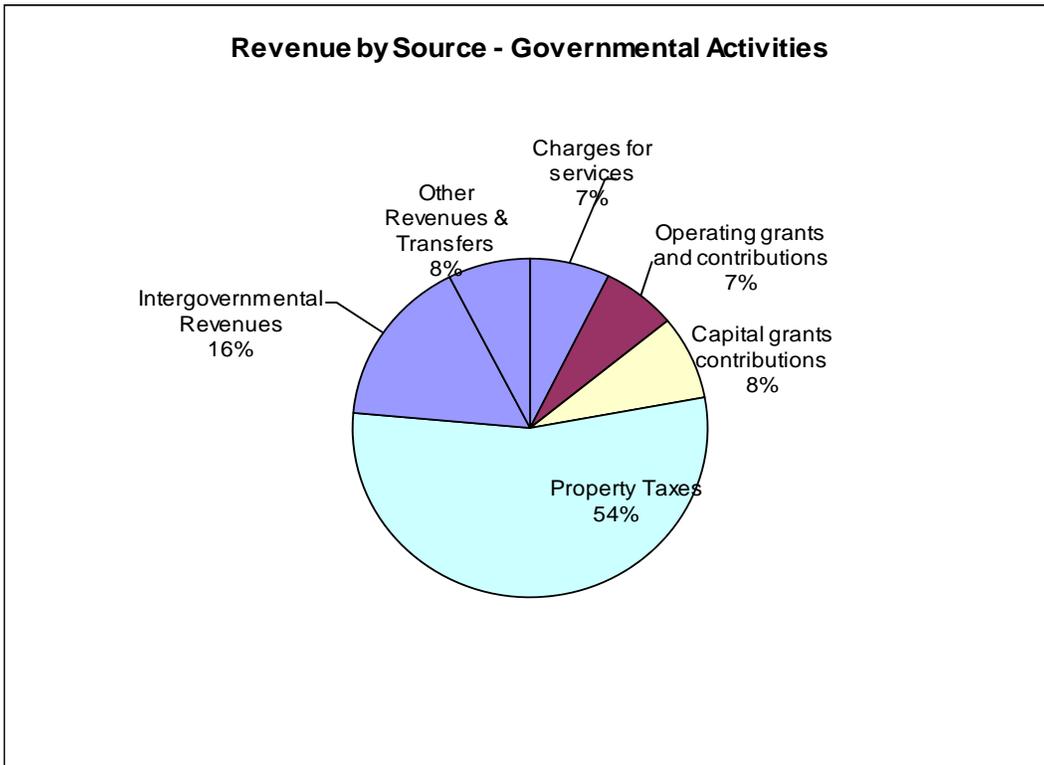
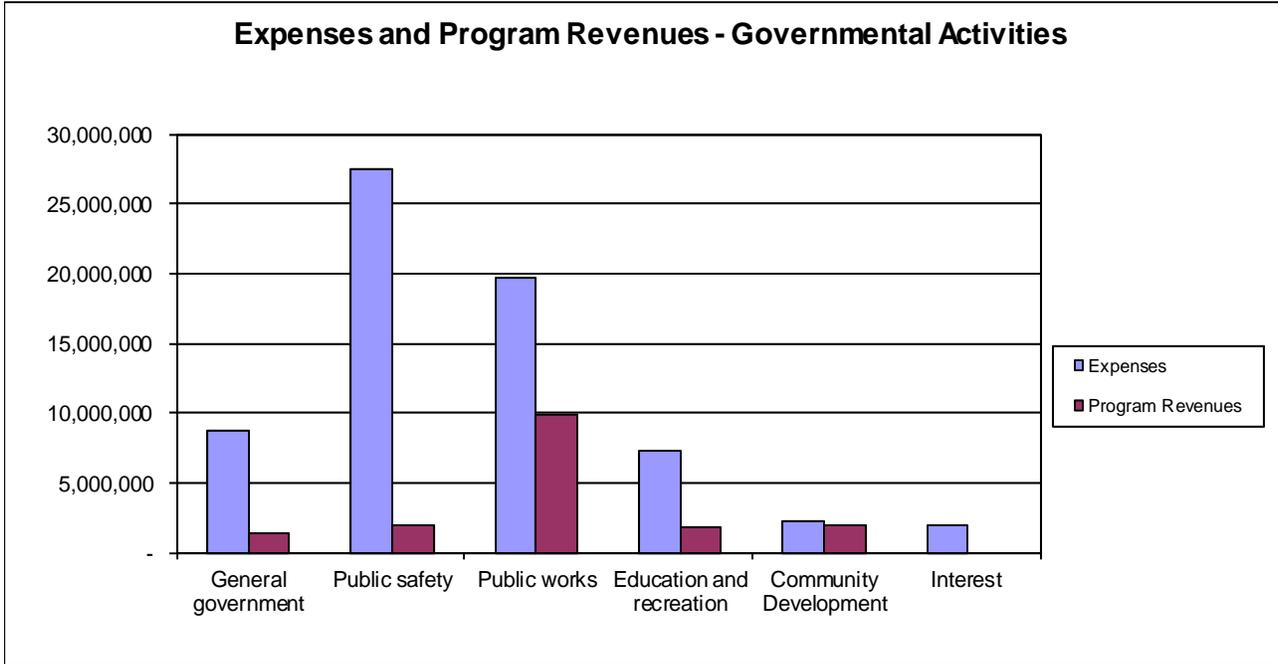
CITY OF APPLETON CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (cont.)

	Governmental Activities 2011	Business- Type Activities 2011	Totals
Revenues:			
Program Revenues:			
Charges for services	\$ 5,561,599	\$ 41,552,402	\$ 47,114,001
Operating grants and contributions	6,440,559	5,911,742	12,352,301
Capital grants and contributions	10,254,959	2,383,154	12,638,113
General Revenues:			
Property taxes	40,724,725	-	40,724,725
Other taxes	840,215	-	840,215
Intergovernmental	13,873,673	-	13,873,673
Investment income	2,936,126	2,310,471	5,246,597
Gain (loss) on sale of assets	297,709	-	297,709
Miscellaneous	92,842	16,827	109,669
Total Revenues	<u>81,022,407</u>	<u>52,174,596</u>	<u>133,197,003</u>
Expenses:			
General government	9,109,045	-	9,109,045
Public safety	27,370,398	-	27,370,398
Public works	21,159,672	-	21,159,672
Education and recreation	7,337,247	-	7,337,247
Community development	3,525,353	-	3,525,353
Interest and fiscal charges	2,201,902	-	2,201,902
Water Utility	-	14,960,496	14,960,496
Wastewater Utility	-	10,792,194	10,792,194
Valley Transit	-	8,292,425	8,292,425
Stormwater Utility	-	6,042,858	6,042,858
Other non-major proprietary funds	-	1,919,267	1,919,267
Total Expenses	<u>70,703,617</u>	<u>42,007,240</u>	<u>112,710,857</u>
Increases in net position before transfers	10,318,790	10,167,356	20,486,146
Transfers	<u>2,605,676</u>	<u>(2,605,676)</u>	<u>-</u>
Increase (decrease) in net position	12,924,466	7,561,680	20,486,146
Net Position – January 1, 2011	<u>323,729,487</u>	<u>220,715,318</u>	<u>544,444,805</u>
Net Position – December 31, 2011	<u>\$ 336,653,953</u>	<u>\$ 228,276,998</u>	<u>\$ 564,930,951</u>

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
 For the Year Ended December 31, 2012
 UNAUDITED

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

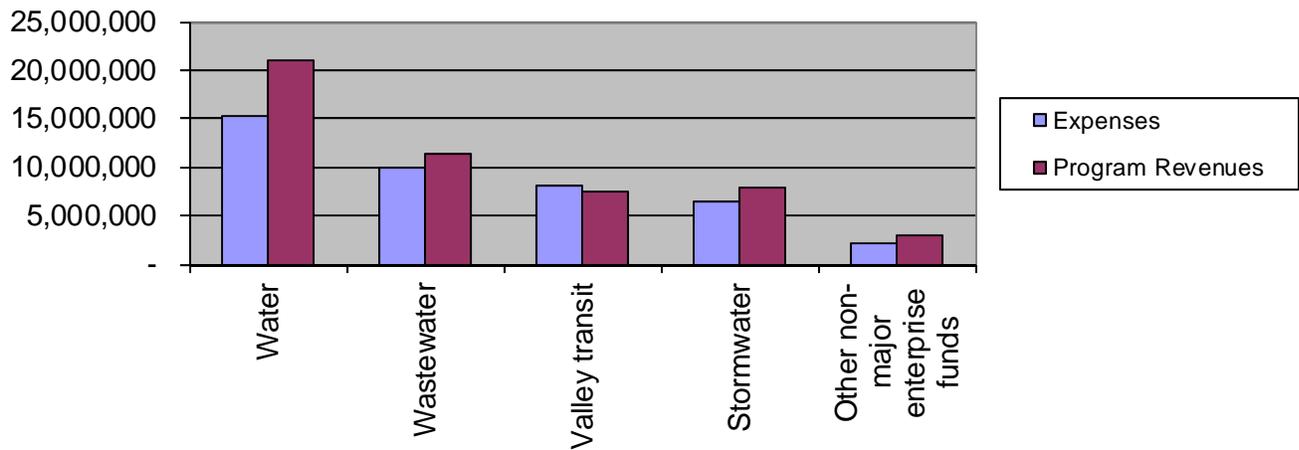


CITY OF APPLETON

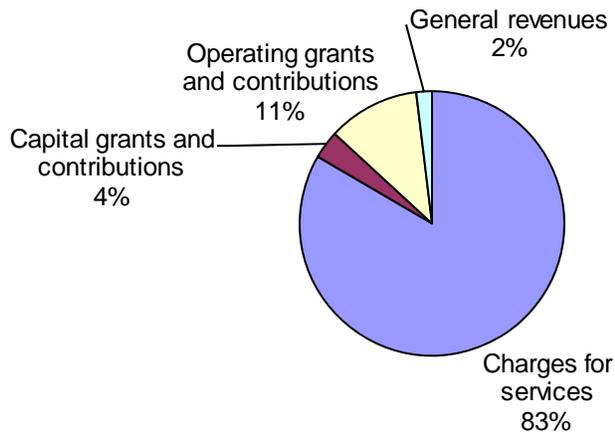
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For the Year Ended December 31, 2012
UNAUDITED

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

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2012 UNAUDITED

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, fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At the end of current fiscal year, the City of Appleton's governmental funds reported combined ending fund balances of \$35,556,553. In accordance with Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, the City has classified the governmental fund balance as follows: 1) nonspendable \$12,603,093; 2) restricted \$3,165,793; 3) committed \$980,818; 4) assigned \$20,418,641; and 5) unassigned \$(1,611,792). Nonspendable funds include amounts that cannot be spent because they are not in spendable form (inventories or prepaid expenses, for example), or are legally required to remain intact. Restricted funds consist of amounts that have limitations placed on their use that are externally enforceable by creditors, grantors, contributors, or other governments, or by law through constitutional provisions or enabling legislation. Committed funds include amounts that are constrained for specific purposes through formal action of the highest level of decision making authority, usually the City Council. Assigned funds consist of spendable amounts that are intended to be used for specific purposes that are not considered restricted or committed. Unassigned funds include the residual balance within the general fund which has not been classified within the other categories. Unassigned fund balance may also include deficit balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes. Further explanations of fund balance classifications can be found in Note I.D.10 of the financial statements.

The \$1,611,792 unassigned deficit noted above represents \$14,328,372 of positive unassigned general fund balance offset by a \$15,923,861 deficit in TIF funds and \$16,303 reimbursement receivable in the CDBG grant fund. The TIF deficits are expected to be recovered through future tax increments in the districts and the grant deficit is related primarily to the timing of grant draws and is expected to be recovered next year.

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 reserve 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 13.32% of the limit and have a debt per capita of \$426.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2012 UNAUDITED

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

In 2012, the general fund balance increased \$1,837,358. There were several factors that led to this surplus. The general fund department variances were both the result of projects budgeted in 2012 but not completed prior to year end (primarily in the Public Works and Information Technology departments), and in operational savings throughout the year. The unexpended funds from the delayed projects, due mainly to weather, staff shortages, or procedural delays, have been re-appropriated in 2013 (\$645,602). The operational savings were due in a large part to favorable health insurance claims experience (\$411,361) which led to positive personnel expense budget variances in many general fund departments.

Other factors contributing to the rise in fund balance were 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 (\$230,394), and a decrease in the City's local share of funding for Valley Transit, the area's regional mass transit system (\$133,827). The decrease in funding to Valley Transit in 2012 was a result of the transit system's operating expenses being below budget for the year and the federal/state subsidy rate (60%) being higher than the budgeted estimate (55%). These unanticipated results reduced Valley Transit's reliance on the City's local share.

Additionally in 2012, the City received a \$645,982 reimbursement from the State of Wisconsin for costs incurred on the Wisconsin Avenue (State Highway 96) reconstruction project that was completed in 2011. The reimbursement was included in the 2011 City budget, but the funds were not received until October, 2012. Finally, the City experienced fewer than expected retirements in 2012 which resulted in less funds being expended for severance payments than budgeted (\$305,540).

Investment income continued to be a challenge in 2012 due to the current market environment. An unfavorable budget variance of \$580,764 offset previously noted positive results; however, \$131,869 of the variance was related to unrealized losses attributable only to low market values as of December 31, 2012. Since the City intends to hold these investments until maturity, these losses are not expected to be realized.

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 increment continues to fail to cover debt service obligations. Funding was made available from an advance from the Parking Utility of \$1,000,000 in 2012. 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.

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 \$9,024,052 in 2012, or a 7.62% rate of return on the net investment rate base. This compares to operating income of \$8,944,281 in 2011, or a 7.63% rate of return. The slight increase in operating income was caused mainly by a small increase in water consumption due to a dry warm summer. The raw water quality in 2012 was similar to the diminished quality of 2011, thus requiring increased treatment costs.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2012 UNAUDITED

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

Wastewater Utility: The Wastewater Utility recorded an operating income of \$1,303,935 in 2012 compared to an operating loss of \$541,797 in 2011. The increase in operating income was due to the full year impact of a July 1, 2011, 5% rate increase, an increase in industrial flows and no further depreciation expense from equipment installed during the 1995 expansion.

Valley Transit: Operating revenues decreased \$27,287 from 2011, in spite of an approximate 2% increase in ridership, due primarily to riders switching from cash fares to pre-paid fares and passes which incorporate a discount from single fare purchases. Operating expenses decreased as well, by \$72,943 from 2011, primarily due to lower personnel expense resulting from retirements of long-term employees and to lower casualty and liability cost resulting from a partial return of prior periods' premiums from the insurance carrier. These reductions were partially offset by higher depreciation expense from capital assets funded by ARRA grants over the past three years (\$1,448,277). These factors, coupled with lower investment income and federal and state capital contributions, resulted in the net position of Valley Transit decreasing \$206,089.

Stormwater Utility: The Stormwater Utility operating income was \$2,236,240 in 2012 compared to an operating income of \$2,846,973 in 2011. The decrease in operating income was due mainly to an increase in operations and maintenance expenses related to pond maintenance and cleaning of storm sewers for better handling of water during storm events. Additionally, depreciation expense was up in 2012 due to the completion of the Apple Creek North Corridor project which added four large box culverts, and experiencing a full year of depreciation on the Memorial Park South and Conkey Street ponds which were completed in 2011.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended General Fund budget had total appropriations (including transfers) of \$4,441,226 more than the original budget. The total original appropriations, including those for transfers out, were \$55,937,332, while the final appropriations were \$60,378,558. A large part of the increase, \$2,070,362, was related to contingency funds established in the past that will similarly be carried over into 2013 to safeguard against uncertainties in the economy. This includes fuel (\$137,315), wage reserve (\$148,370), an amount to guard against future expected State aid reductions (\$1,086,440), and an overall general contingency fund for unforeseen emergencies or catastrophic events (\$498,565), along with unspent cable settlement funds (\$199,672).

In 2012, the largest budget amendment related to the use of \$1,019,040 of unassigned general fund balance to fund current capital projects in order to reduce the 2012 borrowing needs, thus saving on interest and debt issuance costs. Additionally, another \$548,950 of unassigned fund balance was appropriated to assist the Risk Management Fund in complying with established fund balance reserve policies in which, due mainly to unfavorable workers compensation claims experience over the past five years, it had fallen out of compliance. The remaining increase in the 2012 budget of \$802,874 was related to funds carried over for departmental projects budgeted in 2011, but not completed until 2012 (\$464,612) and for various items approved by the City Council throughout the year (\$338,262).

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2012 UNAUDITED

CAPITAL ASSETS

By the end of 2012, the City had invested a total of \$623,948,605 in capital assets (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, infrastructure and construction work in progress. Major capital asset events during the current fiscal year included the following:

Water: Transmission and distribution capital outlay accounted for \$2.15 million of expenses and will continue to be a focus due to an aging distribution system. Other capital additions during the year include \$87,000 for two emergency raw water pumps to be used at the lake station, \$127,000 for HVAC upgrades at the Water Filtration Plant and \$50,000 for the addition of a sanitary lateral at the north tower and reservoir.

Wastewater: Additions included \$2.15 million in improvements to the wastewater collection system. A \$1.6 million waste gas system was added to the Wastewater Treatment Plant to allow the use of gas produced during the treatment process to offset heating costs of the plant. A compost pad was added at a cost of \$200,000; the pad will be used to create compost by combining wastewater biosolids with leaves and brush collected within the City, and provides another alternative to direct land application or disposing of biosolids in the landfill.

Stormwater: Improvements necessary to continue our efforts in the management of stormwater in the City accounted for \$5.4 million in additions to land, mains, detention ponds and facilities in order to comply with regulations. In 2012, the Apple Creek North corridor project was completed at a cost of \$3 million; this project included four large box culverts over the corridor.

General: The City continued its commitment to gaining efficiencies through automation by investing \$326,892 in technology related projects in 2012. Included on the list of improvements were the completion of a centralized call recording system which ensures that all required public safety calls are recorded and other calls which can be recorded on-demand, upgrades to the wireless network within City facilities, and an upgrade to the City's telephone system. Additionally, a project to install a new video conferencing system was initiated, and additional storage capacity was purchased for the City's network, e-mail, and security camera systems.

Quality of life enhancements of \$350,976 also played a major role in capital spending in 2012. Included in these improvements were upgrades to both the Meade and Erb Park pool facilities to bring them into compliance with ADA standards, a new gazebo was built at Lutz Park, and new flooring was installed at the Park and Recreation Department's dance studios. Additionally, the Miracle League Baseball field, which allows children ages 4-19 with cognitive and/or physical disabilities the chance to participate in organized baseball leagues, received new dugouts, bleachers and fencing, and final design plans for the renovation of Houdini Plaza were adopted and construction is set to begin in early 2013. Also, surface drainage and deteriorating asphalt issues were addressed at the City's Municipal Services Building with \$323,229 spent on installing new concrete pavement around the facility.

Finally, maintaining existing infrastructure continues to remain a high priority with approximately \$4.8 million invested in various street, sidewalk and related infrastructure projects throughout the City.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
 For the Year Ended December 31, 2012
 UNAUDITED

CAPITAL ASSETS (cont.)

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

	Governmental Activities 2012	Business-Type Activities 2012	Totals
	<u>2012</u>	<u>2012</u>	<u>Totals</u>
Land	\$ 9,143,072	\$ 33,159,102	\$ 42,302,174
Right-of-ways	72,884,906	-	72,884,906
Land improvements	38,357,426	-	38,357,426
Intangible assets	56,897	728,813	785,710
Improvements	5,299,856	-	5,299,856
Buildings	31,908,161	237,904,195	269,812,356
Equipment, furniture and fixtures	14,079,045	18,853,163	32,932,208
Streets	94,797,931	-	94,797,931
Sidewalks	19,142,562	-	19,142,562
Traffic signals	3,641,263	-	3,641,263
Bridges	34,070,377	-	34,070,377
Construction in progress	4,775,459	5,146,377	9,921,836
	<u>\$ 328,156,955</u>	<u>\$ 295,791,650</u>	<u>\$ 623,948,605</u>
Totals			
	Governmental Activities 2011	Business-Type Activities 2011	Totals
	<u>2011</u>	<u>2011</u>	<u>Totals</u>
Land	\$ 9,141,578	\$ 29,792,222	\$ 38,933,800
Right-of-ways	72,849,349	-	72,849,349
Land improvements	38,350,231	-	38,350,231
Intangible assets	46,157	435,843	482,000
Improvements	5,153,637	-	5,153,637
Buildings	32,496,198	237,641,395	270,137,593
Equipment, furniture and fixtures	14,382,307	20,471,738	34,854,045
Streets	95,653,265	-	95,653,265
Sidewalks	18,961,125	-	18,961,125
Traffic signals	3,561,386	-	3,561,386
Bridges	34,482,131	-	34,482,131
Construction in progress	1,768,491	6,789,023	8,557,514
	<u>\$ 326,845,855</u>	<u>\$ 295,130,221</u>	<u>\$ 621,976,076</u>
Totals			

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2012 UNAUDITED

LONG-TERM DEBT

During 2012, the City issued \$9,115,000 of new general obligation debt and retired \$9,478,047 of general obligation bonds and notes resulting in an outstanding balance of \$33,305,000 at December 31, 2012. Included in this was an issue of \$3,655,000 in general obligation refunding notes to refund \$3,519,455 of outstanding State Trust Fund loans with an average interest rate of 5%. The current refunding resulted in an economic gain of \$422,055. Additionally, the City issued \$15,700,000 of revenue bonds while retiring \$17,393,020 of bonds. Included in the bonds issued were \$8,995,000 of refunding debt which resulted in an economic gain of \$933,440.

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 \$30,984,868 (\$33,305,000 less reserves on hand) which is considerably below the maximum of \$232,570,430.

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

	Governmental Activity 2012	Business-Type Activity 2012	Totals
General obligation bonds and notes payable	\$ 32,570,000	\$ 735,000	\$ 33,305,000
Revenue bonds	-	123,665,000	123,665,000
Total Outstanding General Obligation and Revenue Bonds	\$ 32,570,000	\$ 124,400,000	\$ 156,970,000
	Governmental Activity 2011	Business-Type Activity 2011	Totals
General obligation bonds and notes payable	\$ 32,959,538	\$ 708,509	\$ 33,668,047
Revenue bonds	-	125,358,020	125,358,020
Total Outstanding General Obligation and Revenue Bonds	\$ 32,959,538	\$ 126,066,529	\$ 159,026,067

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

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

Paper manufacturing, insurance, health care, higher education and public sector institutions dominate the local employment base. The paper industry continues to experience pricing pressures, although employment at the largest local paper manufacturing company, Appvion Inc., remains relatively stable. The City's largest employer, Thrivent Investment Management, Inc., an insurance services company, employs more than 1,800 people and also remains stable.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For the Year Ended December 31, 2012
UNAUDITED

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS (cont.)

The City's unemployment rate showed steady improvement over the year dropping .3% from 7.8% in December, 2011 to 7.8% in December, 2011.

The City's equalized value decreased by \$146 million to \$4.7 billion which still represents 29% of the equalized value of the Fox Cities area. There are many reasons for the drop in values from the revaluation of residential properties to the decline in the national economy.

Despite these economic challenges, 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 while maintaining an adequate supply of industrial park land and developable sites. Development continues along the Fox River corridor with the completion of two apartment complexes at Eagle Flats, a residential and commercial development project. Additionally, construction continues at the Riverheath site, a mixed-use project that will provide residential and commercial space, and progress continues in the development of the former Foremost Dairy site.

In TID 6, the City's Southpoint Commerce Park is poised for development with over 100 acres of fully improved industrial sites. These parcels, 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 riverfront, position the City of Appleton for healthy growth 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 POSITION
As of December 31, 2012

	Primary Government			Component Units
	Governmental	Business-	Totals	
	Activities	Type Activities		
ASSETS				
Cash and investments	\$ 38,460,396	\$ 33,304,059	\$ 71,764,455	\$ 2,243,889
Receivables				
Taxes	43,870,592	-	43,870,592	-
Deferred loans	6,321,860	-	6,321,860	-
Accounts	236,363	7,666,952	7,903,315	-
Special assessments	1,349,136	344,529	1,693,665	-
Delinquent special assessments	10,833	-	10,833	-
Developer loans	1,285,540	-	1,285,540	3,561,001
Accrued interest	341,135	-	341,135	-
Other	1,282,294	559,857	1,842,151	360,782
Note receivable - component unit	500,000	-	500,000	-
Note receivable - primary government	-	-	-	800,000
Due from other governments	6,622,157	1,188,536	7,810,693	-
Internal balances - interfunds	(581,436)	581,436	-	-
Internal balances - advances	210,744	(210,744)	-	-
Inventories	982,944	707,492	1,690,436	11,198
Prepaid items	43,031	11,069	54,100	50,861
Restricted Assets				
Temporarily restricted:				
Cash and investments	-	24,844,379	24,844,379	605,138
Accrued interest	-	157,886	157,886	-
Investment in WMIC	2,020,950	-	2,020,950	-
Property held for future use	-	95,011	95,011	-
Other assets	183,105	1,371,188	1,554,293	-
Land held for resale	7,064,126	-	7,064,126	534,850
Capital Assets				
Land	120,385,404	33,159,102	153,544,506	1,567,719
Construction in progress	4,775,459	5,146,377	9,921,836	-
Intangible assets	25,048	728,813	753,861	-
Depreciable capital assets, net of depreciation	<u>202,971,044</u>	<u>256,757,358</u>	<u>459,728,402</u>	<u>13,477,288</u>
Total Assets	<u>438,360,725</u>	<u>366,413,300</u>	<u>804,774,025</u>	<u>23,212,726</u>
LIABILITIES				
Accounts payable	1,526,789	1,471,537	2,998,326	123,342
Other accrued liabilities and deposits	2,435,721	842,380	3,278,101	172,113
Notes payable	-	-	-	500,000
Claims payable	4,837,000	-	4,837,000	-
Due to other governments	230	1,484,729	1,484,959	-
Unearned revenue	41,504,013	47,807	41,551,820	229,620
Deposits	60,040	27,059	87,099	-
Security deposit	-	-	-	108,089
Tenant FSS escrow	-	-	-	33,845
Noncurrent Liabilities				
Due within one year	9,347,658	3,475,466	12,823,124	6,021
Due in more than one year	<u>32,958,579</u>	<u>123,610,567</u>	<u>156,569,146</u>	<u>2,054,202</u>
Total Liabilities	<u>92,670,030</u>	<u>130,959,545</u>	<u>223,629,575</u>	<u>3,227,232</u>
NET POSITION				
Net investment in capital assets	306,228,924	183,532,977	488,423,709	13,046,646
Restricted	10,030,642	12,373,494	22,404,136	4,024,205
Unrestricted	<u>29,431,129</u>	<u>39,547,284</u>	<u>70,316,605</u>	<u>2,914,643</u>
TOTAL NET POSITION	<u>\$ 345,690,695</u>	<u>\$ 235,453,755</u>	<u>\$ 581,144,450</u>	<u>\$ 19,985,494</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 8,716,117	\$ 1,375,061	\$ 5,456	\$ -
Public safety	27,503,588	1,168,571	744,789	60,000
Public works	19,736,896	2,037,859	2,718,794	5,159,717
Education and recreation	7,327,066	845,977	924,463	-
Community development	2,272,772	142,506	827,761	910,934
Interest	1,996,256	-	-	-
Total Governmental Activities	67,552,695	5,569,974	5,221,263	6,130,651
Business-Type Activities				
Water	15,311,621	20,932,453	-	81,821
Wastewater	9,915,016	10,601,634	-	779,755
Valley transit	8,189,269	1,485,517	5,815,980	268,163
Stormwater	6,472,284	7,251,853	-	643,810
Other non-major enterprise funds	2,171,030	2,878,553	-	-
Total Business-Type Activities	42,059,220	43,150,010	5,815,980	1,773,549
Total Primary Government	\$ 109,611,915	\$ 48,719,984	\$ 11,037,243	\$ 7,904,200
Component Units				
Housing Authority	\$ 5,324,850	\$ 909,470	\$ 3,072,680	\$ 5,906,130
Business Improvement District	221,043	205,507	-	-
Appleton Redevelopment Authority	9,697	14,850	-	-
Total Component Units	\$ 5,555,590	\$ 1,129,827	\$ 3,072,680	\$ 5,906,130

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 position

NET POSITION - Beginning (as restated)

NET POSITION - ENDING

See accompanying notes to financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Totals	
\$ (7,335,600)	\$ -	\$ (7,335,600)	\$ -
(25,530,228)	-	(25,530,228)	-
(9,820,526)	-	(9,820,526)	-
(5,556,626)	-	(5,556,626)	-
(391,571)	-	(391,571)	-
<u>(1,996,256)</u>	<u>-</u>	<u>(1,996,256)</u>	<u>-</u>
<u>(50,630,807)</u>	<u>-</u>	<u>(50,630,807)</u>	<u>-</u>
-	5,702,653	5,702,653	-
-	1,466,373	1,466,373	-
-	(619,609)	(619,609)	-
-	1,423,379	1,423,379	-
-	<u>707,523</u>	<u>707,523</u>	<u>-</u>
<u>-</u>	<u>8,680,319</u>	<u>8,680,319</u>	<u>-</u>
(50,630,807)	8,680,319	(41,950,488)	-
-	-	-	4,563,430
-	-	-	(15,536)
-	-	-	5,153
38,534,324	-	38,534,324	-
3,070,688	-	3,070,688	-
801,134	-	801,134	-
12,320,048	-	12,320,048	-
1,997,644	977,420	2,975,064	20,455
358,693	4,100	362,793	-
94,767	5,169	99,936	706,270
<u>2,490,251</u>	<u>(2,490,251)</u>	<u>-</u>	<u>-</u>
<u>59,667,549</u>	<u>(1,503,562)</u>	<u>58,163,987</u>	<u>726,725</u>
9,036,742	7,176,757	16,213,499	5,279,772
<u>336,653,953</u>	<u>228,276,998</u>	<u>564,930,951</u>	<u>14,705,722</u>
<u>\$ 345,690,695</u>	<u>\$ 235,453,755</u>	<u>\$ 581,144,450</u>	<u>\$ 19,985,494</u>

See accompanying notes to financial statements.

CITY OF APPLETON

BALANCE SHEET - GOVERNMENTAL FUNDS

As of December 31, 2012

	General	Tax Incremental District No. 3	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 19,803,472	\$ 1,179	\$ 750,878	\$ 15,828,321	\$ 36,383,850
Receivables					
Taxes	33,883,113	927,618	3,100,722	5,959,139	43,870,592
Deferred loans	-	-	-	6,321,860	6,321,860
Accounts	216,423	-	-	19,940	236,363
Special assessments	797,814	-	-	551,322	1,349,136
Delinquent special assessments	10,833	-	-	-	10,833
Developer loans	1,285,540	-	-	-	1,285,540
Accrued interest	341,135	-	-	-	341,135
Other	262,891	-	496,102	263,204	1,022,197
Due from other governments	6,400,281	-	-	221,876	6,622,157
Due from other funds	1,997,817	-	-	40,083	2,037,900
Note receivable - component unit	-	-	-	500,000	500,000
Inventories	911,927	-	-	-	911,927
Prepaid items	12,259	-	-	4,816	17,075
Advances to other funds	17,773,128	-	-	-	17,773,128
TOTAL ASSETS	\$ 83,696,633	\$ 928,797	\$ 4,347,702	\$ 29,710,561	\$ 118,683,693
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 648,815	\$ -	\$ -	\$ 733,257	\$ 1,382,072
Other accrued liabilities	2,003,322	-	-	62,464	2,065,786
Due to other governments	230	-	-	-	230
Claims payable	2,937,000	-	-	-	2,937,000
Due to other funds	1,425,643	-	-	70,879	1,496,522
Deposits	-	-	-	60,040	60,040
Deferred revenues	39,863,040	927,618	3,565,722	13,266,726	57,623,106
Advances from other funds	-	14,199,759	-	3,362,625	17,562,384
Total Liabilities	<u>46,878,050</u>	<u>15,127,377</u>	<u>3,565,722</u>	<u>17,555,991</u>	<u>83,127,140</u>
Fund Balances					
Nonspendable	12,568,872	-	-	34,221	12,603,093
Restricted	-	-	781,980	2,383,813	3,165,793
Committed	-	-	-	980,818	980,818
Assigned	9,921,339	-	-	10,497,302	20,418,641
Unassigned (deficit)	14,328,372	(14,198,580)	-	(1,741,584)	(1,611,792)
Total Fund Balances	<u>36,818,583</u>	<u>(14,198,580)</u>	<u>781,980</u>	<u>12,154,570</u>	<u>35,556,553</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 83,696,633	\$ 928,797	\$ 4,347,702	\$ 29,710,561	
Amounts reported for governmental activities in the statement of net position 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.					317,623,313
Land held for resale is not a financial resources and, therefore, is not reported in the funds.					7,064,126
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.					16,119,093
Internal service funds are reported in the statement of net position as governmental funds.					11,302,517
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II.A.					<u>(41,974,907)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES					<u>\$ 345,690,695</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	General	Tax Incremental District No. 3	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 32,116,087	\$ 1,024,101	\$ 3,070,688	\$ 6,195,270	\$ 42,406,146
Intergovernmental	15,900,288	7,173	-	1,718,142	17,625,603
Licenses and permits	1,018,228	-	-	-	1,018,228
Fines and forfeitures	384,340	-	-	-	384,340
Special assessments	1,040,514	-	-	802,713	1,843,227
Investment income	1,226,854	17,593	-	227,412	1,471,859
Charges for services	1,367,706	-	-	1,091,812	2,459,518
Other	1,710,952	-	94,767	2,812,726	4,618,445
Total Revenues	<u>54,764,969</u>	<u>1,048,867</u>	<u>3,165,455</u>	<u>12,848,075</u>	<u>71,827,366</u>
EXPENDITURES					
Current					
General government	7,182,956	1,535	-	458,981	7,643,472
Public safety	26,786,645	-	-	383,068	27,169,713
Public works	11,629,737	-	-	3,322,227	14,951,964
Education and recreation	7,175,293	-	-	5,783	7,181,076
Community development	993,840	-	-	1,613,542	2,607,382
Capital Outlay	-	-	-	6,974,759	6,974,759
Debt Service					
Principal	-	-	8,761,870	-	8,761,870
Interest and fiscal charges	-	676,179	1,393,104	166,108	2,235,391
Total Expenditures	<u>53,768,471</u>	<u>677,714</u>	<u>10,154,974</u>	<u>12,924,468</u>	<u>77,525,627</u>
Excess (deficiency) of revenues over (under) expenditures	<u>996,498</u>	<u>371,153</u>	<u>(6,989,519)</u>	<u>(76,393)</u>	<u>(5,698,261)</u>
OTHER FINANCING SOURCES (USES)					
Sale of city property	45,199	-	-	57,600	102,799
General obligation debt issued	-	-	2,920,540	5,459,460	8,380,000
Promissory note issued	-	-	-	300,000	300,000
Premium on debt issued	-	-	267,514	-	267,514
Transfers in	2,254,344	1,000,000	4,556,985	1,262,609	9,073,938
Transfers out	(1,458,683)	(2,317,723)	-	(2,572,262)	(6,348,668)
Total Other Financing Sources (Uses)	<u>840,860</u>	<u>(1,317,723)</u>	<u>7,745,039</u>	<u>4,507,407</u>	<u>11,775,583</u>
Net Change in Fund Balances	1,837,358	(946,570)	755,520	4,431,014	6,077,322
FUND BALANCES (DEFICIT) - Beginning	<u>34,981,225</u>	<u>(13,252,010)</u>	<u>26,460</u>	<u>7,723,556</u>	<u>29,479,231</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 36,818,583</u>	<u>\$ (14,198,580)</u>	<u>\$ 781,980</u>	<u>\$ 12,154,570</u>	<u>\$ 35,556,553</u>

See accompanying notes to financial statements.

CITY OF APPLETON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

Net change in fund balances - total governmental funds		\$ 6,077,322
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 position the cost of these assets is capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities.		
Total capital asset additions - paid for with City funds	\$ 8,306,614	
Total capital asset additions - contributed to the City	2,921,349	
Less: capital outlay and expenditures capitalized in the internal service funds	(1,931,860)	
Less: close-out of prior year CWIP	(354,414)	8,941,689
Depreciation is reported in the government-wide statements		(7,032,909)
Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net position.		(389,172)
Land held for resale is reported in the funds as expenditures. However, in the statement of net position, the cost of these assets are capitalized.		552,465
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	590,999	
Developer loans	(71,667)	
Rehabilitation loans	68,571	
Accounts receivable/interest income	(42,746)	
Special assessments	(193,494)	351,663
Debt issued provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Debt issued		(8,380,000)
Promissory note issued		(300,000)
Promissory note transferred to the ARA		500,000
Principal repaid		8,761,870
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		19,710
Disability benefits		7,880
Pension liability		8,402
Postclosure care cost		90,000
Accrued interest on debt		157,498
Governmental funds report debt premiums and issuance costs as other financing sources or expenditures. However, in the statement of net position, 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		(251,061)
Amortization of issuance costs		51,955
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 position of the internal service funds is reported with governmental activities.		<u>(130,570)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 9,036,742</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
As of December 31, 2012

		Business-Type Activities - Enterprise Funds		
		Water Utility	Wastewater Utility	Valley Transit
ASSETS				
Current Assets				
Cash and investments		\$ 9,958,654	\$ 9,615,123	\$ 1,095,338
Accounts Receivable				
Customer accounts		4,566,139	1,728,605	-
Special assessments		40,039	104,758	-
Other		14,892	437,587	-
Due From Other Governments				
Federal government		-	-	373,067
State of Wisconsin		-	-	581,581
Local governments		-	-	233,888
Due from other funds		268,534	845,431	-
Inventories		331,142	182,821	193,529
Prepaid items		-	-	11,069
Restricted Assets				
Cash and investments		-	678,700	-
Total Current Assets		15,179,400	13,593,025	2,488,472
Non-Current Assets				
Restricted Assets				
Cash and investments		8,678,702	8,529,928	1,121,968
Accrued interest		55,479	64,925	-
Investment in WMIC		-	-	-
Capital Assets				
Land		1,192,474	703,656	891,831
Construction in progress		176,319	1,545,164	14,883
Intangible assets		171,672	151,711	-
Building and improvements		128,543,511	133,440,153	3,795,555
Equipment, furniture and vehicles		27,221,759	34,565,656	9,468,490
Less: Accumulated depreciation		(43,410,222)	(83,892,239)	(8,955,102)
Other Assets				
Property held for future use		95,011	-	-
Unamortized debt expense		680,796	203,097	-
Total Non-Current Assets		123,405,501	95,312,051	6,337,625
Total Assets		138,584,901	108,905,076	8,826,097

<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>
\$ 11,000,829	\$ 1,634,115	\$ 33,304,059	\$ 2,076,546
1,372,208	-	7,666,952	-
199,732	-	344,529	-
101,090	6,288	559,857	260,097
-	-	373,067	-
-	-	581,581	-
-	-	233,888	-
271,595	-	1,385,560	-
-	-	707,492	71,017
-	-	11,069	25,956
<u>1,913,773</u>	<u>-</u>	<u>2,592,473</u>	<u>-</u>
<u>14,859,227</u>	<u>1,640,403</u>	<u>47,760,527</u>	<u>2,433,616</u>
3,921,308	-	22,251,906	-
37,482	-	157,886	-
-	-	-	2,020,950
27,358,834	3,012,307	33,159,102	-
3,410,011	-	5,146,377	-
405,430	-	728,813	-
72,855,926	24,058,583	362,693,728	-
657	627,252	71,883,814	25,713,970
(24,693,187)	(16,869,434)	(177,820,184)	(15,180,328)
-	-	95,011	-
<u>476,895</u>	<u>10,400</u>	<u>1,371,188</u>	<u>-</u>
<u>83,773,356</u>	<u>10,839,108</u>	<u>319,667,641</u>	<u>12,554,592</u>
<u>98,632,583</u>	<u>12,479,511</u>	<u>367,428,168</u>	<u>14,988,208</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
As of December 31, 2012

		<u>Business-Type Activities - Enterprise Funds</u>		
		<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
LIABILITIES				
Current Liabilities				
Accounts payable		\$ 140,358	\$ 293,949	\$ 550,342
Compensated absences		149,954	118,634	163,762
Other accrued liabilities		94,247	67,232	107,760
Claims payable		-	-	-
Due to other governments		-	-	1,484,729
Deposits		-	-	-
Due to other funds		1,750,394	-	-
Unearned revenues		-	-	-
Current portion of general obligation debt		-	-	-
Current portion of advance from other funds		-	-	-
Current Liabilities Payables From Restricted Assets				
Revenue bonds payable		-	755,000	-
Accrued interest		-	112,782	-
Total Current Liabilities		<u>2,134,953</u>	<u>1,347,597</u>	<u>2,306,593</u>
Noncurrent Liabilities				
General obligation debt payable		-	-	-
Revenue bonds and notes payable		66,205,506	16,195,000	-
Advance from other funds		-	-	-
Compensated absences		216,718	176,095	157,456
Other postemployment benefit liability		-	-	-
Unamortized premium of debt issuance		<u>1,625,389</u>	<u>228,072</u>	<u>-</u>
Total Noncurrent Liabilities		<u>68,047,613</u>	<u>16,599,167</u>	<u>157,456</u>
Total Liabilities		<u>70,182,566</u>	<u>17,946,764</u>	<u>2,464,049</u>
NET POSITION				
Net investment in capital assets		54,238,917	70,964,954	5,215,657
Restricted for				
Debt service		1,335,688	2,490,175	-
DNR replacement fund		-	4,236,304	-
Capital replacement fund		-	1,008,464	1,121,968
Unrestricted		<u>12,827,730</u>	<u>12,258,415</u>	<u>24,423</u>
TOTAL NET POSITION		<u>\$ 68,402,335</u>	<u>\$ 90,958,312</u>	<u>\$ 6,362,048</u>

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

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

NET POSITION 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>
\$ 455,852	\$ 31,036	\$ 1,471,537	\$ 144,717
81,394	46,722	560,466	124,678
40,304	33,282	342,825	98,707
-	-	-	1,900,000
-	-	1,484,729	-
27,059	-	27,059	-
-	-	1,750,394	176,544
-	47,807	47,807	-
-	10,000	10,000	7,668
-	24,000	24,000	-
2,150,000	-	2,905,000	-
386,773	-	499,555	-
<u>3,141,382</u>	<u>192,847</u>	<u>9,123,372</u>	<u>2,452,314</u>
-	725,000	725,000	46,004
37,003,744	-	119,404,250	-
-	186,744	186,744	-
65,399	66,212	681,880	96,420
-	-	-	144,683
<u>945,976</u>	<u>-</u>	<u>2,799,437</u>	<u>-</u>
<u>38,015,119</u>	<u>977,956</u>	<u>123,797,311</u>	<u>287,107</u>
<u>41,156,501</u>	<u>1,170,803</u>	<u>132,920,683</u>	<u>2,739,421</u>
43,019,741	10,093,708	183,532,977	10,479,970
2,180,895	-	6,006,758	-
-	-	4,236,304	-
-	-	2,130,432	-
<u>12,275,446</u>	<u>1,215,000</u>	<u>38,601,014</u>	<u>1,768,817</u>
<u>\$ 57,476,082</u>	<u>\$ 11,308,708</u>	<u>234,507,485</u>	<u>\$ 12,248,787</u>
		<u>946,270</u>	
		<u>\$ 235,453,755</u>	

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2012

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
OPERATING REVENUES			
Charges for services	\$ 20,533,159	\$ 9,786,989	\$ 1,410,760
Other	399,294	814,645	74,757
Total Operating Revenues	<u>20,932,453</u>	<u>10,601,634</u>	<u>1,485,517</u>
OPERATING EXPENSES			
Operation and maintenance	7,903,181	6,263,377	7,591,170
Depreciation	4,005,220	3,034,322	616,297
Total Operating Expenses	<u>11,908,401</u>	<u>9,297,699</u>	<u>8,207,467</u>
Operating Income (Loss)	<u>9,024,052</u>	<u>1,303,935</u>	<u>(6,721,950)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	321,297	368,369	-
Interest expense	(3,361,080)	(653,072)	-
Amortization of debt expense	(103,091)	(21,126)	-
Gain (loss) on sale of capital assets	(68,464)	(23,834)	625
Amortization of prior losses on refunding of bonds	(197,947)	-	-
Amortization of premium on debt issuance	293,681	22,546	-
Subsidies from other governmental units	-	-	5,815,980
Other	4,913	-	-
Total Nonoperating Revenues (Expenses)	<u>(3,110,691)</u>	<u>(307,117)</u>	<u>5,816,605</u>
Income (Loss) Before contributions and transfers	5,913,361	996,818	(905,345)
Capital contributions	81,821	779,755	268,163
Transfer in	-	-	431,093
Transfers out - tax equivalent	(1,750,394)	-	-
Transfers out	<u>(13,800)</u>	<u>(117,450)</u>	<u>-</u>
Change in Net Position	4,230,988	1,659,123	(206,089)
TOTAL NET POSITION - Beginning	<u>64,171,347</u>	<u>89,299,189</u>	<u>6,568,137</u>
TOTAL NET POSITION - ENDING	<u>\$ 68,402,335</u>	<u>\$ 90,958,312</u>	<u>\$ 6,362,048</u>

Internal service funds change in net position
allocated to the business-type activities

Change in Net Position Business-type Activities

See accompanying notes to financial statements.

<u>Business-Type Activities - Enterprise Funds</u>			Governmental
<u>Stormwater Utility</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Activities - Internal Service Funds</u>
\$ 7,181,675	\$ 2,365,193	\$ 41,277,776	\$ 8,731,008
70,178	513,360	1,872,234	665,913
<u>7,251,853</u>	<u>2,878,553</u>	<u>43,150,010</u>	<u>9,396,921</u>
3,026,580	1,662,983	26,447,291	9,119,130
<u>1,989,033</u>	<u>548,943</u>	<u>10,193,815</u>	<u>2,044,301</u>
<u>5,015,613</u>	<u>2,211,926</u>	<u>36,641,106</u>	<u>11,163,431</u>
<u>2,236,240</u>	<u>666,627</u>	<u>6,508,904</u>	<u>(1,766,510)</u>
255,881	31,873	977,420	2,054
(1,438,437)	(28,658)	(5,481,247)	(1,768)
(69,323)	-	(193,540)	-
-	4,100	(87,573)	228,701
(6,700)	-	(204,647)	-
26,710	-	342,937	-
-	-	5,815,980	-
-	256	5,169	6,991
<u>(1,231,869)</u>	<u>7,571</u>	<u>1,174,499</u>	<u>235,978</u>
1,004,371	674,198	7,683,403	(1,530,532)
643,810	-	1,773,549	1,845,037
-	-	431,093	-
-	-	(1,750,394)	-
<u>(12,500)</u>	<u>(1,027,200)</u>	<u>(1,170,950)</u>	<u>(235,019)</u>
1,635,681	(353,002)	6,966,701	79,486
<u>55,840,401</u>	<u>11,661,710</u>		<u>12,169,301</u>
<u>\$ 57,476,082</u>	<u>\$ 11,308,708</u>		<u>\$ 12,248,787</u>
		<u>210,056</u>	
		<u>\$ 7,176,757</u>	

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS For the Year Ended December 31, 2012

	<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	\$ 21,308,559	\$ 10,383,601	\$ 1,531,241
Paid to suppliers for goods and services	(6,269,928)	(5,095,946)	(5,239,820)
Paid to employees for services	(1,624,473)	(1,373,203)	(2,374,226)
Net Cash Flows From Operating Activities	<u>13,414,158</u>	<u>3,914,452</u>	<u>(6,082,805)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Tax equivalent paid to municipality	(1,678,832)	-	-
Transfers out	(13,800)	(117,450)	-
Operation subsidies received from other governmental units	-	-	6,375,494
Net Cash Flows From Noncapital Financing Activities	<u>(1,692,632)</u>	<u>(117,450)</u>	<u>6,375,494</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(2,668,828)	(3,242,914)	(444,575)
Proceeds from sale of capital assets	-	-	-
Debt issued	2,510,000	-	-
Premium received on debt issued	32,029	-	-
Costs of issuing debt	(38,320)	-	-
Refunding escrow deposit	-	-	-
Principal paid on long-term debt	(5,135,000)	(1,368,020)	-
Interest paid on long-term debt	(3,386,000)	(726,073)	-
Capital contributed by others	22,579	249,986	488,407
Special assessments received	8,127	564,364	-
Net Cash Flows From Capital and Related Financing Activities	<u>(8,655,413)</u>	<u>(4,522,657)</u>	<u>43,832</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	810,560	947,217	26,455
Investments sold and matured	1,385,895	1,698,423	-
Purchases of investments	(2,545,597)	(2,744,394)	-
Net Cash Flows From Investing Activities	<u>(349,142)</u>	<u>(98,754)</u>	<u>26,455</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,716,971	(824,409)	362,976
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>7,363,816</u>	<u>10,727,059</u>	<u>1,854,330</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 10,080,787</u>	<u>\$ 9,902,650</u>	<u>\$ 2,217,306</u>

Business-Type Activities - Enterprise Funds			Governmental
Stormwater Utility	Other Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 7,326,574	\$ 2,888,108	\$ 43,438,083	\$ 9,505,068
(2,331,813)	(880,133)	(19,817,640)	(6,249,423)
(882,240)	(776,187)	(7,030,329)	(2,910,074)
<u>4,112,521</u>	<u>1,231,788</u>	<u>16,590,114</u>	<u>345,571</u>
-	-	(1,678,832)	-
(12,500)	(1,027,200)	(1,170,950)	(235,019)
-	-	6,375,494	-
<u>(12,500)</u>	<u>(1,027,200)</u>	<u>3,525,712</u>	<u>(235,019)</u>
(4,738,574)	(134,684)	(11,229,575)	-
-	4,100	4,100	9,244
4,195,000	735,000	7,440,000	-
848,125	-	880,154	-
(174,365)	(10,400)	(223,085)	-
(274,757)	-	(274,757)	-
(1,895,000)	(708,509)	(9,106,529)	(7,668)
(1,499,589)	(51,828)	(5,663,490)	(2,055)
292,877	-	1,053,849	-
101,146	-	673,637	-
<u>(3,145,137)</u>	<u>(166,321)</u>	<u>(16,445,696)</u>	<u>(479)</u>
624,928	31,873	2,441,033	2,317
778,129	-	3,862,447	-
(1,441,176)	-	(6,731,167)	-
<u>(38,119)</u>	<u>31,873</u>	<u>(427,687)</u>	<u>2,317</u>
916,765	70,140	3,242,443	112,390
<u>10,216,594</u>	<u>1,563,975</u>	<u>31,725,774</u>	<u>1,964,156</u>
<u>\$ 11,133,359</u>	<u>\$ 1,634,115</u>	<u>\$ 34,968,217</u>	<u>\$ 2,076,546</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS For the Year Ended December 31, 2012

	<u>Business-Type Activities - Enterprise Funds</u>		
	Water Utility	Wastewater Utility	Valley Transit
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 9,024,052	\$ 1,303,935	\$ (6,721,950)
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities			
Non-operating income	4,913	-	-
Depreciation expense	4,005,220	3,034,322	616,297
Depreciation charged to other funds	222,568	-	-
Changes in Noncash Components of Working Capital			
Customer accounts receivable	(156,438)	(86,197)	-
Other accounts receivable	(3,193)	120,252	45,724
Due from other funds	308,256	(252,088)	-
Inventories	(11,251)	18,568	(13,775)
Prepaid items	-	-	(527)
Accounts payable	(29,134)	(205,904)	68,207
Customer deposits	-	-	-
Accrued liabilities	30,377	(11,993)	(76,781)
Claims payable	-	-	-
Accrued compensated absences	18,788	(6,443)	-
Postemployment benefits liability	-	-	-
Unearned revenues	-	-	-
	<u>\$ 13,414,158</u>	<u>\$ 3,914,452</u>	<u>\$ (6,082,805)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES			
 RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS			
Cash and investments - statement of net position - proprietary fund	\$ 9,958,654	\$ 9,615,123	\$ 1,095,338
Restricted cash and investments - statement of net position - proprietary fund			
Current	-	678,700	-
Non-current	8,678,702	8,529,928	1,121,968
Less: Non-cash equivalents	<u>(8,556,569)</u>	<u>(8,921,101)</u>	<u>-</u>
	<u>\$ 10,080,787</u>	<u>\$ 9,902,650</u>	<u>\$ 2,217,306</u>
CASH AND CASH EQUIVALENTS - END OF YEAR			
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributed property and equipment	\$ 59,242	\$ -	\$ -
Interest charged to construction	24,920	39,251	-
Capital costs special assessed to customers	-	529,769	-
Capital grants accrued	-	-	(7,863)
Investment valuation adjustments	(492,730)	(582,692)	-
Debt refunded	-	-	-

<u>Business-Type Activities - Enterprise Funds</u>			Governmental
<u>Stormwater Utility</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Activities - Internal Service Funds</u>
\$ 2,236,240	\$ 666,627	\$ 6,508,904	\$ (1,766,510)
-	256	5,169	235,692
1,989,033	548,943	10,193,815	2,044,301
-	-	222,568	-
39,826	-	(202,809)	-
-	(1,836)	160,947	(127,545)
7,836	-	64,004	(649,054)
-	-	(6,458)	14,065
-	-	(527)	12,978
(190,691)	1,978	(355,544)	37,851
27,059	-	27,059	-
15,858	9,532	(33,007)	20,048
-	-	-	400,000
(12,640)	(4,847)	(5,142)	22,546
-	-	-	101,199
-	11,135	11,135	-
<u>\$ 4,112,521</u>	<u>\$ 1,231,788</u>	<u>\$ 16,590,114</u>	<u>\$ 345,571</u>

\$ 11,000,829 \$ 1,634,115 \$ 33,304,059 \$ 2,076,546

1,913,773	-	2,592,473	-
3,921,308	-	22,251,906	-
<u>(5,702,551)</u>	<u>-</u>	<u>(23,180,221)</u>	<u>-</u>

\$ 11,133,359 \$ 1,634,115 \$ 34,968,217 \$ 2,076,546

\$ 251,851	\$ -	\$ 311,093	\$ 1,845,037
50,039	-	114,210	-
63,219	-	592,988	-
-	-	(7,863)	-
(372,491)	-	(1,447,913)	-
8,995,000	-	8,995,000	-

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
As of December 31, 2012

	<u>Tax Collection Fund</u>
ASSETS	
Cash and investments	\$ 48,852,365
Property taxes receivable	<u>23,955,545</u>
TOTAL ASSETS	<u>\$ 72,807,910</u>
LIABILITIES	
Due to other taxing authorities	\$ 72,729,876
Accounts payable	<u>78,034</u>
TOTAL LIABILITIES	<u>\$ 72,807,910</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET POSITION - COMPONENT UNITS
As of December 31, 2012

	Housing Authority	Business Improvement District	Appleton Redevelopment Authority	Totals
ASSETS				
Current Assets				
Cash and investments	\$ 1,974,470	\$ 191,190	\$ 78,229	\$ 2,243,889
Other accounts receivable	134,940	70,281	-	205,221
Inventories	11,198	-	-	11,198
Prepaid items	50,861	-	-	50,861
Note receivable - primary government	-	-	500,000	500,000
Land held for resale	-	-	534,850	534,850
Total Current Assets	<u>2,171,469</u>	<u>261,471</u>	<u>1,113,079</u>	<u>3,546,019</u>
Non-Current Assets				
Restricted Assets				
Cash and investments	605,138	-	-	605,138
Rehabilitation loans, net	3,561,001	-	-	3,561,001
Note receivable	155,561	-	-	155,561
Note receivable - primary government	-	-	300,000	300,000
Capital Assets				
Land	1,567,719	-	-	1,567,719
Construction in process	-	-	-	-
Buildings and improvements	18,660,042	-	-	18,660,042
Equipment, furniture and vehicles	1,157,521	-	-	1,157,521
Less: Accumulated depreciation	<u>(6,340,275)</u>	<u>-</u>	<u>-</u>	<u>(6,340,275)</u>
Total Non-Current Assets	<u>19,366,707</u>	<u>-</u>	<u>300,000</u>	<u>19,666,707</u>
Total Assets	<u>21,538,176</u>	<u>261,471</u>	<u>1,413,079</u>	<u>23,212,726</u>

See accompanying notes to financial statements.

	Housing Authority	Business Improvement District	Appleton Redevelopment Authority	Totals
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 68,093	\$ 55,249	\$ -	\$ 123,342
Other accrued liabilities	172,113	-	-	172,113
Security deposits	108,089	-	-	108,089
FSS escrow	33,845	-	-	33,845
Note payable	-	-	500,000	500,000
Current maturity of mortgage payable	6,021	-	-	6,021
Unearned revenue	24,051	205,569	-	229,620
Total Current Liabilities	<u>412,212</u>	<u>260,818</u>	<u>500,000</u>	<u>1,173,030</u>
Noncurrent Liabilities				
Note payable - primary government	-	-	500,000	500,000
Note payable	-	-	300,000	300,000
Development fee payable	142,697	-	-	142,697
Capital lease obligation	41,020	-	-	41,020
Mortgage payable	1,070,485	-	-	1,070,485
Total Noncurrent Liabilities	<u>1,254,202</u>	<u>-</u>	<u>800,000</u>	<u>2,054,202</u>
	<u>1,666,414</u>	<u>260,818</u>	<u>1,300,000</u>	<u>3,227,232</u>
NET POSITION				
Net investment in capital assets	13,046,646	-	-	13,046,646
Restricted - housing programs	4,024,205	-	-	4,024,205
Unrestricted	2,800,911	653	113,079	2,914,643
TOTAL NET POSITION	<u>\$ 19,871,762</u>	<u>\$ 653</u>	<u>\$ 113,079</u>	<u>\$ 19,985,494</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF ACTIVITIES - COMPONENT UNITS

For the Year Ended December 31, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Housing Authority	\$ 5,324,850	\$ 909,470	\$ 3,072,680	\$ 5,906,130
Business Improvement District	221,043	205,507	-	-
Appleton Redevelopment Authority	<u>9,697</u>	<u>14,850</u>	<u>-</u>	<u>-</u>
Total Component Units	<u>\$ 5,555,590</u>	<u>\$ 1,129,827</u>	<u>\$ 3,072,680</u>	<u>\$ 5,906,130</u>

General Revenues

Investment income

Miscellaneous

Total General Revenues

Change in net position

NET POSITION - Beginning (as restated)

NET POSITION - ENDING

See accompanying notes to financial statements.

Net (Expense) Revenue and
Changes in Net Position

Housing Authority	Business Improvement District	Appleton Redevelopment Authority	Totals
\$ 4,563,430	\$ -	\$ -	\$ 4,563,430
-	(15,536)	-	(15,536)
-	-	5,153	5,153
4,563,430	(15,536)	5,153	4,553,047
17,444	1,828	1,183	20,455
706,270	-	-	706,270
723,714	1,828	1,183	726,725
5,287,144	(13,708)	6,336	5,279,772
14,584,618	14,361	106,743	14,705,722
<u>\$ 19,871,762</u>	<u>\$ 653</u>	<u>\$ 113,079</u>	<u>\$ 19,985,494</u>

See accompanying notes to financial statements.

CITY OF APPLETON

INDEX TO NOTES TO FINANCIAL STATEMENTS

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CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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 2011, the GASB issued Statement No. 63 – *Financing Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards did not include guidance for those elements, which are distinct from assets and liabilities.

The City made the decision to implement this standard effective January 1, 2012.

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

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, 2012. 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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units (cont.)

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, 2012. 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.

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 the 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, 2012. 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.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position 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 As of and for the Year Ended December 31, 2012

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 position/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 nonmajor 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 legally restricted or committed to support expenditures for the TID.

Debt Service Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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 nonmajor governmental and enterprise funds:

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

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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 nonmajor governmental and enterprise funds: (cont.)

Capital Projects Funds – used to account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets.

Subdivision Development Projects	Public Safety Facilities
Industrial Park Land	Public Works Equipment
Park and Recreation Projects	Business Park Escrow
Tax Incremental District No. 5	CEA Replacement
Tax Incremental District No. 6	Community Development
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 uses for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Parking Utility
Reid Municipal Golf Course

In addition, the City reports the following fund types:

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

Central Equipment Agency
Risk Management
Facilities Management
Postemployment Benefits

Agency funds are used to account for assets held by the City in a trustee capacity. The funds are being held for other governmental units for tax related purposes.

Tax Collection Fund

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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 position 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.

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 As of and for the Year Ended December 31, 2012

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 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 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 As of and for the Year Ended December 31, 2012

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 POSITION 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 As of and for the Year Ended December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION 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 As of and for the Year Ended December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION 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, 2012, 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 position.

Property tax calendar – 2012 tax roll:

Lien date and levy date	November 2012
Tax bills mailed	December 2012
Payment in full, or	January 31, 2013
First installment due	January 31, 2013
Second installment due	March 31, 2013
Third installment due	May 31, 2013
Fourth installment due	July 31, 2013
Final settlement with county	August 15, 2013
Personal property taxes in full	January 31, 2013
Tax sale – 2012 delinquent real estate taxes	October 2015

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

2. Receivables (cont.)

Uncollectible Accounts

An allowance for doubtful accounts has been established for certain deferred housing loans in the amount of \$214,056. An allowance for doubtful accounts has also been established for TID No. 5 receivables in the amount of \$15,693. 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 position. 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 nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

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.

The City also provides loans to local developers. The City records a loan receivable when the loan has been made and funds have been disbursed.

In general, 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 restricted fund balance in the fund financial statements. For the City’s loan to one developer, the net amount of the loan is offset by a nonspendable fund balance account. As the loan is repaid, the nonspendable account is reduced.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION 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 position.

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. \$114,210 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 As of and for the Year Ended December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION 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 position. 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, 2012 are determined on the basis of current salary rates and include salary related payments.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

D. ASSETS, LIABILITIES, AND NET POSITION 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 position.

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 \$45,027,549, made up of six issues.

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. 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 As of and for the Year Ended December 31, 2012

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

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

10. Equity Classifications

Government–Wide Statements

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

The net position 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 “net investment in capital assets,” and an increase in “unrestricted” net position, shown only in the total column.

	Governmental Activities	Business-type Activities	Adjustment	Totals
Net investment in capital assets	\$ 306,228,924	\$ 183,532,977	\$ (1,338,192)	\$ 488,423,709
Unrestricted	29,431,129	39,547,284	1,338,192	70,316,605

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. In accordance with Governmental Accounting Standards Board Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balance as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances 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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The City has authorized the City Council to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City Council formally established a stabilization fund. The stabilization fund is contained as unassigned balance within the general fund and is included in each annual budget. The stabilization fund shall not be used except in the following circumstances: for contingency for state aid reductions and operating deficits. The balance in the account at year end was \$1,086,440 plus a contingency fund of \$574,896.

The City has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 25% of subsequent years' general fund expenditures. The balance at year end was \$4,599,167 for compensated absences and \$9,773,231 for working capital and is included in assigned and unassigned general fund balance, respectively.

See Note IV. I. for further information.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

11. Basis for Existing Rates – Proprietary Funds

Water Utility

Water rates were approved by the Public Service Commission of Wisconsin (PSCW), effective for service beginning December 31, 2010.

Wastewater Utility

Current wastewater rates were approved by the Common Council, effective for service beginning July 1, 2011.

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 POSITION

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. 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 position	
Land	\$ 120,385,404
Construction in progress	4,775,459
Intangible assets	25,048
Depreciable capital assets, net of depreciation	<u>202,971,044</u>
Sub-total	328,156,955
Less: Internal service fund capital assets	<u>(10,533,642)</u>
Net Adjustment for Capital Assets	<u>\$ 317,623,313</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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 POSITION (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	\$ 32,516,328
Promissory note	800,000
Unamortized debt premium	313,035
Unamortized debt issuance costs ¹	(183,105)
Compensated absences	5,920,563
Accrued interest ²	271,228
Disability benefits	111,542
Pension liability	155,316
Postclosure care cost	<u>2,070,000</u>
Net Adjustment for Liabilities	<u>\$ 41,974,907</u>

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

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

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 As of and for the Year Ended December 31, 2012

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, 2012, the following individual funds held a deficit balance:

Fund	Amount	Reason
Special Revenue Funds		
Tax Incremental District No. 3	\$ 14,198,580	Remaining development costs to be recovered over time
Community Development Block Grant	16,303	Revenue not received within 60 days of year-end
Capital Project Funds		
Tax Incremental District No. 6	1,725,281	Remaining development costs to be recorded over time

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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 CDBG fund deficit is anticipated to be funded with grant revenues.

C. LIMITATIONS ON THE CITY'S TAX LEVY

As part of Wisconsin's Act 32 (2011), 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 zero percent for the 2011 levy collected in 2012 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments.

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

	Carrying Value	Bank and Investment Balances	Associated Risks
Demand deposits	\$ 28,392,951	\$ 29,836,600	Custodial credit risk
U.S. treasuries	33,221,168	33,221,168	Custodial credit risk, interest rate risk
U.S. agencies	38,262,310	38,262,310	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk, investments highly sensitive to market changes
Money market mutual funds	45,144,539	45,144,539	Credit risk, interest rate risk
LGIP	401,202	401,202	Credit risk
Petty Cash	39,029	-	None
Total Cash and Investments	<u>\$ 145,461,199</u>	<u>\$ 146,865,819</u>	

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

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, 2012, the City held no one investment that was over 5% of the total investment portfolio.

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, 2012, 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	\$ 45,144,539	\$ 45,144,539	\$ -	\$ -
US treasuries	33,221,168	-	4,275,592	28,945,576
US agencies	38,262,310	368,192	1,055,230	36,838,888
Totals	\$ 116,628,017	\$ 45,512,731	\$ 5,330,822	\$ 65,784,464

Investments Highly Sensitive to Market Changes

The City held securities of \$9,771,286 with maturities exceeding ten years.

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

B. RECEIVABLES

All receivables are due within one year, except for developer loans of \$2,050,540, special assessments of \$1,356,253, delinquent special assessments of \$10,833, and deferred loans of \$6,321,860.

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned	Totals
Property taxes receivable	\$ -	\$ 41,443,010	\$ 41,443,010
Interest on advances	7,424,815	-	7,424,815
Interest income	21,510	-	21,510
Developer loans	465,000	-	465,000
Rehabilitation loans	6,321,860	-	6,321,860
Accounts receivable	29,655	-	29,655
Special assessments not yet due	1,356,253	-	1,356,253
Grant drawdowns prior to meeting all eligibility requirements	-	61,003	61,003
Note receivable – component unit	500,000	-	500,000
Total Deferred/Unearned Revenue for Governmental Funds	\$ 16,119,093	\$ 41,504,013	\$ 57,623,106

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 As of and for the Year Ended December 31, 2012

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, 2012:

	<u>Restricted Assets</u>	<u>Liabilities Payable from Restricted Assets and Accrued Interest Allocation</u>	<u>Borrowed Restricted Assets</u>	<u>Restricted Net Position</u>
Bond redemption account	\$ 2,592,473	\$ 385,692	\$ -	\$ 2,206,781
Bond reserve account	14,266,362	-	10,466,385	3,799,977
Bond depreciation account	1,000,000	(8,464)	-	1,008,464
Construction account	1,662,831	-	1,662,831	-
DNR equipment replacement account	4,200,745	(35,559)	-	4,236,304
Capital equipment replacement account	1,121,968	-	-	1,121,968
Accrued interest	157,886	157,886	-	-
Total Restricted Assets	<u>\$ 25,002,265</u>	<u>\$ 499,555</u>	<u>\$ 12,129,216</u>	<u>\$ 12,373,494</u>

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 9,141,578	\$ 1,494	\$ -	\$ 9,143,072
Right of ways	72,849,349	35,557	-	72,884,906
Land improvements ⁽¹⁾	38,350,231	7,195	-	38,357,426
Intangible assets	10,421	14,627	-	25,048
Construction in progress	1,768,491	3,448,205	441,237	4,775,459
Total Capital Assets				
Not Being Depreciated/ Amortized	<u>122,120,070</u>	<u>3,507,078</u>	<u>441,237</u>	<u>125,185,911</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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	\$ 38,868	\$ -	\$ -	\$ 38,868
Improvements	7,934,434	415,122	66,813	8,282,743
Buildings	44,451,961	254,680	-	44,706,641
Equipment, furniture and fixtures	31,855,321	2,207,637	1,542,615	32,520,343
Streets	152,739,749	3,596,782	515,526	155,821,005
Sidewalk	28,277,269	1,045,739	284,884	29,038,124
Traffic signals	4,975,006	200,925	9,143	5,166,788
Bridges	41,175,654	-	-	41,175,654
Total Capital Assets				
Being Depreciated/Amortized	<u>311,448,262</u>	<u>7,720,885</u>	<u>2,418,981</u>	<u>316,750,166</u>
Less: Accumulated depreciation/amortization for				
Intangible assets	(3,132)	(3,887)	-	(7,019)
Improvements	(2,780,797)	(241,033)	38,943	(2,982,887)
Buildings	(11,955,763)	(842,717)	-	(12,798,480)
Equipment, furniture and fixtures	(17,473,014)	(2,493,064)	1,524,780	(18,441,298)
Streets	(57,086,484)	(4,247,153)	310,563	(61,023,074)
Sidewalk	(9,316,144)	(716,554)	137,136	(9,895,562)
Traffic signals	(1,413,620)	(121,048)	9,143	(1,525,525)
Bridges	(6,693,523)	(411,754)	-	(7,105,277)
Total Accumulated Depreciation/Amortization	<u>(106,722,477)</u>	<u>(9,077,210)</u>	<u>2,020,565</u>	<u>(113,779,122)</u>
Net Capital Assets Being Depreciated/Amortized	<u>204,725,785</u>			<u>202,971,044</u>
 Total Capital Assets, Net of Depreciation/ Amortization	 <u>\$ 326,845,855</u>			 <u>\$ 328,156,955</u>

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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	\$ 293,512
Public safety	624,992
Public works, which includes the depreciation of roads, streets, signals, and bridges	5,618,485
Education and recreation	<u>495,920</u>
Sub-Total	7,032,909
Capital assets held by internal service funds charged to the various functions based on their usage of the assets	<u>2,044,301</u>
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 9,077,210</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets not being depreciated/amortized				
Land	\$ 29,792,222	\$ 3,366,880	\$ -	\$ 33,159,102
Intangible assets	435,843	292,970	-	728,813
Construction in progress	<u>6,789,023</u>	<u>3,723,547</u>	<u>5,366,193</u>	<u>5,146,377</u>
Total Capital Assets Not Being Depreciated	<u>37,017,088</u>	<u>7,383,397</u>	<u>5,366,193</u>	<u>39,034,292</u>
Capital assets being depreciated				
Buildings and improvements	355,223,890	8,465,161	536,244	363,152,807
Machinery and equipment	<u>71,097,835</u>	<u>669,282</u>	<u>342,382</u>	<u>71,424,735</u>
Total Capital Assets Being Depreciated	<u>426,321,725</u>	<u>9,134,443</u>	<u>878,626</u>	<u>434,577,542</u>
Less: Accumulated depreciation for				
Buildings and improvements	(117,582,495)	(8,128,526)	462,409	(125,248,612)
Machinery and equipment	<u>(50,626,097)</u>	<u>(2,287,857)</u>	<u>342,382</u>	<u>(52,571,572)</u>
Total Accumulated Depreciation	<u>(168,208,592)</u>	<u>(10,416,383)</u>	<u>804,791</u>	<u>(177,820,184)</u>
Net Capital Assets Being Depreciated	<u>258,113,133</u>			<u>256,757,358</u>
Capital Assets, Net of Depreciation	<u>\$ 295,130,221</u>			<u>\$ 295,791,650</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 4,005,220
Wastewater	3,034,322
Valley Transit	616,297
Stormwater	1,989,033
Parking	469,792
Reid Municipal Golf Course	79,151
Total Business-type Activities	_____
Depreciation Expense	\$ 10,193,815

An additional \$222,568 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:

Receivable Fund	Payable Fund	Amount
General	Special Revenue – Community Development Block Grant	\$ 42,206
General	Special Revenue – Police Grants	23,540
General	Special Revenue – Continuum of Care	1,171
General	Special Revenue – Housing Rehabilitation Grant	3,962
General	Internal Service – Risk Management	176,544
General	Enterprise – Water Utility	1,750,394
Special Revenue – Sanitation and Recycling Programs	General	40,083
Enterprise – Water Utility	General	268,534
Enterprise – Wastewater Utility	General	845,431
Enterprise – Stormwater Utility	General	271,595
Sub-Total – Fund Financial Statements		3,423,460
Less: Internal service allocation		(946,270)
Less: Elimination to government-wide		(3,058,626)
Total – Government-wide Financial Statements		\$ (581,436)

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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	\$ 1,750,394
Business-type Activity	Governmental Activity	<u>(2,331,830)</u>
Total		<u>\$ (581,436)</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 position, 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. The advances will be repaid as monies are available.

In 2002, the City advanced the Reid Municipal Golf Course \$495,000 to fund capital improvements. Interest was being charged at 5%. During 2011, the City council approved retroactively charging 0% interest on the advance. Previous interest payments made on the advance were applied to the principal balance during 2011. A repayment schedule has been established.

During 2012, 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 allowance has been established:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Allowance</u>
Parking Utility	Special Revenue – Tax Incremental District No. 3	<u>\$ 16,482,496</u>	<u>\$ 2,727,923</u>	<u>\$ 19,210,419</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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. 3	\$ 7,055,8	\$ 7,143,8	\$ 14,199,7	\$ 14,19
General	Capital Projects – Tax Incremental District No. 6	2,781,707	265,918	3,047,625	3,047,625
General	Capital Projects – Tax Incremental District No. 8	300,000	15,000	315,000	315,000
General	Enterprise – Reid Municipal Golf Course	210,744	-	210,744	186,744
Sub-Total – Fund Financial Statements		<u>\$ 10,348,3</u>	<u>\$ 7,424,8</u>	17,773,128	<u>\$ 17,74</u>
Less: Fund eliminations				(17,562,384)	
Total – Government-wide Statements				<u>\$ 210,744</u>	

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

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

The following repayment schedule has been established. No interest is being charged.

<u>Years</u>	<u>General Fund Advance to Reid Golf Course Principal</u>
2013	\$ 24,000
2014	21,744
2015	15,000
2016	15,000
2017	15,000
2018	15,000
2019	15,000
2025	60,000
2026	30,000
Totals	<u>\$ 210,744</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

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	\$ 33,000	Administrative fees
	Capital Projects – Tax Incremental District No. 8	300,000	Increase advance
	Enterprise – Water Utility	13,800	Administrative fees
	Enterprise – Water Utility	1,750,394	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
Debt Service	Special Revenue – Tax Incremental District No. 3	2,317,723	Debt payments
	Capital Project – Tax Incremental District No. 5	123,975	Debt payments
	Capital Project – Tax Incremental District No. 6	2,112,693	Debt payments
	Capital Project – Tax Incremental District No. 7	1,525	Debt payments
	Capital Project – Tax Incremental District No. 8	1,069	Debt payments
Special Revenue Funds			
Tax Incremental District No. 3	Enterprise – Parking Utility	1,000,000	Increase advance
Capital Project Funds			
CEA Replacement	General	8,550	Capital assets
CEA Replacement	Internal Service – CEA	235,019	Capital assets
CEA Replacement	Enterprise – Wastewater Utility		Capital assets
Community Development	General	1,019,040	Reduce borrowing

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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>
Enterprise			
Valley Transit	General	\$ 431,093	Local share of funding
Sub-Total – Fund Financial Statements		9,505,031	
Less: Fund eliminations		(6,779,761)	
Government-wide elimination		<u>(235,019)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 2,490,251</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activity	Business-type Activity	\$ 2,921,344	
Business-type Activity	Governmental Activity	<u>(431,093)</u>	
Total		<u>\$ 2,490,251</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, 2012 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	\$ 32,898,198	\$ 8,380,000	\$ 8,761,870	\$ 32,516,328	\$ 5,557,332
Internal service	61,340	-	7,668	53,672	7,668
Promissory note	500,000	300,000	-	800,000	500,000
Add/(Subtract) Deferred Amounts For					
Premiums	61,974	267,514	16,453	313,035	-
Total Bonds and Notes Payable	<u>33,521,512</u>	<u>8,947,514</u>	<u>8,785,991</u>	<u>33,683,035</u>	<u>6,065,000</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Other Liabilities					
Vested compensated absences					
General	\$ 5,940,273	\$ 2,728,535	\$ 2,748,245	\$ 5,920,563	\$ 3,040,574
Internal service	187,813	147,224	113,939	221,098	124,678
Other postemployment benefits					
Internal service	43,484	101,199	-	144,683	-
Landfill liability	2,160,000	-	90,000	2,070,000	90,000
Disability benefits	119,422	-	7,880	111,542	19,435
Pension liability	163,718	-	8,402	155,316	7,971
Total Other Liabilities	8,614,710	2,976,958	2,968,466	8,623,202	3,282,658
Total Governmental Activities Long-Term Liabilities	\$ 42,136,222	\$ 11,924,472	\$ 11,754,457	\$ 42,306,237	\$ 9,347,658
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 708,509	\$ 735,000	\$ 708,509	\$ 735,000	\$ 10,000
Revenue bonds	125,358,020	15,700,000	17,393,020	123,665,000	2,905,000
Add/(Subtract) Deferred Amounts For					
Refundings – Gains/(Losses)	(1,187,440)	(372,956)	(204,646)	(1,355,750)	-
Premiums	2,262,219	880,154	342,936	2,799,437	-
Sub-totals	127,141,308	16,942,198	18,239,819	125,843,687	2,915,000
Other Liabilities					
Vested compensated absences	1,312,239	486,106	555,999	1,242,346	560,466
Total Business-type Activities Long-Term Liabilities	\$ 128,453,547	\$ 17,428,304	\$ 18,795,818	\$ 127,086,033	\$ 3,475,466

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 position at December 31, 2012.

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, 2012, was \$232,570,430. Total general obligation debt outstanding at year end was \$33,305,000.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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 12-31-12</u>
Governmental Activities					
General Obligation Bonds					
General Obligation Refunding Bonds, Series 1998A	7/1/98	4/1/13	4.00 – 4.75%	\$ 9,570,000	\$ 1,125,000
General Obligation Notes, Series 2003A	9/3/03	4/1/13	1.25 – 3.70%	1,610,000	475,000
General Obligation Refunding Bonds, Series 2005 A	3/15/05	4/1/13	3.00 – 4.00%	5,165,000	270,000
General Obligation Notes, Series 2005B	10/12/05	4/1/15	3.00 – 4.00%	6,210,000	2,705,000
General Obligation Notes, Series 2006A	8/9/06	10/1/16	4.125 – 4.200%	4,725,000	2,565,000
General Obligation Notes, Series 2007	8/1/07	4/1/17	4.25%	5,165,000	3,400,000
General Obligation Notes, Series 2008A	8/5/08	4/1/16	3.00 – 4.00%	3,980,000	2,630,000
General Obligation Notes, Series 2008B	11/26/08	4/1/28	3.75 – 5.00%	7,325,000	6,800,000
General Obligation Notes, Series 2009A	11/5/09	4/1/19	2.50 – 3.125%	5,735,000	4,220,000
General Obligation Notes, Series 2012A	11/7/12	4/1/22	2.00 – 3.00%	5,460,000	5,460,000
General Obligation Refunding Notes, Series 2012B	8/30/12	4/1/25	0.40 – 3.00%	2,920,000	<u>2,920,000</u>
Total Governmental Activities – General Obligation Debt					<u>\$ 32,570,000</u>
Business-type Activities					
General Obligation Debt					
General Obligation Refunding Notes, Series 2012B	8/30/12	4/1/25	0.40 – 3.00%	\$ 735,000	<u>\$ 735,000</u>
Total Business-type Activities General Obligation Debt					<u>\$ 735,000</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

<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>
2013	\$ 5,565,000	\$ 1,016,390	\$ 10,000	\$ 16,039
2014	4,115,000	856,853	30,000	14,670
2015	4,290,000	714,609	60,000	14,385
2016	3,490,000	583,652	60,000	13,920
2017	3,820,000	467,857	60,000	13,320
2018 – 2022	8,030,000	1,292,294	345,000	49,537
2023 – 2027	2,640,000	498,158	170,000	6,000
2028	620,000	15,500	-	-
Totals	<u>\$ 32,570,000</u>	<u>\$ 5,445,313</u>	<u>\$ 735,000</u>	<u>\$ 127,871</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	\$ 1,538,152
General Fund – compensated absences	4,599,167
Debt Service Fund – general obligation debt	781,980
Special Revenue Fund – Tuchscherer disability	<u>55,139</u>
Total	<u>\$ 6,974,438</u>

Revenue Debt

Revenue bonds are payable only from revenues derived from the operation of the water, wastewater, and stormwater utilities. The utilities have pledged future utility revenues, net of specified operating expenses, to repay all revenue bonds listed on pages 57 and 58. 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 \$166,944,760 for water, wastewater, and stormwater. For the current year, the water utility paid \$8,321,000 of principal and interest and had \$13,350,569 of net revenues. Annual principal and interest payments are expected to require 34% of net water revenues on average. The wastewater utility paid \$2,094,093 of principal and interest and had \$4,706,626 of net revenues. Annual principal and interest payments are expected to require 26% of net wastewater revenues on average. The stormwater utility paid \$3,394,589 of principal and interest and had \$4,481,154 of net revenues. Annual principal and interest payments are expected to require 59% of net stormwater revenues on average.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2012 consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-12
<u>Water Utility</u>					
Water System Revenue					
Refunding Bonds, Series 2007A	2/6/07	1/1/25	4.00 – 4.50%	\$ 58,510,000	\$ 38,645,000
Water System Revenue					
Bonds, Series 2007C	3/1/07	1/1/26	4.00 – 4.75%	12,140,000	10,020,000
Water System Revenue					
Bonds, Series 2008	12/17/08	1/1/28	3.00 – 5.50%	15,215,000	12,970,000
Water System Revenue					
Bonds, Series 2011	8/24/11	1/1/31	2.00 – 4.20%	3,170,000	3,050,000
Water System Revenue					
Bonds, Series 2012	8/8/12	1/1/32	2.00 – 3.25%	2,510,000	<u>2,510,000</u>
				Total Water Utility	<u>67,195,000</u>
<u>Wastewater Utility</u>					
Sewerage System Revenue					
Bonds, Series 2006	8/9/06	5/1/26	4.25 – 5.00%	3,265,000	2,600,000
Sewerage System Revenue					
Bonds, Series 2007	9/5/07	5/1/27	4.25 – 5.00%	2,350,000	1,955,000
Sewerage System Revenue					
Bonds, Series 2008	9/10/08	5/1/28	3.00 – 4.50%	4,330,000	3,725,000
Sewerage System Revenue					
Bonds, Series 2010	5/22/10	5/1/30	2.00 – 4.00%	4,935,000	4,935,000
Sewerage System Revenue					
Bonds, Series 2011	8/24/11	5/1/31	2.00 – 4.25%	3,735,000	<u>3,735,000</u>
				Total Wastewater Utility	<u>16,950,000</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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 12-31-12
<u>Stormwater Utility</u>					
Stormwater System Revenue Bonds, Series 2003	10/9/03	4/1/23	2.00 – 4.55%	\$ 3,835,000	\$ 185,000
Stormwater System Revenue Bonds, Series 2004	10/15/04	4/1/24	2.50 – 4.65%	3,535,000	340,000
Stormwater System Revenue Refunding Bonds, Series 2006	5/1/06	4/1/26	4.00 – 4.50%	7,855,000	6,085,000
Stormwater System Revenue Bonds, Series 2007	9/5/07	4/1/27	4.25 – 5.00%	5,145,000	4,265,000
Stormwater System Revenue Bonds, Series 2008	9/10/08	4/1/28	3.00 – 4.50%	6,010,000	5,145,000
Stormwater System Revenue Bonds, Series 2009	12/30/09	4/1/29	2.00 – 4.45%	10,720,000	10,310,000
Stormwater System Revenue Bonds, Series 2012	8/8/12	4/1/32	2.00 – 4.00%	13,190,000	13,190,000
			Total Stormwater Utility		<u>39,520,000</u>
Total Business-type Activities Revenue Debt					<u>\$ 123,665,000</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>
2013	\$ 2,905,000	\$ 3,772,518
2014	8,470,000	5,145,870
2015	8,370,000	4,794,336
2016	8,725,000	4,432,905
2017	9,135,000	4,049,568
2018 – 2022	48,720,000	13,857,098
2023 – 2027	28,150,000	4,963,713
2028 – 2032	9,190,000	555,975
Totals	<u>\$ 123,665,000</u>	<u>\$ 41,571,983</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, 2012, \$12,975,000 of bonds outstanding are considered defeased.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

F. LONG-TERM OBLIGATIONS (cont.)

Promissory Note

During 2011, the City purchased property from Foremost Farms. In exchange for the property, the City agreed to pay Foremost Farms \$500,000 in 2013 at 0% interest. During 2012, the City of Appleton approved transferring title to the Foremost Farms property and the related promissory note to the Appleton Redevelopment Authority. See Note IV. J. However, the City is still obligated to make a payment of \$500,000 to the Appleton Redevelopment Authority in 2013 so that the Appleton Redevelopment Authority can satisfy its payment to Foremost Farms. This is shown in the amounts due within one year.

During 2012, the Appleton Redevelopment Authority received a \$300,000 Wisconsin DNR Ready for Reuse Loan. See Note IV. J. In order for the Appleton Redevelopment Authority to be approved for this loan, the City of Appleton was required to issue an obligation under Chapter 67 of the Wisconsin State Statutes. The City is obligated to make payments over to the Appleton Redevelopment Authority on an annual basis equal to the DNR Ready for Reuse Loan payments. No interest is being charged. The repayment schedule is as follows:

<u>Years</u>	<u>Principal</u>
2014	\$ 5,000
2015	5,000
2016	15,000
2017	15,000
2018	25,000
2019	25,000
2020	35,000
2021	35,000
2022	45,000
2023	45,000
2024	50,000
Totals	<u>\$ 300,000</u>

Other Debt Information

Estimated payments of other long-term liabilities are not included in the debt service requirement schedules. The compensated absences liability, other postemployment benefits liability, landfill liability, disability, benefits liability, and the pension 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 66.0621 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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

F. LONG-TERM OBLIGATIONS (cont.)

Utility Advance and Current Refunding

On August 8, 2012, the 2012 stormwater revenue bonds in the amount of \$13,190,000 were issued with an average interest rate of 3.39% to refund \$2,950,000 of the 2001 bonds and \$1,510,000 of the 2002 bonds, to advance refund \$2,360,000 of the 2003 bonds and \$2,175,000 of the 2004 bonds and to provide \$4,195,000 in funding for capital projects. Net proceeds of \$4,809,759 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2003 and 2004 bonds. As a result, the old bonds are considered to be defeased and the liability for the old bonds has been removed from the statement of net position.

The cash flow requirements on the refunded bonds (2001, 2002, 2003, and 2004) prior to the current and advance refunding were \$10,365,532 from 2013 through 2024. The cash flow requirements on the refunding bonds are \$10,262,798 from 2013 through 2024. The advance refunding resulted in an economic gain of \$933,440.

City and Golf Course Current Refunding

On August 30, 2012, the City issued \$3,655,000 in general obligation refunding notes, Series 2012B, with an average interest rate of 1.6% to current refund \$3,519,455 of outstanding State Trust Fund loans with an average interest rate of 5%. The net proceeds of \$3,618,450 (after payment of \$36,550 in underwriting fees, insurance and other issuance costs) were used to prepay the outstanding debt service requirements on the old state trust fund loans.

The cash flow requirements on the refunded loans prior to the current refunding was \$4,376,782 from 2013 through 2020. The cash flow requirements on the refunding notes are \$3,901,481 from 2013 through 2026. The current refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$442,055.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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, 2012, are as follows:

	<u>Governmental Activities</u>
2013	\$ 94,800
2014	93,092
2015	94,567
2016	94,150
2017	91,992
2018	<u>92,025</u>
Sub-Total	560,626
Less: Amount representing interest	<u>(95,626)</u>
Present Value of Minimum Lease Payments	<u>\$ 465,000</u>

H. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover on its Mackville Landfill, which no longer receives solid waste, and to perform certain maintenance and monitoring functions at the site for 40 years after closure. Construction of the cover was completed at December 31, 2002. The City does have postclosure care responsibility at the Mackville Landfill. As of December 31, 2012, a \$2,070,000 liability was estimated based on what it would cost to perform all postclosure care in 2012 and thereafter. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The City incurred approximately \$82,222 of closure costs in 2012.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

I. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

Governmental activities net position reported on the government-wide statement of net position at December 31, 2012 includes the following:

Governmental Activities

Net investment in capital assets	
Land and land improvements	\$ 120,385,404
Intangible assets	25,048
Construction in progress	4,775,459
Other capital assets, net of accumulated depreciation	202,971,044
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(21,614,996)
Less: Unamortized debt premium	(313,035)
Total Net Investment in Capital Assets	<u>306,228,924</u>
Restricted	
Debt service	975,749
TIF development activity	1,502,978
Housing rehabilitation	6,446,521
Hazardous materials	423,859
Future claims	55,139
Parks	562,822
Tourism promotion	29,353
Scholarships	34,221
Total Restricted	<u>10,030,642</u>
Unrestricted	<u>29,431,129</u>
Total Governmental Activities Net Position	<u>\$ 345,690,695</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2012 include the following:

Nonspendable	
Major Fund	
General Fund	
Inventories	\$ 911,927
Prepaid items	12,259
Delinquent taxes	10,833
Advance to other fund (principal portion)	10,348,313
Developer loans	<u>1,285,540</u>
Total	<u>\$ 12,568,872</u>
Nonmajor Fund	
Frank P. Young Memorial Fund	
Trust purposes	<u>\$ 34,221</u>
Restricted	
Major Fund	
Debt Service Fund	
Debt service	<u>\$ 781,980</u>
Nonmajor Funds	
Special Revenue Funds	
Tax Incremental District No. 2 – TIF development activity	\$ 455,446
Rental rehabilitation grants – housing rehabilitation	64,459
Police grants – police purposes	1
Hazardous materials Level A – public safety	423,859
Room tax – tourism promotion	29,353
HOME Homeowner – housing rehabilitation	29,578
Housing rehabilitation grant – housing rehabilitation	9,995
Neighborhood stabilization grant – housing rehabilitation	7,759
Homeless prevention grant – housing rehabilitation	92
Lead hazard control grant – housing rehabilitation	12,778
Tuchscherer disability – future claims	55,139
Peabody Estate – parks	64,218
Balliet Locomotive – parks	11,217
Lutz Park – parks	143,670
Park purpose open space – parks	300,917
Union Spring Park – parks	2,481
Project city park – parks	5,834
Universal playground	7,528
Miracle League baseball	26,957

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Governmental Activities (cont.)

Restricted (cont.)

Nonmajor Funds (cont.)

Capital Projects Funds

Tax Incremental District No. 5 – TIF development activity	\$ 282,134
Tax Incremental District No. 7 – TIF development activity	315,827
Tax Incremental District No. 8 – TIF development activity	<u>134,571</u>

Total \$ 2,383,813

Committed

Nonmajor Fund

Sanitation and Recycling

Sanitation and recycling purposes \$ 980,818

Assigned

Major Fund

General Fund

PILOT applied to the 2013 budget	\$ 1,750,394
Compensated absences	4,599,167
Health insurance	817,326
Unfunded pension liability	155,316
Debt service	1,538,152
Street and road projects	164,031
IT purchases	348,660
Ignite Fox Cities campaign	44,000
Finance training and grant accounting	12,645
Library purchases	42,628
Police purchases	16,738
Fire purchases	6,900
Public education and government (PEG) access	139,697
Fuel purchases	137,315
Wage expenditures	<u>148,370</u>

Total \$ 9,921,339

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Governmental Activities (cont.)

Assigned (cont.)

Nonmajor Funds

Capital Projects Funds

Subdivision development projects – capital purposes	\$ 1,291,696
Industrial park land – capital purposes	1,346,910
Parks and recreation projects – capital purposes	100,339
Public safety facilities – capital purposes	903,058
Public works equipment – capital purposes	569,216
Business park escrow – capital purposes	359,713
CEA replacement – capital purposes	3,124,171
Community development – capital purposes	1,394,362
Facilities capital purposes – capital purposes	1,258,728
Capital projects fund – capital purposes	<u>149,109</u>

Total \$ 10,497,302

Unassigned (Deficit)

Major Funds

General Fund \$ 14,328,372

Tax Incremental District No. 3 \$ (14,198,580)

Nonmajor Funds

Special Revenue Funds

Community Development Block Grant \$ (16,303)

Capital Projects Funds

Tax Incremental District No. 6 (1,725,281)

Total \$ (1,741,584)

Business-type Activities

Net investment in capital assets

Land	\$ 33,159,102
Intangible assets	728,813
Construction in progress	5,146,377
Other capital assets, net of accumulated depreciation	256,757,358
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(124,387,889)
Add: Borrowed reserve and depreciation funds	10,466,385
Add: Construction fund	<u>1,662,831</u>
Total Net Investment in Capital Assets	<u>183,532,977</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

Business-type Activities (cont.)

Restricted	
Debt service	\$ 6,006,758
DNR replacement fund	4,236,304
Capital replacement fund	<u>2,130,432</u>
Total Restricted	<u>12,373,494</u>
Unrestricted	<u>39,547,284</u>
Total Business-type Activities Net Position	<u>\$ 235,453,755</u>

J. COMPONENT UNITS

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

Housing Authority

a. Reporting Entity

Appleton Housing Authority (Housing Authority) is a separate governmental entity created for the purpose of constructing, maintaining, and operating public housing and providing rental assistance to low income and elderly persons. Most of the Housing Authority's funding is provided by the United States Department of Housing and Urban Development (HUD). Some locally funded programs are also operated by the Housing Authority.

The Housing Authority's financial statements include the accounts of all the Housing Authority's operations. The criteria for including organizations such as component units with the Housing Authority's reporting entity include whether:

- > The organization is legally separate (can sue and be sued in their own name)
- > The Housing Authority holds the corporate powers of the organization
- > The Housing Authority appoints a voting majority of the organization's board
- > The Housing Authority is able to impose its will on the organization
- > The organization has the potential to impose a financial benefit/burden of the Housing Authority
- > There is fiscal dependency by the organization on the Housing Authority

Riverwalk Place, LLC is a separate legal entity and is considered a component unit of the Housing Authority because the Housing Authority is the general partner of the LLC and because the Housing Authority operates the day to day activities of the LLC. The LLC is presented as a blended component unit within the Housing Authority's financial statements.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

b. 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 presented on the full accrual basis of accounting and flow of economic resources measurement focus.

c. Change in Accounting Principle

During 2012, the Housing Authority adopted the provisions of the Governmental Accounting Standards Board No. 61, *The Financial Reporting Entity – Omnibus*. As a result, the financial activity of its component unit, Riverwalk Place, LLC, has been blended into the Housing Authority's financial statements. The effect of adopting the accounting principle is that the Housing Authority restated its net position at the beginning of the year as follows:

Net position as previously reported	\$ 13,896,569
Net position of component unit at January 1, 2012	<u>688,049</u>
Net Position as Restated	<u>\$ 14,584,618</u>

There was no effect on the change in net position previously reported in the 2011 financial statements as the component unit did not commence its rental operations until mid-2012.

d. Cash and Investments

The Housing Authority maintains various cash and investment accounts. The investments consist of money market accounts. Each program's portion of these accounts is included on the statement of net position as "Cash and Investments" and "Restricted Deposits."

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

Time deposits maturing in three years or less; 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 Housing Authority's cash, investments, and restricted funds totaled \$2,579,608 on December 31, 2012. Except for \$125 in petty cash, this amount consisted of deposits with two financial institutions.

The carrying amount of the Housing Authority's deposits was \$2,579,608 and the financial institutions balances were \$2,622,172. Deposits with the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amounts of all time and savings accounts, up to \$250,000 for the combined amount of all interest bearing deposit accounts, and unlimited coverage for noninterest bearing accounts.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

d. Cash and Investments (cont.)

The Housing Authority's bank balance of \$2,622,172 on December 31, 2012 is categorized below.

	<u>Bank Balance</u>
Funds backed by insurance	\$ 468,795
Collateralized:	
Collateral held by the pledging institutions trust department or agent not in the Housing Authority's name	<u>2,153,377</u>
Total Deposits	<u>\$ 2,622,172</u>

The deposit policy of the Housing 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 Housing 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. HUD 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 Housing Authority's practice and policy comply with these HUD requirements.

e. Deferred Loans Receivable

The Housing 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 three- to 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 Housing Authority and are restricted for future loan projects and administrative expenses to operate this program.

The total of deferred loans outstanding at December 31, 2012 is as follows:

Deferred loans receivable	\$ 3,825,358
Unamortized grants	(46,202)
Allowance for uncollectible loans	<u>(218,155)</u>
Net Deferred Loans Receivable	<u>\$ 3,561,001</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 As of and for the Year Ended December 31, 2012

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

f. Inventory

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

g. Unearned income at December 31, 2012 consisted of:

Prepaid rent from tenants	\$	13,042
Unearned CDBG admin. fee received		10,200
Prepaid income – rent smart program - HCV		<u>809</u>
Total	\$	<u><u>24,051</u></u>

h. Capital Assets

Land, buildings, and equipment as shown on the Statement of Net Position 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 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. Maintenance and repairs are charged to expense when incurred.

Capital assets owned by the Housing Authority include various scattered sites (houses) owned and leased to low-income tenants, some of which were built prior to 1950. The Housing Authority has been working on replacing these older units with new ones. Since 2008, the Housing Authority received permission from HUD to dispose of 12 of these scattered units, of which eight have been sold and replaced. The Housing Authority acquired additional property in 2009 to be held for future development. No specific plans exist at this time for the use of this property. Funds to cover these purchases come from sales of existing units, capital funds, stimulus grants, and other grants.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

h. Capital Assets (cont.)

The capital asset activity for the year ended December 31, 2012 was as follows:

	Balance 1/1/12	Additions	Disposals	Balance 12/31/12
Capital assets, not being depreciated				
Land	\$ 1,545,485	\$ 40,455	\$ 18,221	\$ 1,567,719
Construction in progress	1,289,173	-	1,289,173	-
Total Capital Assets, Not Being Depreciated	2,834,658	40,555	1,307,394	1,567,719
Capital assets, being depreciated				
Buildings and improvements	12,629,894	7,142,642	1,798,577	17,973,959
Land improvements	537,892	148,191	-	686,083
Equipment – dwelling	413,589	392,276	67,517	738,348
Equipment – administration	385,444	55,864	22,135	419,173
Total Capital Assets, Being Depreciated	13,966,819	7,738,973	1,888,229	19,817,563
Less: Accumulated depreciation for				
Buildings and improvements	6,629,785	561,321	1,644,243	5,546,863
Land improvements	181,896	29,812	-	211,708
Equipment – dwelling	311,337	37,997	48,549	300,785
Equipment – administration	234,964	46,394	439	280,919
Total Accumulated Depreciation	7,357,982	675,524	1,693,231	6,340,275
Total Capital Assets Being Depreciated, Net	6,608,837			13,477,288
Total Capital Assets, Net	\$ 9,443,495			\$ 15,045,007

i. Employee Retirement System

All eligible Housing Authority employees participate in the Wisconsin Retirement System (“System”), a cost-sharing multiple-employer defined benefit public employee retirement system. All employees initially employed by a participating System employer prior to July 1, 2011, expected to work at least 600 hours a year and expected to be employed for at least one year from employee’s date of hire are eligible to participate in the System. All employees, initially employed by a participating System employer on or after July 1, 2011, and expected to work at least 1,200 hours a year, and expected to be employed for at least one year from employee’s date of hire are eligible to participate in the System.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

i. Employee Retirement System (cont.)

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2012 are 5.9% for employees and 5.9% for employers.

The payroll for Housing Authority employees covered by the System for the year ended December 31, 2012, was \$584,867; the employer's total payroll was \$604,438. The total required contribution for the year ended December 31, 2012 was \$69,014. This consisted of \$34,507 or 5.9% of payroll from the employer, and \$34,507 or 5.9% of payroll from employees. Total contributions for the years ended December 31, 2011 and 2010 were \$68,495, and \$67,129, respectively, equal to the required contribution for each year.

Employees who retire at or after age 65 are entitled to receive a retirement benefit. Employees may retire at age 55 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. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting an application 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 and prior to July 1, 2011 are immediately vested. Participants who initially became System eligible on or after July 1, 2011 must have five years of creditable service to be vested.

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

j. 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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

k. Accumulated Compensated Absences

The Housing 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.

The amount of accumulated benefits at December 31, 2012 was \$95,609 and is recorded as part of other accrued liabilities in the statement of net position. The entire balance is considered a current liability.

l. Mortgage Notes Payable

Mortgage payable to Fox Communities Credit Union (FCCU). This 3 year note is amortized over 15 years and bears interest at the rate of 4.5%. The note calls for monthly principal and interest payments of \$350. The entire balance of the note is due in 2014 unless refinanced. \$ 38,826

Note payable to the City of Appleton. This 0% deferred loan is attached to a property purchased by the Housing Authority in 2011. The Housing Authority plans on keeping the property for rental income. The loan is not payable to the City until the property is sold. 37,000

Note payable to the U.S. Bank National Association. The note bears interest at 3.60% plus one month LIBOR not to be less than 4.25% (4.25% at December 31, 2012) until May 9, 2013. From May 10, 2013, until the note is paid in full, the note shall accrue interest at 6.52% per year. Prior to May 10, 2013, monthly payments of interest only are to be made. Commencing on June 10, 2013, monthly installments of \$3,678 including interest are to be made. The note matures on May 10, 2028. 575,000

Mortgage payable to the Wisconsin Department of Commerce. The mortgage bears 0% interest through December 31, 2014. After December 31, 2014, the mortgage bears interest at 3.0% compounding annually. The mortgage is payable starting on April 1, 2016 with 27 annual installments equal to the lesser of \$23,227 including interest or the calculated surplus cash as defined in the mortgage note. The mortgage matures on April 1, 2042. 425,680

Total \$ 1,076,506

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

I. Mortgage Notes Payable (cont.)

Repayment of principal and interest excluding the amount due to the City of Appleton as of December 31, 2012, is as follows:

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 6,021	\$ 32,682	\$ 38,703
2014	42,878	38,253	81,131
2015	7,003	40,326	47,329
2016	17,830	49,533	67,363
2017	18,752	48,610	67,362
2018 – 2022	107,633	229,182	336,815
2023 – 2027	136,045	200,770	336,815
2028 – 2032	505,214	48,640	553,854
2033 – 2037	91,758	24,377	116,135
2038 – 2042	106,372	9,761	116,133
Totals	<u>\$ 1,039,506</u>	<u>\$ 722,134</u>	<u>\$ 1,761,640</u>

m. Leases

Portions of the property owned by the Housing 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.

Riverwalk Place, LLC has entered into a capital lease agreement dated October 14, 2011 with Eagle Flags, LLC to acquire the land for its low-income housing development. Land under this non-cancelable capital lease as of December 31, 2012 is \$600,455. The capital lease required Riverwalk Place, LLC to pay a \$560,000 initial rent payment on the lease. The lease requires monthly payments of \$100 each month after the effective date of the lease. The payments shall increase each year by a factor of 1.025. The lease expires on September 30, 2061. The lease includes an option to extend the lease for an additional two time periods. The first lease extension is for 25 years and the second lease extension is for 23 years and 11 months. The lease also includes an option to purchase the land for \$100 at any time prior to the expiration or termination of the lease. In addition, Riverwalk Place, LLC is obligated to pay property taxes on the real estate.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

n. Development Fee

Riverwalk Place, LLC has an agreement with RWP70, LLC to develop its housing project. The development company is comprised of the Housing Authority and Horizon Development Group. The amount reflected on the statement of net position at December 31, 2012 is the portion of the outstanding development fee payable to Horizon Development Group. The amount payable to the Housing Authority has been eliminated in preparing the financial statements.

o. Economic Dependency

The Housing Authority operates in a heavily regulated environment. The operations of the Housing 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 Housing Authority's funding comes from HUD and other Federal and State agencies and some of their funding could change with little notice.

p. Riverwalk Place, LLC Condensed Financial Information

The condensed financial information of Riverwalk Place, LLC is as follows:

Condensed statement of net position:

Current assets	\$ 191,597
Capital assets	7,821,727
Other assets	155,321
Total Assets	<u>8,187,808</u>
Amount due to Housing Authority	777,195
Other long-term debt	997,163
Other liabilities	228,771
Total Liabilities	<u>2,003,129</u>
Net investment in capital assets	5,896,688
Unrestricted net position	287,991
Total Net Position	<u>6,184,679</u>
Total Liabilities and Net Position	<u>\$ 8,187,808</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

p. Riverwalk Place, LLC Condensed Financial Information (cont.)

Condensed statement of revenues, expenses and changes in net position:

Operating revenue	\$	187,821
Operating expenses		165,323
Depreciation/amortization		121,564
Operating loss		<u>(99,066)</u>
Nonoperating expense, net		(67,481)
Capital contributions		5,663,177
Changes in net position		<u>5,496,630</u>
Beginning net position		<u>688,049</u>
Ending net position	\$	<u><u>6,184,679</u></u>

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.

b. Cash and Investments

At year end, the carrying amount of the Business Improvement District's deposits was \$191,190 and is part of the City's commingled cash. See Note IV.A.

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.

b. Cash and Investments

At year end, the carrying amount of the Redevelopment Authority's deposits was \$78,229 and is part of the City's commingled cash. See Note IV.A.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

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

J. COMPONENT UNITS (cont.)

Redevelopment Authority (cont.)

c. Land Held for Resale

Land held for resale consists of land and improvements and is valued at cost of acquisition, demolition and site improvements. Properties include both land intended for resale and land designated as a public area. Land held for resale is recorded at the lower of cost or market value.

During 2012, the City of Appleton approved transferring title of ownership in the Foremost Farms property in the amount of \$500,000 to the Redevelopment Authority. The transfer was made so that the Redevelopment Authority would qualify for a DNR Ready for Reuse Loan in 2012. When this land is sold, the sale proceeds are due back to the City of Appleton.

d. Notes Receivable

Current-Notes Receivable – Primary Government

The notes receivable of \$500,000 from the primary government is related to the Redevelopment Authority's current notes payable of \$500,000. The City of Appleton will pay \$500,000 to the Redevelopment Authority at the time the note is due so that the Redevelopment Authority is able to satisfy their note payable obligation. The note receivable is due to the Redevelopment Authority in 2013.

Long-Term Notes Receivable – Primary Government

The long-term note receivable of \$300,000 from the primary government is related to the Redevelopment Authority's \$300,000 DNR Ready for Reuse Loan. The City of Appleton will make payments to the Redevelopment Authority equal to the amounts due by the Redevelopment Authority to the DNR Ready for Reuse Loan. No interest is being charged. The repayment schedule is as follows:

<u>Years</u>	<u>Principal</u>
2014	\$ 5,000
2015	5,000
2016	15,000
2017	15,000
2018	25,000
2019	25,000
2020	35,000
2021	35,000
2022	45,000
2023	45,000
2024	<u>50,000</u>
Total	<u>\$ 300,000</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

J. COMPONENT UNITS (cont.)

Redevelopment Authority (cont.)

e. Notes Payable

Current-Notes Payable

The current notes payable is related to the land transferred from the City of Appleton to the Redevelopment Authority. The Redevelopment Authority is responsible for paying the note associated with the land transfer. This will be paid in 2013. No interest is being charged.

Long-term Liabilities

DNR Ready for Reuse Loan

The Redevelopment Authority received a \$300,000 Ready for Reuse loan in 2012. The Ready for Reuse Loan program is a Wisconsin DNR program that offers grants and loans to local governments and non-profits to help clean up environmental contamination at brownfield sites. All loans are zero-interest and are for long-term projects. Loan applicants must provide a minimum of 22% of the requested funds as match contribution. Other state or local (but not federal) grants may be used as “match” provided that the grant and loan periods overlap. In order to be approved for a Ready for Reuse Loan, the City of Appleton was required to issue an obligation under Chapter 67 of the Wisconsin State Statutes. Ready for Reuse Loans are to be paid within 10 years after the original date of the obligation, except that the obligations may be refunded one or more times. Any refunding shall be repaid within 20 years after the original date of the original obligation.

This loan is in the name of the Redevelopment Authority; however, there is an intergovernmental agreement whereby the City of Appleton will make payments to the Redevelopment Authority equal to the debt repayments. See above for the long-term note receivable disclosure from the primary government.

As a condition of being approved for the DNR Ready for Reuse Loan, the City of Appleton issued \$300,000 of Taxable General Obligation Promissory Notes, Series 2012(A) – Ready for Reuse Loan Program. The loan is dated March 21, 2012, with a final due date of November 1, 2024. The registered owner of the promissory note is the State of Wisconsin Ready for Reuse Loan and Grant Program.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

J. COMPONENT UNITS (cont.)

Redevelopment Authority (cont.)

e. Notes Payable (cont.)

Long-term Liabilities (cont.)

DNR Ready for Reuse Loan (cont.)

The DNR Ready for Reuse repayment schedule is as follows:

<u>Years</u>	<u>Principal</u>
2014	\$ 5,000
2015	5,000
2016	15,000
2017	15,000
2018	25,000
2019	25,000
2020	35,000
2021	35,000
2022	45,000
2023	45,000
2024	<u>50,000</u>
Total	<u>\$ 300,000</u>

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system (PERS). All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year, and expected to be employed for at least one year from the employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year, and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Prior to June 29, 2011, covered employees in the General category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2012 are:

	<u>Employee</u>	<u>Employer</u>
General	5.9%	5.9%
Executives and Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.9%	11.3%

The payroll for City employees covered by WRS for the year ended December 31, 2012 was \$36,796,545; the employer's total payroll was \$38,508,598. The total required contribution for the year ended December 31, 2012 was \$5,444,795 or 14.8 percent of covered payroll. Of this amount, 100 percent was contributed for the current year. Total contributions for the years ending December 31, 2011 and 2010 were \$5,414,423 and \$5,526,397, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 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 and submitting an application 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 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. WRS 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, 2012, was \$0.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

In addition to the above mentioned retirement system, the State of Wisconsin administers an agent multiple-employer plan which covers six 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 2012 was approximately \$40,061. The total estimated unfunded pension benefit obligation of this plan is approximately \$155,316 as of December 31, 2012, 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 assigned fund balance of \$155,316 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 7 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.

Risk Management Fund

All funds of the City participate in the Risk Management Fund. For 2012, the Risk Management Fund provided coverage for up to \$300,000 for each worker's compensation claim (\$350,000 for police and fire), \$200,000 for each general, automobile, police professional or public officials liability claim up to \$800,000 in a year, and \$100-10,000 (\$100,000/500,000 for flood and \$50,000 deductible for earthquakes) 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, 2012 of \$1,900,000 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, 2012 and amounts expected to arise from claims which have been incurred but have not been reported to the City as of December 31, 2012. The reserve is based on a 2012 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, 2012, the City has a net position of \$83,945 in the risk management fund for self-insured activities not covered by the reserves established. This amount is included in unrestricted net position.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2012

NOTE V – OTHER INFORMATION (cont.)

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

Risk Management Fund (cont.)

Changes in the claims payable follow:

	<u>Balance January 1</u>	<u>Incurred Claims</u>	<u>Claims Paid</u>	<u>Balance December 31</u>
2011	\$ 1,500,000	\$ 1,012,961	\$ 1,012,961	\$ 1,500,000
2012	1,500,000	1,473,569	1,073,569	1,900,000

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 \$200,000 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 2012 totaled approximately \$391,135.

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, 2012:

Reported and Known Claims	\$ 554,549
Incurred but not Reported Claims	<u>2,382,451</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>
2011	\$ 2,937,000	\$ 7,949,458	\$ 7,949,458	\$ 2,937,000
2012	2,937,000	7,789,269	7,789,269	2,937,000

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE V – OTHER INFORMATION (cont.)

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

Municipal Mutual Insurance

Transit Mutual Insurance Corporation of Wisconsin (TMi)

Transit Mutual Insurance Corporation of Wisconsin (TMi) is a municipal mutual insurance corporation, which insures auto liability and vehicle physical damage for municipally-owned transit systems in Wisconsin. Each insured property is an owner of the mutual insurance corporation. The City insures its transit systems' auto liability and physical damage with TMi and is an owner of the corporation.

In 2011, TMi issued to the City an auto liability insurance policy with a \$250,000 per person policy limit and a \$7,000,000 per accident policy limit. Of the per accident policy limit, TMi insures \$2,000,000 and reinsures \$5,000,000 with Genesis Insurance. In addition, the City's policy provides for \$100,000 per person and \$300,000 per accident in uninsured/underinsured motorist insurance.

The physical damage policy issued to TMi to the City provides collision and comprehensive coverage for the lesser of the agreed value or the cost of repairs minus a \$500 per accident deductible for private passenger and service units and a \$1,000 per accident deductible for bus units.

Management of TMi 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 corporation beyond its representation on the board of directors.

Premiums are determined in advance of each premium year, which begins on January 1. TMi is an assessable mutual; accordingly, the board of directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations acceptable to the premium year. Members are required by Wisconsin statute and TMi bylaws to fund any deficit attributable to a premium year during which they were a member. TMi was incorporated in 1985 and began issuing insurance policies in 1986; there has never been a member assessment beyond the annual premiums. During 2012, TMi issued a refund of \$131,532 to Valley Transit based on a comprehensive review of reserves available for future obligations.

The City's share of this corporation is 4.79% for auto liability and 3.37% of physical damage liability. A list of the other members and their share of participation is available in the TMi report which is available from TMi, 2575 S. Memorial Drive, Suite 105, Appleton, WI 54915-1483 or by email from tmi@new.rr.com.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE V – OTHER INFORMATION (cont.)

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

Public Entity Risk Pool

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 4.912%.

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, 9898 W. Bluemound Road, Wauwatosa, WI 53226-4319.

The City's equity portion of available funds in WMIC is refundable upon withdrawal from the commission, if available. 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 Position.

The City and the utilities have active construction projects as of December 31, 2012. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenses.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE V – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

The City has the following encumbrances outstanding at year end and expected to be honored upon performance by the vendor:

Community and Economic Development Fund	\$ 1,281,282
Stormwater Utility	2,638,370

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, 2012:

<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	4/1/2021
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	7,997,883	Full and complete payment	5/1/2027
Financial Security Assurance	5,107,157	Full and complete payment	4/1/2026
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 As of and for the Year Ended December 31, 2012

NOTE V – OTHER INFORMATION (cont.)

D. BOND COVENANT DISCLOSURES (cont.)

Number of Customers – Water

<i>Unmetered</i>	
Commercial	25
<i>Metered</i>	
Residential	24,948
Commercial	1,810
Industrial	76
Public Authority	91
Wholesale	<u>3</u>
Total	<u><u>26,953</u></u>

Number of Customers – Sewer

<i>Metered</i>	
Residential	24,831
Commercial	1,764
Industrial	72
Public Authority	<u>78</u>
Total	<u><u>26,745</u></u>

Number of Equivalent Run Off Units – Stormwater

Residential	23,333
Commercial	26,252
Industrial	3,950
Public Authority	<u>4,017</u>
Total	<u><u>57,552</u></u>

E. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The City administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). 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.

Contribution requirements are established through collective bargaining agreements and City policies and may be amended only through negotiations between the City and the union. The City makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. The retirees pay 100% of the premium amounts under the plan. For fiscal year 2012, total member contributions were \$219,846.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE V – OTHER INFORMATION (cont.)

E. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont.)

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	\$	321,565
Interest on net OPEB obligation		2,174
Adjustment to annual required contribution		<u>(2,694)</u>
Annual OPEB cost		321,045
Contributions made		<u>(219,846)</u>
Increase in Net OPEB Obligation		101,199
Net OPEB Obligation – Beginning of Year		<u>43,484</u>
Net OPEB Obligation – End of Year	\$	<u><u>144,683</u></u>

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)
12/31/12	\$ 321,045	68%	\$ 144,683
12/31/11	221,435	73%	43,484
12/31/10	220,078	148%	(15,953)

The funded status of the plans as of January 1, 2012, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$	2,984,470
Actuarial value of plan assets		<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$	<u><u>2,984,470</u></u>
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	36,135,263
UAAL as a percentage of covered payroll		8%

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

NOTE V – OTHER INFORMATION (cont.)

E. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont.)

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 10.5% initially, reduced by decrements to an ultimate rate of 5% after 10 years. Both rates include a 3% 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, 2012 was 30 years. The City accounts for these activities in the post-employment benefits internal service fund, which has net position of \$1,319,562 as of December 31, 2012.

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 65, *Items Previously Reported as Assets and Liabilities*; Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*; Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*; and Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. Application of these standards may restate portions of these financial statements.

G. SUBSEQUENT EVENTS

In 2013, the City's self-insurance retention increased from \$300,000/\$350,000 to \$500,000. Also, the City's health insurance maximum per employee increased from \$200,000 to \$225,000.

The Common Council approved increasing stormwater fees from \$125 per ERU to \$155 per ERU, effective July 1, 2013.

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 32,122,601	\$ 32,122,601	\$ 32,116,087	\$ (6,514)
Intergovernmental	15,131,485	15,210,509	15,900,288	689,779
Licenses and permits	860,925	880,925	1,018,228	137,303
Fines and forfeitures	350,000	350,000	384,340	34,340
Special assessments	948,900	948,900	1,040,514	91,614
Investment income	1,813,483	1,813,483	1,226,854	(586,629)
Charges for services	1,306,999	1,306,999	1,367,706	60,707
Other	1,491,289	1,646,092	1,710,952	64,860
Total Revenues	<u>54,025,682</u>	<u>54,279,509</u>	<u>54,764,969</u>	<u>485,460</u>
EXPENDITURES				
Current				
General government	7,250,868	10,256,245	7,182,956	3,073,289
Public safety	27,195,462	27,447,444	26,786,645	660,799
Public works	12,611,053	12,596,281	11,629,737	966,544
Education and recreation	7,201,073	7,382,277	7,175,293	206,984
Community development	1,115,406	1,103,801	993,840	109,961
Total Expenditures	<u>55,373,862</u>	<u>58,786,048</u>	<u>53,768,471</u>	<u>5,017,577</u>
Excess (deficiency) of revenues over expenditures	<u>(1,348,180)</u>	<u>(4,506,539)</u>	<u>996,498</u>	<u>5,503,037</u>
OTHER FINANCING SOURCES (USES)				
Sale of city property	12,000	12,000	45,199	33,199
Transfers in	1,730,950	1,730,950	2,254,344	523,394
Transfers out	(563,470)	(1,592,510)	(1,458,683)	133,827
Total Other Financing Sources (Uses)	<u>1,179,480</u>	<u>150,440</u>	<u>840,860</u>	<u>690,420</u>
Net Change in Fund Balance	(168,700)	(4,356,099)	1,837,358	6,193,457
FUND BALANCE - Beginning	<u>34,981,225</u>	<u>34,981,225</u>	<u>34,981,225</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 34,812,525</u>	<u>\$ 30,625,126</u>	<u>\$ 36,818,583</u>	<u>\$ 6,193,457</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 986,690	\$ 986,690	\$ 1,024,101	\$ 37,411
Intergovernmental	5,977	5,977	7,173	1,196
Investment income	3,000	3,000	17,593	14,593
Total Revenues	<u>995,667</u>	<u>995,667</u>	<u>1,048,867</u>	<u>53,200</u>
EXPENDITURES				
Current				
General government	1,702	1,702	1,535	167
Debt Service				
Interest	<u>681,179</u>	<u>681,179</u>	<u>676,179</u>	<u>5,000</u>
Total Expenditures	<u>682,881</u>	<u>682,881</u>	<u>677,714</u>	<u>5,167</u>
Excess of revenues over expenditures	<u>312,786</u>	<u>312,786</u>	<u>371,153</u>	<u>58,367</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000,000	1,000,000	1,000,000	-
Transfers out	<u>(2,317,724)</u>	<u>(2,317,724)</u>	<u>(2,317,723)</u>	<u>1</u>
Total Other Financing Sources (Uses)	<u>(1,317,724)</u>	<u>(1,317,724)</u>	<u>(1,317,723)</u>	<u>1</u>
Net Change in Fund Balance	(1,004,938)	(1,004,938)	(946,570)	58,368
FUND BALANCE (DEFICIT) - Beginning	<u>(13,252,010)</u>	<u>(13,252,010)</u>	<u>(13,252,010)</u>	<u>-</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (14,256,948)</u>	<u>\$ (14,256,948)</u>	<u>\$ (14,198,580)</u>	<u>\$ 58,368</u>

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, 2012

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	
12/31/2012	\$	-	\$ 2,984,470	\$ 2,984,470	0%	\$ 36,135,263	8.3%
12/31/2010		-	2,076,834	2,076,834	0%	38,287,577	5.4%
12/31/2008		-	3,002,471	3,002,471	0%	38,001,278	7.9%

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

CITY OF APPLETON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2012

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
Property tax	\$ 31,730,601	\$ 31,730,601	\$ 31,728,652	\$ (1,949)
Payment in lieu of taxes	392,000	392,000	387,435	(4,565)
Total Taxes	<u>32,122,601</u>	<u>32,122,601</u>	<u>32,116,087</u>	<u>(6,514)</u>
INTERGOVERNMENTAL REVENUES				
State shared revenues	9,694,935	9,694,935	9,706,470	11,535
State aid - exempt computers	365,100	365,100	371,395	6,295
Highway aid - connecting streets	205,418	205,418	205,291	(127)
State tax disparity act	1,222,453	1,222,453	1,222,454	1
State aid - local streets	2,505,599	2,505,599	2,505,599	-
State aid - fire insurance dues	160,000	160,000	175,926	15,926
Miscellaneous federal aids	8,800	68,800	69,960	1,160
Miscellaneous state aids	47,366	56,434	711,423	654,989
Miscellaneous local aids	7,500	7,500	7,500	-
Library grants and aids	914,314	914,314	914,314	-
Health grants	-	9,956	9,956	-
Total Intergovernmental Revenues	<u>15,131,485</u>	<u>15,210,509</u>	<u>15,900,288</u>	<u>689,779</u>
LICENSES AND PERMITS				
Licenses				
Amusement devices	8,000	8,000	7,955	(45)
Cigarette	5,500	5,500	5,614	114
Electricians	6,000	6,000	6,040	40
Health	121,700	121,700	122,559	859
Liquor and malt beverages	75,000	95,000	128,009	33,009
Operators	55,000	55,000	77,068	22,068
Commercial solicitation	10,000	10,000	6,283	(3,717)
Taxi cab/limousine	1,500	1,500	1,590	90
Taxi driver	2,000	2,000	2,000	-
Sundry	7,725	7,725	7,171	(554)
Secondhand/pawnbroker	2,000	2,000	2,752	752
Special events	17,000	17,000	17,782	782
Dog	30,000	30,000	21,339	(8,661)
Cat	10,000	10,000	8,728	(1,272)
Weights and measures	55,900	55,900	53,840	(2,060)
Permits				
Building	200,000	200,000	259,280	59,280
Electrical	90,000	90,000	95,658	5,658
Heating	60,000	60,000	55,788	(4,212)
Plumbing and sewer	50,000	50,000	64,124	14,124
Burning	20,000	20,000	23,390	3,390
Trailer parking	7,500	7,500	6,785	(715)
State building	3,000	3,000	1,505	(1,495)
Signs	4,000	4,000	3,786	(214)
Sidewalk	4,000	4,000	40	(3,960)
Street occupancy	4,000	4,000	8,408	4,408
Street excavating and patching	6,500	6,500	26,674	20,174
Sundry	4,600	4,600	4,060	(540)
Total Licenses and Permits	<u>860,925</u>	<u>880,925</u>	<u>1,018,228</u>	<u>137,303</u>

CITY OF APPLETON

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
FINES AND FORFEITURES				
Court fines and costs	\$ 350,000	\$ 350,000	\$ 384,340	\$ 34,340
Total Fines and Forfeitures	<u>350,000</u>	<u>350,000</u>	<u>384,340</u>	<u>34,340</u>
SPECIAL ASSESSMENTS				
Asphalt paving	300,000	300,000	284,835	(15,165)
Concrete paving	400,000	400,000	511,015	111,015
Grade and gravel	5,000	5,000	14,016	9,016
Sidewalks	10,000	10,000	3,944	(6,056)
Freeway fence	34,900	34,900	7,465	(27,435)
Snow removal	90,000	90,000	65,128	(24,872)
Weed cutting	35,000	35,000	20,901	(14,099)
Street light revenue	69,000	69,000	132,192	63,192
Miscellaneous	5,000	5,000	1,018	(3,982)
Total Special Assessments	<u>948,900</u>	<u>948,900</u>	<u>1,040,514</u>	<u>91,614</u>
INVESTMENT INCOME				
Investment income	1,624,483	1,624,483	1,043,719	(580,764)
Interest on taxes	119,000	119,000	91,650	(27,350)
Interest - deferred special assessments	70,000	70,000	91,485	21,485
Total Investment Income	<u>1,813,483</u>	<u>1,813,483</u>	<u>1,226,854</u>	<u>(586,629)</u>
CHARGES FOR SERVICES				
City clerk	60,000	60,000	99,242	39,242
Assessor	1,200	1,200	1,288	88
Mayor	15,000	15,000	13,710	(1,290)
Finance	4,500	4,500	3,795	(705)
Human resources	-	-	82	82
City attorney	3,200	3,200	1,188	(2,012)
Library	80,000	80,000	81,122	1,122
Parks and Recreation				
Recreation and administration	231,118	231,118	272,387	41,269
Aquatics	237,933	237,933	278,241	40,308
Public Works				
Street division	90,000	90,000	42,104	(47,896)
Traffic	71,800	71,800	105,958	34,158
Forestry	1,000	1,000	666	(334)
Inspection department	32,000	32,000	31,602	(398)
Health department	94,564	94,564	64,927	(29,637)
Police department	349,184	349,184	340,918	(8,266)
Fire department	35,500	35,500	30,476	(5,024)
Total Charges for Services	<u>1,306,999</u>	<u>1,306,999</u>	<u>1,367,706</u>	<u>60,707</u>
OTHER				
Fees and commissions	834,050	834,050	877,442	43,392
Zoning and subdivision fees	15,500	15,500	16,900	1,400
Property inquiry fees	52,000	52,000	63,165	11,165
Exempt property fee	800	800	860	60
Miscellaneous revenue	34,325	37,610	58,468	20,858
Rental of city property	47,334	47,334	53,875	6,541

CITY OF APPLETON

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OTHER (cont.)				
Donations and memorials	\$ 11,385	\$ 41,120	\$ 31,920	\$ (9,200)
Damage to city property	40,250	40,250	48,724	8,474
Other reimbursements	379,962	501,745	481,672	(20,073)
Leases	72,283	72,283	75,576	3,293
Board of appeals	3,400	3,400	2,350	(1,050)
Total Other	<u>1,491,289</u>	<u>1,646,092</u>	<u>1,710,952</u>	<u>64,860</u>
Total Revenues	<u>54,025,682</u>	<u>54,279,509</u>	<u>54,764,969</u>	<u>485,460</u>
OTHER FINANCING SOURCES				
Sale of city property	<u>12,000</u>	<u>12,000</u>	<u>45,199</u>	<u>33,199</u>
Transfers From				
Room tax fund	40,000	40,000	33,000	(7,000)
Tax incremental district No. 8	-	-	300,000	300,000
Water utility fund - property tax equivalent	1,520,000	1,520,000	1,750,394	230,394
Water utility fund	13,800	13,800	13,800	-
Wastewater utility fund	117,450	117,450	117,450	-
Parking utility fund	9,300	9,300	9,300	-
Stormwater utility fund	12,500	12,500	12,500	-
Reid municipal golf course fund	17,900	17,900	17,900	-
Total Transfers	<u>1,730,950</u>	<u>1,730,950</u>	<u>2,254,344</u>	<u>523,394</u>
Total Other Financing Sources	<u>1,742,950</u>	<u>1,742,950</u>	<u>2,299,543</u>	<u>556,593</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 55,768,632</u>	<u>\$ 56,022,459</u>	<u>\$ 57,064,512</u>	<u>\$ 1,042,053</u>

CITY OF APPLETON

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
Common council	\$ 111,170	\$ 111,170	\$ 107,745	\$ 3,425
Mayor	263,746	263,746	252,007	11,739
City clerk	626,621	755,946	872,906	(116,960)
City assessor	518,200	529,805	508,223	21,582
Finance	891,996	891,996	860,871	31,125
Information services	1,629,895	1,870,870	1,318,029	552,841
Human resources	668,979	668,979	639,795	29,184
City attorney	558,963	558,963	441,744	117,219
Unclassified				
Severance pay	613,000	613,000	307,460	305,540
Insurance	671,793	1,220,743	1,194,839	25,904
Reserve for contingencies	-	2,070,362	-	2,070,362
City hall	616,395	620,555	604,967	15,588
Other	80,110	80,110	74,370	5,740
Total General Government	<u>7,250,868</u>	<u>10,256,245</u>	<u>7,182,956</u>	<u>3,073,289</u>
PUBLIC SAFETY				
Health services	1,150,573	1,160,529	1,127,786	32,743
Police	15,576,658	15,683,719	15,188,363	495,356
Fire	10,468,231	10,603,196	10,470,496	132,700
Total Public Safety	<u>27,195,462</u>	<u>27,447,444</u>	<u>26,786,645</u>	<u>660,799</u>
PUBLIC WORKS	<u>12,611,053</u>	<u>12,596,281</u>	<u>11,629,737</u>	<u>966,544</u>
EDUCATION AND RECREATION				
Library	4,220,026	4,315,224	4,108,290	206,934
Parks and recreation	2,981,047	3,067,053	3,067,003	50
Total Education and Recreation	<u>7,201,073</u>	<u>7,382,277</u>	<u>7,175,293</u>	<u>206,984</u>
COMMUNITY DEVELOPMENT	<u>1,115,406</u>	<u>1,103,801</u>	<u>993,840</u>	<u>109,961</u>
OTHER FINANCING USES				
Transfers Out To				
Community development	-	1,019,040	1,019,040	-
CEA replacement	8,550	8,550	8,550	-
Valley transit fund	554,920	564,920	431,093	133,827
Total Other Financing Uses	<u>563,470</u>	<u>1,592,510</u>	<u>1,458,683</u>	<u>133,827</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 55,937,332</u>	<u>\$ 60,378,558</u>	<u>\$ 55,227,154</u>	<u>\$ 5,151,404</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.

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.

POLICE GRANTS

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

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

SPECIAL REVENUE FUNDS (CONTINUED)

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.

ROOM TAX

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

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.

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.

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

SPECIAL REVENUE FUNDS (CONTINUED)

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 CONTROL 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.

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 private donations received to finance the repair, construction and preservation of Peabody Park and the corresponding expenditures for such purposes.

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

SPECIAL REVENUE FUNDS (CONTINUED)

BALLIET LOCOMOTIVE

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

LUTZ PARK

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.

PROJECT CITY PARK

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.

NONMAJOR GOVERNMENTAL FUNDS AND BUDGETARY COMPARISONS

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds. Resources are derived from general obligation bond and note issues, certain federal grants and other specific receipts.

SUBDIVISION DEVELOPMENT PROJECTS

To account for the receipt of special assessments levied and the disbursement of funds necessary to construct public improvements in new subdivisions.

INDUSTRIAL PARK LAND

To account for the sales and acquisition of land for the City's industrial parks.

PARKS AND RECREATION PROJECTS

To account for the financing and expenditures associated with the acquisition and construction of certain Park and Recreation capital projects.

TAX INCREMENT DISTRICT NO. 5

To account for the financing and project costs for public improvement and private development within the area of T.I.D. No. 5 as provided for in the Tax District's project plan.

TAX INCREMENT DISTRICT NO. 6

To account for the financing and project costs for public improvement and private development within the area of T.I.D. No. 6 as provided for in the Tax District's project plan.

TAX INCREMENT DISTRICT NO. 7

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

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

CAPITAL PROJECTS FUNDS (CONTINUED)

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.

FACILITIES CAPITAL PROJECTS

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

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

CAPITAL PROJECTS FUNDS (CONTINUED)

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
As of December 31, 2012

	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	\$ 455,446	\$ -	\$ 64,860	\$ 874,831	\$ 27,070	\$ -
Receivables						
Taxes	326,135	-	-	2,070,188	-	-
Deferred loans	-	-	743,687	-	-	-
Accounts	-	-	-	18,145	545	-
Special assessments	-	-	-	-	-	-
Other	-	-	-	179,549	-	-
Prepaid items	-	-	-	-	-	-
Due from other governments	-	49,357	-	-	9,211	51,877
Due from other funds	-	-	-	40,083	-	-
Note receivable - component unit	-	-	-	-	-	-
TOTAL ASSETS	\$ 781,581	\$ 49,357	\$ 808,547	\$ 3,182,796	\$ 36,826	\$ 51,877
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ -	\$ 12,785	\$ -	\$ 82,314	\$ 3,019	\$ 28,336
Other accrued liabilities	-	-	401	49,476	5,725	-
Due to other funds	-	42,206	-	-	-	23,540
Deposits	-	-	-	-	-	-
Deferred revenues	326,135	10,669	743,687	2,070,188	28,082	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	326,135	65,660	744,088	2,201,978	36,826	51,876
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	455,446	-	64,459	-	-	1
Committed	-	-	-	980,818	-	-
Assigned	-	-	-	-	-	-
Unassigned (deficit)	-	(16,303)	-	-	-	-
Total Fund Balances	455,446	(16,303)	64,459	980,818	-	1
TOTAL LIABILITIES AND FUND BALANCES	\$ 781,581	\$ 49,357	\$ 808,547	\$ 3,182,796	\$ 36,826	\$ 51,877

Special Revenue Funds							
Hazardous Materials Level A	Room Tax	Continuum of Care	HOME Homeowner	Housing Rehabilitation Grant	Neighborhood Stabilization Grant	Homeless Prevention Grant	Lead Hazard Control Grant
\$ 449,998	\$ 21,453	\$ -	\$ 29,578	\$ -	\$ 13,337	\$ 92	\$ 12,778
-	-	5,000	-	-	-	-	-
-	-	-	184,142	5,216,977	-	-	177,054
-	-	-	-	1,250	-	-	-
-	82,948	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	25,297	-	15,089	71,045	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 449,998</u>	<u>\$ 104,401</u>	<u>\$ 30,297</u>	<u>\$ 213,720</u>	<u>\$ 5,233,316</u>	<u>\$ 84,382</u>	<u>\$ 92</u>	<u>\$ 189,832</u>
\$ 3,886	\$ 75,048	\$ 24,126	\$ -	\$ 80	\$ 76,623	\$ -	\$ -
-	-	-	-	2,302	-	-	-
-	-	1,171	-	3,962	-	-	-
-	-	-	-	-	-	-	-
22,253	-	5,000	184,142	5,216,977	-	-	177,054
-	-	-	-	-	-	-	-
<u>26,139</u>	<u>75,048</u>	<u>30,297</u>	<u>184,142</u>	<u>5,223,321</u>	<u>76,623</u>	<u>-</u>	<u>177,054</u>
-	-	-	-	-	-	-	-
423,859	29,353	-	29,578	9,995	7,759	92	12,778
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>423,859</u>	<u>29,353</u>	<u>-</u>	<u>29,578</u>	<u>9,995</u>	<u>7,759</u>	<u>92</u>	<u>12,778</u>
<u>\$ 449,998</u>	<u>\$ 104,401</u>	<u>\$ 30,297</u>	<u>\$ 213,720</u>	<u>\$ 5,233,316</u>	<u>\$ 84,382</u>	<u>\$ 92</u>	<u>\$ 189,832</u>

CITY OF APPLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)
As of December 31, 2012

	Special Revenue Funds					
	Tuch- scherer Disability	Peabody Estate	Balliet Locomotive	Lutz Park	Park Purpose Open Space	Union Spring Park
ASSETS						
Cash and investments	\$ 55,139	\$ 64,218	\$ 11,217	\$ 143,670	\$ 300,917	\$ 2,481
Receivables						
Taxes	-	-	-	-	-	-
Deferred loans	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Note receivable - component unit	-	-	-	-	-	-
TOTAL ASSETS	\$ 55,139	\$ 64,218	\$ 11,217	\$ 143,670	\$ 300,917	\$ 2,481
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	55,139	64,218	11,217	143,670	300,917	2,481
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total Fund Balances	55,139	64,218	11,217	143,670	300,917	2,481
TOTAL LIABILITIES AND FUND BALANCES	\$ 55,139	\$ 64,218	\$ 11,217	\$ 143,670	\$ 300,917	\$ 2,481

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Special Revenue Funds			Capital Projects Funds			
Project City Park	Universal Playground	Miracle League Baseball	Subdivision Development Projects	Industrial Park Land	Parks and Recreation Projects	Tax Incremental District No. 5
\$ 5,834	\$ 7,528	\$ 26,957	\$ 877,246	\$ 1,347,410	\$ 100,339	\$ 282,134
-	-	-	914,599	-	-	187,370
-	-	-	-	-	-	-
-	-	-	551,322	-	-	-
-	-	-	707	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 5,834</u>	<u>\$ 7,528</u>	<u>\$ 26,957</u>	<u>\$ 2,343,874</u>	<u>\$ 1,347,410</u>	<u>\$ 100,339</u>	<u>\$ 469,504</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	856	-	-	-
-	-	-	-	-	-	-
-	-	-	-	500	-	-
-	-	-	1,051,322	-	-	187,370
-	-	-	-	-	-	-
-	-	-	<u>1,052,178</u>	<u>500</u>	-	<u>187,370</u>
-	-	-	-	-	-	-
5,834	7,528	26,957	-	-	-	282,134
-	-	-	-	-	-	-
-	-	-	1,291,696	1,346,910	100,339	-
-	-	-	-	-	-	-
<u>5,834</u>	<u>7,528</u>	<u>26,957</u>	<u>1,291,696</u>	<u>1,346,910</u>	<u>100,339</u>	<u>282,134</u>
<u>\$ 5,834</u>	<u>\$ 7,528</u>	<u>\$ 26,957</u>	<u>\$ 2,343,874</u>	<u>\$ 1,347,410</u>	<u>\$ 100,339</u>	<u>\$ 469,504</u>

CITY OF APPLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)
As of December 31, 2012

	Capital Projects Funds					
	Tax	Tax	Tax	Public	Public	Business
	Incremental District No. 6	Incremental District No. 7	Incremental District No. 8	Safety Facilities	Works Equipment	Park Escrow
ASSETS						
Cash and investments	\$ 1,322,344	\$ 315,827	\$ 805,616	\$ 903,058	\$ 878,570	\$ 359,713
Receivables						
Taxes	2,143,808	262,231	49,808	-	-	-
Deferred loans	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Note receivable - component unit	-	-	500,000	-	-	-
TOTAL ASSETS	\$ 3,466,152	\$ 578,058	\$ 1,355,424	\$ 903,058	\$ 878,570	\$ 359,713
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ -	\$ -	\$ 8,499	\$ -	\$ 307,338	\$ -
Other accrued liabilities	-	-	6	-	2,016	-
Due to other funds	-	-	-	-	-	-
Deposits	-	-	59,540	-	-	-
Deferred revenues	2,143,808	262,231	837,808	-	-	-
Advances from other funds	3,047,625	-	315,000	-	-	-
Total Liabilities	5,191,433	262,231	1,220,853	-	309,354	-
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	-	315,827	134,571	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	903,058	569,216	359,713
Unassigned (deficit)	(1,725,281)	-	-	-	-	-
Total Fund Balances	(1,725,281)	315,827	134,571	903,058	569,216	359,713
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,466,152	\$ 578,058	\$ 1,355,424	\$ 903,058	\$ 878,570	\$ 359,713

Capital Projects Funds				Permanent Fund	Total Nonmajor Governmental Funds
CEA Replacement	Community Development	Facilities Capital Projects	Technology	Frank P. Young Memorial	
\$ 3,124,171	\$ 1,426,454	\$ 1,260,410	\$ 223,404	\$ 34,221	\$ 15,828,321
-	-	-	-	-	5,959,139
-	-	-	-	-	6,321,860
-	-	-	-	-	19,940
-	-	-	-	-	551,322
-	-	-	-	-	263,204
-	-	-	4,816	-	4,816
-	-	-	-	-	221,876
-	-	-	-	-	40,083
-	-	-	-	-	500,000
<u>\$ 3,124,171</u>	<u>\$ 1,426,454</u>	<u>\$ 1,260,410</u>	<u>\$ 228,220</u>	<u>\$ 34,221</u>	<u>\$ 29,710,561</u>
\$ -	\$ 32,092	\$ -	\$ 79,111	\$ -	\$ 733,257
-	-	1,682	-	-	62,464
-	-	-	-	-	70,879
-	-	-	-	-	60,040
-	-	-	-	-	13,266,726
-	-	-	-	-	3,362,625
-	32,092	1,682	79,111	-	17,555,991
-	-	-	-	34,221	34,221
-	-	-	-	-	2,383,813
-	-	-	-	-	980,818
3,124,171	1,394,362	1,258,728	149,109	-	10,497,302
-	-	-	-	-	(1,741,584)
<u>3,124,171</u>	<u>1,394,362</u>	<u>1,258,728</u>	<u>149,109</u>	<u>34,221</u>	<u>12,154,570</u>
<u>\$ 3,124,171</u>	<u>\$ 1,426,454</u>	<u>\$ 1,260,410</u>	<u>\$ 228,220</u>	<u>\$ 34,221</u>	<u>\$ 29,710,561</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	Special Revenue Funds				
	Tax Incremental District No. 2	Community Development Block Grant	Rental Rehabili- tation Grants	Sanitation & Recycling Program	Health Grants
REVENUES					
Taxes	\$ 338,853	\$ -	\$ -	\$ 2,310,000	\$ -
Intergovernmental	2,719	254,566	-	-	133,465
Special assessments	-	-	-	-	-
Investment income	9,148	-	-	29,802	-
Charges for services	-	-	-	1,025,982	56,397
Other	-	-	-	8,355	-
Total Revenues	<u>350,720</u>	<u>254,566</u>	<u>-</u>	<u>3,374,139</u>	<u>189,862</u>
EXPENDITURES					
Current					
General government	1,535	-	-	-	-
Public safety	-	-	-	-	189,862
Public works	-	-	-	3,322,227	-
Education and recreation	-	-	-	-	-
Community development	-	252,764	90,223	-	-
Capital Outlay	-	-	-	-	-
Debt Service					
Interest and fiscal charges	5,983	-	-	-	-
Total Expenditures	<u>7,518</u>	<u>252,764</u>	<u>90,223</u>	<u>3,322,227</u>	<u>189,862</u>
Excess (deficiency) of revenues over expenditures	<u>343,202</u>	<u>1,802</u>	<u>(90,223)</u>	<u>51,912</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Sale of city property	-	-	-	-	-
Debt issued	-	-	-	-	-
Promissory note issued	-	-	-	-	-
Transfer in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	343,202	1,802	(90,223)	51,912	-
FUND BALANCES (DEFICIT) - Beginning of Year	<u>112,244</u>	<u>(18,105)</u>	<u>154,682</u>	<u>928,906</u>	<u>-</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 455,446</u>	<u>\$ (16,303)</u>	<u>\$ 64,459</u>	<u>\$ 980,818</u>	<u>\$ -</u>

Continued on
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Special Revenue Funds						
Police Grants	Safe Route to School Grant	Hazardous Materials Level A	Room Tax	Continuum of Care	HOME Homeowner	Housing Rehabilitation Grant
\$ -	\$ -	\$ -	\$ 373,245	\$ -	\$ -	\$ -
128,113	60,791	110,354	-	229,231	-	205,377
-	-	-	-	-	-	-
-	-	5,918	-	-	-	8
-	-	9,433	-	-	-	-
-	4,095	-	-	-	26,466	180,471
<u>128,113</u>	<u>64,886</u>	<u>125,705</u>	<u>373,245</u>	<u>229,231</u>	<u>26,466</u>	<u>385,856</u>
-	-	45,585	337,698	-	-	-
117,893	-	64,769	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	229,231	75	340,416
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>117,893</u>	<u>-</u>	<u>110,354</u>	<u>337,698</u>	<u>229,231</u>	<u>75</u>	<u>340,416</u>
<u>10,220</u>	<u>64,886</u>	<u>15,351</u>	<u>35,547</u>	<u>-</u>	<u>26,391</u>	<u>45,440</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(33,000)	-	-	-
-	-	-	(33,000)	-	-	-
10,220	64,886	15,351	2,547	-	26,391	45,440
<u>(10,219)</u>	<u>(64,886)</u>	<u>408,508</u>	<u>26,806</u>	<u>-</u>	<u>3,187</u>	<u>(35,445)</u>
<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 423,859</u>	<u>\$ 29,353</u>	<u>\$ -</u>	<u>\$ 29,578</u>	<u>\$ 9,995</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS (cont.)
For the Year Ended December 31, 2012

	Special Revenue Funds					
	Business and Neighborhood Revitalization Grant	Neighborhood Stabilization Grant	Homeless Prevention Grant	Lead Hazard Control Grant	Tuch- scherer Disability	Peabody Estate
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	19,800	71,045	47,742	10,544	-	-
Special assessments	-	-	-	-	-	-
Investment income	-	-	-	-	804	861
Charges for services	-	-	-	-	-	-
Other	-	129,906	-	12,775	-	-
Total Revenues	<u>19,800</u>	<u>200,951</u>	<u>47,742</u>	<u>23,319</u>	<u>804</u>	<u>861</u>
EXPENDITURES						
Current						
General government	-	-	-	-	6,392	-
Public safety	-	-	-	10,544	-	-
Public works	-	-	-	-	-	-
Education and recreation	-	-	-	-	-	-
Community development	19,800	143,190	47,650	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service						
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>19,800</u>	<u>143,190</u>	<u>47,650</u>	<u>10,544</u>	<u>6,392</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>57,761</u>	<u>92</u>	<u>12,775</u>	<u>(5,588)</u>	<u>861</u>
OTHER FINANCING SOURCES (USES)						
Sale of city property	-	-	-	-	-	-
Debt issued	-	-	-	-	-	-
Promissory note issued	-	-	-	-	-	-
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	<u>-</u>	<u>57,761</u>	<u>92</u>	<u>12,775</u>	<u>(5,588)</u>	<u>861</u>
FUND BALANCES (DEFICIT) - Beginning of Year	<u>-</u>	<u>(50,002)</u>	<u>-</u>	<u>3</u>	<u>60,727</u>	<u>63,357</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ 7,759</u>	<u>\$ 92</u>	<u>\$ 12,778</u>	<u>\$ 55,139</u>	<u>\$ 64,218</u>

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Special Revenue Funds							Capital Projects Funds
Balliet Locomotive	Lutz Park	Park Purpose Open Space	Union Spring Park	Project City Park	Universal Playground	Miracle League Baseball	Subdivision Development Projects
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	802,713
151	2,815	4,033	33	93	179	361	61,356
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	17,594
<u>151</u>	<u>2,815</u>	<u>4,033</u>	<u>33</u>	<u>93</u>	<u>179</u>	<u>361</u>	<u>1,381,663</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	5,783	-	-
-	-	-	-	-	-	-	-
-	75,610	-	-	-	-	-	1,397,431
-	-	-	-	-	-	-	-
-	<u>75,610</u>	-	-	-	<u>5,783</u>	-	<u>1,397,431</u>
<u>151</u>	<u>(72,795)</u>	<u>4,033</u>	<u>33</u>	<u>93</u>	<u>(5,604)</u>	<u>361</u>	<u>(15,768)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
151	(72,795)	4,033	33	93	(5,604)	361	(15,768)
<u>11,066</u>	<u>216,465</u>	<u>296,884</u>	<u>2,448</u>	<u>5,741</u>	<u>13,132</u>	<u>26,596</u>	<u>1,307,464</u>
\$ <u>11,217</u>	\$ <u>143,670</u>	\$ <u>300,917</u>	\$ <u>2,481</u>	\$ <u>5,834</u>	\$ <u>7,528</u>	\$ <u>26,957</u>	\$ <u>1,291,696</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS (cont.)
For the Year Ended December 31, 2012

	Capital Projects Funds					
	Industrial Park Land	Parks and Recreation Projects	Tax Incremental District No. 5	Tax Incremental District No. 6	Tax Incremental District No. 7	Tax Incremental District No. 8
REVENUES						
Taxes	\$ -	\$ -	\$ 187,656	\$ 2,162,930	\$ 300,699	\$ 21,887
Intergovernmental	-	-	530	50,422	81,443	312,000
Special assessments	-	-	-	-	-	-
Investment income	18,135	849	5,223	44,919	5,469	4,699
Charges for services	-	-	-	-	-	-
Other	8,232	-	-	2,058	-	448,426
Total Revenues	<u>26,367</u>	<u>849</u>	<u>193,409</u>	<u>2,260,329</u>	<u>387,611</u>	<u>787,012</u>
EXPENDITURES						
Current						
General government	-	-	9,404	1,690	1,535	1,535
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Education and recreation	-	-	-	-	-	-
Community development	-	-	-	490,193	-	-
Capital Outlay	6,477	-	-	60,439	286,461	1,373,784
Debt Service						
Interest and fiscal charges	-	-	-	145,125	-	15,000
Total Expenditures	<u>6,477</u>	<u>-</u>	<u>9,404</u>	<u>697,447</u>	<u>287,996</u>	<u>1,390,319</u>
Excess (deficiency) of revenues over expenditures	<u>19,890</u>	<u>849</u>	<u>184,005</u>	<u>1,562,882</u>	<u>99,615</u>	<u>(603,307)</u>
OTHER FINANCING SOURCES (USES)						
Sale of city property	-	-	-	57,600	-	-
Debt issued	-	73,000	-	-	-	750,000
Promissory note issued	-	-	-	-	-	300,000
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(123,975)	(2,112,693)	(1,525)	(301,069)
Total Other Financing Sources (Uses)	<u>-</u>	<u>73,000</u>	<u>(123,975)</u>	<u>(2,055,093)</u>	<u>(1,525)</u>	<u>748,931</u>
Net Change in Fund Balances	19,890	73,849	60,030	(492,211)	98,090	145,624
FUND BALANCES (DEFICIT) - Beginning of Year	<u>1,327,020</u>	<u>26,490</u>	<u>222,104</u>	<u>(1,233,070)</u>	<u>217,737</u>	<u>(11,053)</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 1,346,910</u>	<u>\$ 100,339</u>	<u>\$ 282,134</u>	<u>\$ (1,725,281)</u>	<u>\$ 315,827</u>	<u>\$ 134,571</u>

Capital Projects Funds							Permanent Fund	Total Nonmajor Governmental Funds
Public Safety Facilities	Public Works Equipment	Business Park Escrow	CEA Replacement	Community Development	Facilities Capital Projects	Technology	Frank P. Young Memorial	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,195,270
-	-	-	-	-	-	-	-	1,718,142
-	-	-	-	-	-	-	-	802,713
(40)	(2,385)	4,756	32,504	(541)	(2,300)	496	66	227,412
-	-	-	-	-	-	-	-	1,091,812
-	-	-	1,815,840	158,008	-	-	500	2,812,726
<u>(40)</u>	<u>(2,385)</u>	<u>4,756</u>	<u>1,848,344</u>	<u>157,467</u>	<u>(2,300)</u>	<u>496</u>	<u>566</u>	<u>12,848,075</u>
-	-	-	-	-	53,607	-	-	458,981
-	-	-	-	-	-	-	-	383,068
-	-	-	-	-	-	-	-	3,322,227
-	-	-	-	-	-	-	-	5,783
-	-	-	-	-	-	-	-	1,613,542
75,829	896,817	186,201	1,641,613	177,254	478,739	318,104	-	6,974,759
-	-	-	-	-	-	-	-	166,108
<u>75,829</u>	<u>896,817</u>	<u>186,201</u>	<u>1,641,613</u>	<u>177,254</u>	<u>532,346</u>	<u>318,104</u>	<u>-</u>	<u>12,924,468</u>
<u>(75,869)</u>	<u>(899,202)</u>	<u>(181,445)</u>	<u>206,731</u>	<u>(19,787)</u>	<u>(534,646)</u>	<u>(317,608)</u>	<u>566</u>	<u>(76,393)</u>
-	-	-	-	-	-	-	-	57,600
926,500	1,294,000	-	-	370,960	1,645,000	400,000	-	5,459,460
-	-	-	-	-	-	-	-	300,000
-	-	-	243,569	1,019,040	-	-	-	1,262,609
-	-	-	-	-	-	-	-	(2,572,262)
<u>926,500</u>	<u>1,294,000</u>	<u>-</u>	<u>243,569</u>	<u>1,390,000</u>	<u>1,645,000</u>	<u>400,000</u>	<u>-</u>	<u>4,507,407</u>
850,631	394,798	(181,445)	450,300	1,370,213	1,110,354	82,392	566	4,431,014
<u>52,427</u>	<u>174,418</u>	<u>541,158</u>	<u>2,673,871</u>	<u>24,149</u>	<u>148,374</u>	<u>66,717</u>	<u>33,655</u>	<u>7,723,556</u>
<u>\$ 903,058</u>	<u>\$ 569,216</u>	<u>\$ 359,713</u>	<u>\$ 3,124,171</u>	<u>\$ 1,394,362</u>	<u>\$ 1,258,728</u>	<u>\$ 149,109</u>	<u>\$ 34,221</u>	<u>\$ 12,154,570</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 POSITION - NONMAJOR PROPRIETARY FUNDS
As of December 31, 2012

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 1,471,640	\$ 162,475	\$ 1,634,115
Other accounts receivable	6,288	-	6,288
Total Current Assets	<u>1,477,928</u>	<u>162,475</u>	<u>1,640,403</u>
Non-Current Assets			
Capital Assets			
Land	1,583,640	1,428,667	3,012,307
Building and improvements	22,962,496	1,096,087	24,058,583
Equipment, furniture and vehicles	540,348	86,904	627,252
Less: Accumulated depreciation	<u>(15,589,820)</u>	<u>(1,279,614)</u>	<u>(16,869,434)</u>
Total Non-Current Assets	<u>9,496,664</u>	<u>1,332,044</u>	<u>10,828,708</u>
Other Assets			
Unamortized debt expense	-	10,400	10,400
Total Assets	<u>10,974,592</u>	<u>1,504,919</u>	<u>12,479,511</u>
LIABILITIES			
Current Liabilities			
Accounts payable	25,737	5,299	31,036
Compensated absences	32,735	13,987	46,722
Other accrued liabilities	23,514	9,768	33,282
Advance from other funds	-	24,000	24,000
Current portion of general obligation debt payable	-	10,000	10,000
Unearned revenue	<u>47,807</u>	-	<u>47,807</u>
Total Current Liabilities	<u>129,793</u>	<u>63,054</u>	<u>192,847</u>
Noncurrent Liabilities			
General obligation debt payable	-	725,000	725,000
Compensated absences	31,705	34,507	66,212
Advance from other funds	-	186,744	186,744
Total Noncurrent Liabilities	<u>31,705</u>	<u>946,251</u>	<u>977,956</u>
Total Liabilities	<u>161,498</u>	<u>1,009,305</u>	<u>1,170,803</u>
NET POSITION			
Net investment in capital assets	9,496,664	597,044	10,093,708
Unrestricted (deficit)	<u>1,316,430</u>	<u>(101,430)</u>	<u>1,215,000</u>
TOTAL NET POSITION	<u>\$ 10,813,094</u>	<u>\$ 495,614</u>	<u>\$ 11,308,708</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - NONMAJOR PROPRIETARY FUNDS For the Year Ended December 31, 2012

	Enterprise Funds		Totals
	Parking Utility	Reid Municipal Golf Course	
OPERATING REVENUES			
Charges for services	\$ 1,886,242	\$ 478,951	\$ 2,365,193
Other	476,340	37,020	513,360
Total Operating Revenues	2,362,582	515,971	2,878,553
OPERATING EXPENSES			
Operation and maintenance	1,230,890	432,093	1,662,983
Depreciation	469,792	79,151	548,943
Total Operating Expenses	1,700,682	511,244	2,211,926
Operating Income	661,900	4,727	666,627
NONOPERATING REVENUES (EXPENSES)			
Investment income	28,724	3,149	31,873
Gain on sale of capital assets	-	4,100	4,100
Other	256	-	256
Interest expense	-	(28,658)	(28,658)
Total Nonoperating Revenues (Expenses)	28,980	(21,409)	7,571
Income Before Transfers	690,880	(16,682)	674,198
Transfers out	(1,009,300)	(17,900)	(1,027,200)
Change in Net Position	(318,420)	(34,582)	(353,002)
TOTAL NET POSITION - Beginning	11,131,514	530,196	11,661,710
TOTAL NET POSITION - ENDING	\$ 10,813,094	\$ 495,614	\$ 11,308,708

CITY OF APPLETON

COMBINING STATEMENT OF CASH FLOWS NONMAJOR PROPRIETARY FUNDS For the Year Ended December 31, 2012

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 2,370,896	\$ 517,212	\$ 2,888,108
Paid to suppliers for goods and services	(623,469)	(256,664)	(880,133)
Paid to employees for services	(605,738)	(170,449)	(776,187)
Net Cash Flows From Operating Activities	1,141,689	90,099	1,231,788
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			
Debt retired	-	(708,509)	(708,509)
Debt issued	-	735,000	735,000
Costs of issuing debt	-	(10,400)	(10,400)
Acquisition and construction of capital assets	(60,044)	(74,640)	(134,684)
Proceeds from the sale of capital assets	-	4,100	4,100
Interest paid on long-term debt	-	(51,828)	(51,828)
Net Cash Flows From Capital and Related Financing Activities	(60,044)	(106,277)	(166,321)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	28,724	3,149	31,873
Net Cash Flows From Investing Activities	28,724	3,149	31,873
Net Increase in Cash and Cash Equivalents	101,069	(30,929)	70,140
CASH AND CASH EQUIVALENTS - Beginning of Year	1,370,571	193,404	1,563,975
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,471,640	\$ 162,475	\$ 1,634,115

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES			
Operating income	\$ 661,900	\$ 4,727	\$ 666,627
Adjustments to reconcile operating income to net cash flows from operating activities			
Nonoperating income	256	-	256
Depreciation	469,792	79,151	548,943
Change in assets and liabilities			
Other accounts receivable	(3,077)	1,241	(1,836)
Accounts payable	-	1,978	1,978
Accrued liabilities	1,374	8,158	9,532
Unearned revenue	11,135	-	11,135
Compensated absences	309	(5,156)	(4,847)
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 1,141,689</u>	 <u>\$ 90,099</u>	 <u>\$ 1,231,788</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 POSITION - INTERNAL SERVICE FUNDS
As of December 31, 2012

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Totals
ASSETS					
Current Assets					
Cash and investments	\$ 373,029	\$ -	\$ 239,272	\$ 1,464,245	\$ 2,076,546
Other receivables	16,984	241,239	1,874	-	260,097
Prepaid items	-	25,956	-	-	25,956
Inventories	71,017	-	-	-	71,017
Total Current Assets	<u>461,030</u>	<u>267,195</u>	<u>241,146</u>	<u>1,464,245</u>	<u>2,433,616</u>
Non-Current Assets					
Investment in WMIC	-	2,020,950	-	-	2,020,950
Capital Assets					
Equipment	1,538,540	-	-	-	1,538,540
Vehicles	24,175,430	-	-	-	24,175,430
Less: Accumulated depreciation	<u>(15,180,328)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,180,328)</u>
Total Non-Current Assets	<u>10,533,642</u>	<u>2,020,950</u>	<u>-</u>	<u>-</u>	<u>12,554,592</u>
Total Assets	<u>10,994,672</u>	<u>2,288,145</u>	<u>241,146</u>	<u>1,464,245</u>	<u>14,988,208</u>
LIABILITIES					
Current Liabilities					
Accounts payable	32,845	65,457	46,415	-	144,717
Compensated absences	54,683	17,209	52,786	-	124,678
Other accrued liabilities	37,400	9,764	51,543	-	98,707
Claims payable	-	1,900,000	-	-	1,900,000
Due to other funds	-	176,544	-	-	176,544
Current portion of general obligation debt	7,668	-	-	-	7,668
Total Current Liabilities	<u>132,596</u>	<u>2,168,974</u>	<u>150,744</u>	<u>-</u>	<u>2,452,314</u>
Noncurrent Liabilities					
General obligation debt	46,004	-	-	-	46,004
Compensated absences	26,219	35,226	34,975	-	96,420
Other postemployment benefit liability	-	-	-	144,683	144,683
Total Noncurrent Liabilities	<u>72,223</u>	<u>35,226</u>	<u>34,975</u>	<u>144,683</u>	<u>287,107</u>
Total Liabilities	<u>204,819</u>	<u>2,204,200</u>	<u>185,719</u>	<u>144,683</u>	<u>2,739,421</u>
NET POSITION					
Net investment in capital assets	10,479,970	-	-	-	10,479,970
Unrestricted	<u>309,883</u>	<u>83,945</u>	<u>55,427</u>	<u>1,319,562</u>	<u>1,768,817</u>
TOTAL NET POSITION	<u>\$ 10,789,853</u>	<u>\$ 83,945</u>	<u>\$ 55,427</u>	<u>\$ 1,319,562</u>	<u>\$ 12,248,787</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION -
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Totals
OPERATING REVENUES					
Charges for services	\$ 2,887,562	\$ 1,859,721	\$ 3,983,725	\$ -	\$ 8,731,008
Other	5,459	651,374	9,080	-	665,913
Total Operating Revenue	<u>2,893,021</u>	<u>2,511,095</u>	<u>3,992,805</u>	<u>-</u>	<u>9,396,921</u>
OPERATING EXPENSES					
Operation and maintenance	2,831,407	2,197,119	3,989,405	101,199	9,119,130
Depreciation	2,044,301	-	-	-	2,044,301
Total Operating Expenses	<u>4,875,708</u>	<u>2,197,119</u>	<u>3,989,405</u>	<u>101,199</u>	<u>11,163,431</u>
Operating Income (Loss)	<u>(1,982,687)</u>	<u>313,976</u>	<u>3,400</u>	<u>(101,199)</u>	<u>(1,766,510)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	2,317	-	(263)	-	2,054
Interest expense	(1,768)	-	-	-	(1,768)
Gain on the sale of capital assets	228,478	-	223	-	228,701
Other	-	-	6,991	-	6,991
Total Nonoperating Revenues	<u>229,027</u>	<u>-</u>	<u>6,951</u>	<u>-</u>	<u>235,978</u>
Income (Loss) Before Transfers and Contributions	<u>(1,753,660)</u>	<u>313,976</u>	<u>10,351</u>	<u>(101,199)</u>	<u>(1,530,532)</u>
Capital contributions	1,845,037	-	-	-	1,845,037
Transfers out	<u>(235,019)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(235,019)</u>
Change in Net Position	<u>(143,642)</u>	<u>313,976</u>	<u>10,351</u>	<u>(101,199)</u>	<u>79,486</u>
TOTAL NET POSITION - Beginning (Deficit)	<u>10,933,495</u>	<u>(230,031)</u>	<u>45,076</u>	<u>1,420,761</u>	<u>12,169,301</u>
TOTAL NET POSITION - ENDING	<u>\$ 10,789,853</u>	<u>\$ 83,945</u>	<u>\$ 55,427</u>	<u>\$ 1,319,562</u>	<u>\$ 12,248,787</u>

CITY OF APPLETON

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 3,117,720	\$ 2,387,329	\$ 4,000,019	\$ -	\$ 9,505,068
Paid to suppliers for goods and services	(1,792,959)	(2,083,695)	(2,372,769)	-	(6,249,423)
Paid to employees for services	(1,046,543)	(303,634)	(1,559,897)	-	(2,910,074)
Net Cash Flows From Operating Activities	<u>278,218</u>	<u>-</u>	<u>67,353</u>	<u>-</u>	<u>345,571</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out	(235,019)	-	-	-	(235,019)
Net Cash Flows From Noncapital Financing Activities	<u>(235,019)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(235,019)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the sale of capital assets	9,244	-	-	-	9,244
Debt retired	(7,668)	-	-	-	(7,668)
Interest paid	(1,792)	-	(263)	-	(2,055)
Net Cash Flows From Capital and Related Financing Activities	<u>(216)</u>	<u>-</u>	<u>(263)</u>	<u>-</u>	<u>(479)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	2,317	-	-	-	2,317
Net Cash Flows From Investing Activities	<u>2,317</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,317</u>
Net Increase in Cash and Cash Equivalents	45,300	-	67,090	-	112,390
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>327,729</u>	<u>-</u>	<u>172,182</u>	<u>1,464,245</u>	<u>1,964,156</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 373,029</u>	<u>\$ -</u>	<u>\$ 239,272</u>	<u>\$ 1,464,245</u>	<u>\$ 2,076,546</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ (1,982,687)	\$ 313,976	\$ 3,400	\$ (101,199)	\$ (1,766,510)
Adjustments to reconcile income (loss) to net cash flows from operating activities:					
Non-operating income	228,478	-	7,214	-	235,692
Depreciation	2,044,301	-	-	-	2,044,301
Change in assets and liabilities:					
Other accounts receivable	(3,779)	(123,766)	-	-	(127,545)
Inventories	14,065	-	-	-	14,065
Prepays	-	12,978	-	-	12,978
Accounts payable	(24,146)	45,227	16,770	-	37,851
Accrued liabilities	1,943	1,493	16,612	-	20,048
Due to other funds	-	(649,054)	-	-	(649,054)
Claims payable	-	400,000	-	-	400,000
Accrued compensated absences	43	(854)	23,357	-	22,546
Postemployment benefits liability	-	-	-	101,199	101,199
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 278,218</u>	<u>\$ -</u>	<u>\$ 67,353</u>	<u>\$ -</u>	<u>\$ 345,571</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Contributed property and equipment	<u>\$ 1,845,037</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,845,037</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, 2012

	Balance 1-1-12	Additions	Deductions	Balance 12-31-12
TAX COLLECTIONS				
Assets				
Cash and investments	\$ 51,367,853	\$ 48,852,365	\$ 51,367,853	\$ 48,852,365
Property taxes receivable	<u>21,518,286</u>	<u>23,955,545</u>	<u>21,518,286</u>	<u>23,955,545</u>
 TOTAL ASSETS	 <u>\$ 72,886,139</u>	 <u>\$ 72,807,910</u>	 <u>\$ 72,886,139</u>	 <u>\$ 72,807,910</u>
 Liabilities				
Due to other taxing authorities	\$ 72,803,017	\$ 72,729,876	\$ 72,803,017	\$ 72,729,876
Accounts payable	<u>83,122</u>	<u>78,034</u>	<u>83,122</u>	<u>78,034</u>
 TOTAL LIABILITIES	 <u>\$ 72,886,139</u>	 <u>\$ 72,807,910</u>	 <u>\$ 72,886,139</u>	 <u>\$ 72,807,910</u>

STATISTICAL SECTION

**STATISTICAL
SECTION**

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Net Investment in Capital Assets	\$ 222,306,765	\$ 232,641,235	\$ 240,869,557	\$ 251,427,513	\$ 256,159,970	\$ 275,565,973	\$ 292,088,865	\$ 301,042,119	\$ 304,733,210	\$ 306,228,924
Restricted	218,516	6,429,747	6,796,749	6,868,633	6,825,544	6,874,327	6,778,453	7,014,412	8,193,931	10,030,642
Unrestricted	(4,087,925)	(13,022,089)	6,092,284	5,749,677	13,282,781	13,815,530	20,215,128	15,672,956	23,726,812	29,431,129
Total Governmental Activities Net Position	218,437,356	226,048,893	253,758,590	264,045,823	276,268,295	296,255,830	319,082,446	323,729,487	336,653,953	345,690,695
Business-type Activities										
Net Investment in Capital Assets	148,565,590	164,337,658	171,026,349	178,165,977	172,857,282	175,623,218	181,388,463	181,147,366	184,841,387	183,532,977
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	9,893,897	12,373,494
Unrestricted	35,042,798	25,205,527	12,692,909	11,951,190	21,546,219	23,317,930	19,762,345	28,025,987	33,541,714	39,547,284
Total Business-type Activities Net Position	193,535,404	200,025,567	194,571,956	199,366,224	206,184,826	213,108,616	215,807,389	220,715,318	228,276,998	235,453,755
Primary Government										
Net Investment in Capital Assets	370,872,355	396,978,893	410,473,911	425,890,500	426,736,257	448,610,849	471,187,897	480,204,886	487,906,774	488,423,709
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	18,087,828	22,404,136
Unrestricted	30,954,873	12,183,438	20,207,188	21,403,857	37,109,995	39,711,802	42,266,904	45,683,542	58,936,349	70,316,605
Total Primary Government Net Position	\$ 411,972,760	\$ 426,074,460	\$ 448,330,546	\$ 463,412,047	\$ 482,453,121	\$ 509,364,446	\$ 534,889,835	\$ 544,444,805	\$ 564,930,951	\$ 581,144,450

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 9,109,045	\$ 8,716,117
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	27,370,398	27,503,588
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	21,159,672	19,736,896
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	7,337,247	7,327,066
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	3,525,353	2,272,772
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	2,201,902	1,996,256
Total Governmental Activities	61,768,977	60,618,399	61,613,252	63,524,080	63,850,937	68,213,145	66,934,554	74,035,469	70,703,617	67,552,695
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	14,960,496	15,311,621
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	10,792,194	9,915,016
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	8,292,425	8,189,269
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	6,042,858	6,472,284
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	1,919,267	2,171,030
Total Business-type Activities	33,370,857	35,197,725	36,168,805	38,341,551	40,290,044	41,437,835	41,036,691	42,351,866	42,007,240	42,059,220
Total - Primary Government	\$ 95,139,834	\$ 95,816,124	\$ 97,782,057	\$ 101,865,631	\$ 104,140,981	\$ 109,650,980	\$ 107,971,245	\$ 116,387,335	\$ 112,710,857	\$ 109,611,915
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	\$ 5,561,599	\$ 5,569,974
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	6,440,559	5,221,263
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	10,254,959	6,130,651
Total Governmental Activities	11,682,305	13,931,923	14,041,210	13,948,277	12,850,066	24,453,215	27,223,684	18,328,657	22,257,117	16,921,888
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	20,334,751	20,932,453
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	9,687,803	10,601,634
Valley Transit	845,530	899,244	983,778	1,136,722	1,163,950	1,310,187	1,452,588	1,383,740	1,512,804	1,485,517
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	7,196,739	7,251,853
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	2,820,305	2,878,553
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	5,911,742	5,815,980
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	2,383,154	1,773,549
Total Business-type Activities	38,101,073	41,471,972	39,101,755	42,449,887	45,094,967	46,136,577	45,438,945	47,016,475	49,847,298	50,739,539
Total - Primary Government	\$ 49,783,378	\$ 55,403,895	\$ 53,142,965	\$ 56,398,164	\$ 57,945,033	\$ 70,589,792	\$ 72,662,629	\$ 65,345,132	\$ 72,104,415	\$ 67,661,427
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)	(48,446,500)	(50,630,807)
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	7,840,058	8,680,319
Total Primary Government Net Position	\$ (45,356,456)	\$ (40,412,229)	\$ (44,639,092)	\$ (45,467,467)	\$ (46,195,948)	\$ (39,061,188)	\$ (35,308,616)	\$ (51,042,203)	\$ (40,606,442)	\$ (41,950,488)

Schedule 2 (cont)
City of Appleton
Changes in Net Position
 (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>	<u>2011</u>	<u>2012</u>
General Revenues & Other Changes in Net Position										
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	40,724,725	41,605,012
Other Taxes	866,069	1,195,606	1,060,335	790,509	989,071	869,514	743,076	862,279	840,215	801,134
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	13,873,673	12,320,048
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	2,936,126	1,997,644
Gain(Loss) on the sale of assets	206,811	135,307	2,255,997	532,942	432,440	275,699	298,632	208,401	297,709	358,693
Miscellaneous	568,296	1,224,976	790,190	-	51,861	130,482	116,175	190,944	92,842	94,767
Transfers	641,359	591,386	11,918,030	836,691	907,424	1,508,789	2,178,788	2,175,620	2,605,676	2,490,251
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>	<u>61,370,966</u>	<u>59,667,549</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	2,310,471	977,420
Gain(Loss) on the sale of assets	(3,206)	-	-	-	338,957	1,251	255	-	-	4,100
Miscellaneous	8,940	18,750	11,816	68,918	159,557	6,219	49	6,555	16,827	5,169
Transfers	(641,359)	(591,386)	(11,918,030)	(836,691)	(907,424)	(1,508,789)	(2,178,788)	(2,175,620)	(2,605,676)	(2,490,251)
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>	<u>(278,378)</u>	<u>(1,503,562)</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>	<u>\$ 61,092,588</u>	<u>\$ 58,163,987</u>
Change in Net Position										
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	\$ 12,924,466	\$ 9,036,742
Business-type Activities	5,237,164	6,490,163	(8,181,534)	4,793,235	7,494,777	6,923,790	2,698,773	4,907,929	7,561,680	7,176,757
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>	<u>\$ 20,486,146</u>	<u>\$ 16,213,499</u>

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>	<u>2011</u>	<u>2012</u>
Governmental Activities:										
General Government	\$ 1,719,607	\$ 1,869,967	\$ 2,059,771	\$ 2,020,978	\$ 1,912,579	\$ 2,159,092	\$ 1,758,084	\$ 2,043,891	\$ 2,056,640	\$ 1,973,360
Public Safety	6,064,272	8,825,461	8,363,126	7,513,891	6,787,697	18,966,301	20,838,101	10,788,629	14,847,671	9,916,370
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	2,105,605	1,770,440
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	1,739,262	1,881,201
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>	<u>22,257,117</u>	<u>16,921,888</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	20,461,743	21,014,274
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	10,599,946	11,381,389
Valley Transit	5,159,568	8,957,170	6,514,788	6,192,470	6,317,752	6,985,997	7,243,607	7,876,370	8,030,058	7,569,660
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	7,935,246	7,895,663
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	2,480,430	2,820,305	2,878,553
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>47,016,474</u>	<u>49,847,298</u>	<u>50,739,539</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>\$ 65,345,131</u>	<u>\$ 72,104,415</u>	<u>\$ 67,661,427</u>

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011 ⁽¹⁾	2012
General Fund										
Reserved for:										
Inventories	\$ 730,647	\$ 624,307	\$ 631,367	\$ 598,994	\$ 512,923	\$ 575,485	\$ 684,658	\$ 890,237	\$ -	\$ -
Prepaid items	231,697	37,156	15,564	9,792	4,475	1,856	7,155	34,111	-	-
Noncurrent receivables/advances	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	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	15,801,906	15,098,001	18,495,639	20,150,224	20,276,004	20,782,786	19,321,315	19,362,624	-	-
Nonspendable	-	-	-	-	-	-	-	-	12,268,106	12,568,872
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	107,259	-
Assigned	-	-	-	-	-	-	-	-	10,027,784	9,921,339
Unassigned (Deficit)	-	-	-	-	-	-	-	-	12,578,076	14,328,372
Total General Fund	\$ 30,222,766	\$ 28,853,248	\$ 31,618,081	\$ 33,439,868	\$ 34,951,762	\$ 33,397,474	\$ 31,206,112	\$ 32,797,615	\$ 34,981,225	\$ 36,818,583
All Other Governmental Funds										
Reserved for:										
Prepaid items	\$ 82,614	\$ 1,308,374	\$ -	\$ 313,569	\$ 16,588	\$ 539,196	\$ 52,860	\$ -	\$ -	\$ -
Debt service	218,516	1,187,549	1,187,549	986,156	808,953	584,586	391,516	184,868	-	-
Encumbrances	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	15,922	15,703	16,070	16,364	32,093	33,746	34,043	33,652	-	-
Unreserved, reported in:										
Special revenue funds	(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	11,644,012	11,461,170	13,252,019	8,186,649	6,872,235	9,420,766	5,136,208	6,552,711	-	-
Nonspendable	-	-	-	-	-	-	-	-	33,655	34,221
Restricted	-	-	-	-	-	-	-	-	1,868,147	3,165,793
Committed	-	-	-	-	-	-	-	-	928,906	980,818
Assigned	-	-	-	-	-	-	-	-	6,342,088	10,497,302
Unassigned (Deficit)	-	-	-	-	-	-	-	-	(14,674,790)	(15,940,164)
Total All Other Governmental Funds	(16,287,412)	(17,948,145)	4,308,431	1,742,097	4,907,682	11,819,059	10,050,456	(1,518,072)	(5,501,994)	(1,262,030)
Total Governmental Funds	\$ 13,935,354	\$ 10,905,103	\$ 35,926,512	\$ 35,181,965	\$ 39,859,444	\$ 45,216,533	\$ 41,256,568	\$ 31,279,543	\$ 29,479,231	\$ 35,556,553

Notes:
1: The City of Appleton adopted GASB #54 in 2011, which changes the categorizations of restrictions on fund balances.

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
REVENUES										
Taxes	\$ 33,480,323	\$ 34,079,257	\$ 35,970,286	\$ 37,634,241	\$ 39,734,722	\$ 42,331,407	\$ 42,663,349	\$ 41,159,156	\$ 41,564,939	\$ 42,406,146
Intergovernmental	19,926,685	18,663,193	19,211,564	19,671,713	19,661,932	19,544,970	19,880,980	20,322,514	19,681,477	17,625,603
Licenses and permits	857,425	855,231	921,707	938,603	858,761	809,009	823,787	990,827	895,927	1,018,228
Fines and forfeitures	277,692	281,958	251,401	271,530	346,338	346,338	346,923	356,971	359,662	384,340
Special assessments	2,393,102	2,504,028	2,557,843	2,667,675	2,096,649	1,811,687	2,340,813	1,668,528	2,618,990	1,843,227
Investment income	788,177	2,635,922	3,301,704	4,541,476	5,837,658	6,219,416	1,198,520	2,175,324	2,263,766	1,471,859
Charges for services	2,541,086	2,329,281	2,238,306	2,019,299	1,934,088	2,022,981	1,850,129	1,847,220	2,264,612	2,459,518
Other	2,784,593	2,976,130	2,989,714	3,393,516	3,306,896	4,280,040	5,496,329	4,987,458	3,768,553	4,618,445
Total Revenues	63,049,083	64,325,000	67,442,525	71,138,053	73,746,515	77,365,848	74,596,830	73,507,998	73,417,926	71,827,366
EXPENDITURES										
Current:										
General government	6,126,494	6,168,655	6,660,800	6,573,075	6,763,061	7,337,745	7,244,850	13,102,235	8,143,213	7,643,472
Public safety	22,074,301	22,986,627	23,539,036	23,884,518	25,106,325	26,172,339	26,365,040	27,285,984	27,073,709	27,169,713
Public works	12,909,444	13,660,780	13,486,345	13,236,170	13,922,268	16,059,000	14,513,842	15,656,093	16,323,554	14,951,964
Education and recreation	8,374,430	8,040,579	8,113,321	8,442,800	8,465,184	9,031,230	8,871,494	8,910,684	7,146,178	7,181,076
Community development	2,987,427	3,072,314	3,183,793	2,507,602	2,302,683	2,214,341	2,635,858	3,348,654	3,052,110	2,607,382
Capital Outlay	8,467,483	7,000,266	8,264,711	10,762,860	9,342,876	15,824,263	18,061,037	8,380,704	7,595,439	6,974,759
Debt Service:										
Principal retirement	5,388,571	5,746,890	5,708,427	9,333,847	7,121,471	5,944,027	6,578,288	6,755,336	7,021,625	8,761,870
Interest and fiscal charges	4,076,244	3,939,715	(1,836,951)	4,646,345	2,785,191	2,553,619	2,604,636	2,527,447	2,304,241	2,235,391
Total Expenditures	70,404,394	70,615,826	67,119,482	79,387,217	75,809,059	85,136,564	86,875,045	85,967,137	78,660,089	77,525,627
Excess (deficiency) of revenues over (under) expenditures	(7,355,311)	(6,290,826)	323,043	(8,249,164)	(2,062,544)	(7,770,716)	(12,278,215)	(12,459,139)	(5,242,143)	(5,698,261)
OTHER FINANCING SOURCES (USES)										
Debt issued	4,312,743	1,099,352	12,246,220	5,180,387	5,165,000	11,195,000	5,735,000	-	-	8,380,000
Premium on debt issued	-	-	133,344	886	21,395	19,785	57,086	-	-	267,514
Refunding debt issued	-	-	-	-	-	(126,196)	-	-	-	-
Payments to escrow agents	-	-	(5,240,154)	-	-	-	-	-	-	-
Promissory note issued	-	-	-	-	-	-	-	-	-	300,000
Sale of city properties	683,294	1,683,147	4,376,356	605,603	2,146,755	362,631	93,404	34,854	11,962	102,799
Transfers in	27,505,734	7,399,121	20,744,753	10,713,616	8,863,513	11,630,997	9,752,946	16,929,723	9,727,630	9,073,938
Transfers out	(26,888,823)	(6,875,712)	(7,562,153)	(8,995,875)	(7,524,560)	(9,954,412)	(7,320,186)	(14,482,463)	(6,797,761)	(6,348,668)
Total Other Financing Sources (Uses)	5,612,948	3,305,908	24,698,366	7,504,617	6,740,023	13,127,805	8,318,250	2,482,114	3,441,831	11,775,583
Net Change in Fund Balances	(1,742,363)	(2,984,918)	25,021,409	(744,547)	4,677,479	5,357,089	(3,959,965)	(9,977,025)	(1,800,312)	6,077,322
FUND BALANCES (DEFICIT) - Beginning (as restated)	15,677,717	13,890,021	10,905,103	35,926,512	35,181,965	39,859,444	45,216,533	41,256,568	31,279,543	29,479,231
FUND BALANCES (DEFICIT) - ENDING	\$ 13,935,354	\$ 10,905,103	\$ 35,926,512	\$ 35,181,965	\$ 39,859,444	\$ 45,216,533	\$ 41,256,568	\$ 31,279,543	\$ 29,479,231	\$ 35,556,553
Debt service as a percent of non-capital expenditures	19.1%	20.7%	16.2%	27.1%	18.6%	15.0%	19.2%	17.5%	17.8%	18.9%

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

<u>Levy Year</u>	<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Agricultural Property</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value^A</u>	<u>Total Direct Tax Rate^B</u>	<u>Estimated Actual Taxable Value^C</u>	<u>Assessed as Percent of Estimated Actual Value^D</u>
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%
2011	2012	3,361,411,700	1,141,289,300	140,626,100	702,800	138,922,800	4,782,952,700	8.1510	4,797,103,500	99.71%
2012	2013	3,372,982,200	1,143,624,000	144,354,500	737,300	139,735,300	4,801,433,300	8.0311	4,651,408,600	103.23%

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
2003	2004	\$ 7.46	\$ 0.86	\$ 8.32	\$ 8.83	\$ 1.83	\$ 4.72	\$ 0.20	\$ 25.97	\$ 1.21	\$ 22.69
2004	2005	7.66	0.84	8.50	8.92	1.82	4.73	0.21	26.55	1.13	23.05
2005	2006	7.63	0.81	8.44	8.94	1.83	4.74	0.20	26.54	1.06	23.09
2006	2007	6.95	0.73	7.68	7.95	1.65	4.25	0.17	24.14	1.18	20.52
2007	2008	7.13	0.80	7.93	7.96	1.69	4.33	0.17	23.90	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
2011	2012	7.48	0.67	8.15	9.21	1.80	4.58	0.17	23.91	1.31	22.60
2012	2013	7.36	0.67	8.03	9.03	1.91	4.56	0.16	23.69	1.48	22.22 *

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
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
2011	2012	7.48	0.67	8.15	9.83	1.80	4.58	0.17	24.53	1.31	23.22
2012	2013	7.36	0.67	8.03	9.57	1.91	4.56	0.16	24.23	1.48	22.76 *

* 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
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
2011	2012	7.48	0.67	8.15	9.15	1.80	4.58	0.17	23.85	1.31	22.54
2012	2013	7.36	0.67	8.03	9.06	1.91	4.56	0.16	23.72	1.48	22.25 *

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
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 *
2011	2012	7.48	0.67	8.15	9.27	1.80	4.58	0.17	23.97	1.31	22.66
2012	2013	7.36	0.67	8.03	8.92	1.91	4.56	0.16	23.58	1.48	22.11 *

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

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

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

Last Ten Fiscal Years

CALUMET COUNTY/APPLETON AREA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate (1)	Appleton School District	FVTC	Calumet County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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 *
2011	2012	7.44	0.66	8.10	9.15	1.79	4.46	0.17	23.67	1.23	22.45 *
2012	2013	7.33	0.66	7.99	8.98	1.90	4.38	0.16	23.41	1.24	22.17

CALUMET COUNTY/KIMBERLY AREA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate (1)	Kimberly School District	FVTC	Calumet County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
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
2011	2012	7.44	0.66	8.10	10.22	1.79	4.46	0.17	24.74	1.23	23.51
2012	2013	7.33	0.66	7.99	10.14	1.90	4.38	0.16	24.57	1.24	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
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
2011	2012	7.40	0.66	8.06	9.10	1.78	5.62	0.17	24.73	1.29	23.43 *
2012	2013	7.60	0.69	8.29	9.31	1.97	5.71	0.17	25.45	1.31	24.14

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
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 *
2011	2012	7.40	0.66	8.06	9.71	1.78	5.62	0.17	25.34	1.29	24.04 *
2012	2013	7.60	0.69	8.29	9.85	1.97	5.71	0.17	25.99	1.31	24.67 *

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

(1) The City of Appleton has had a local ordinance that imposes restraints on the total City levy since 1997. The Tax Levy Ordinance limits the increase in the City's tax levy to the rate of change in the Consumer Price Index (CPI) plus an allowance for growth, adjusted for services transferred to other funding sources, new revenues and one time grant awards. In 2005, 2007, and again in 2011 the State of Wisconsin imposed two year limitations on all units of local government. This limit is similar in many respects to the Tax Levy Ordinance, though not identical. The current limitation is net new construction, with no allowance for changes in the CPI. 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 CPI.

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

	2012			2003				
	<u>Name</u>	<u>Nature of Business</u>	Taxable Assessed Value (A)	Percent of Total Assessed Value (B)	Rank	Taxable Assessed Value (A)	Percent of Total Assessed Value (B)	Rank
Winters Properties et al	Real Estate Development		\$ 49,509,100	1.04	1	\$ 20,880,625	0.60	3
Pfefferle/Hoffman/Evans et al PtsHps	Real Estate Development		45,331,600	0.95	2			
Plank Inv/Eisenhower /Kensington Prop	Real Estate Development		41,450,100	0.87	3			
North Appleton Ambulatory Care Ctr	Medical Clinic		30,033,400	0.63	4			
Thomas Wright et al	Rental Properties		27,574,900	0.58	5	16,779,500	0.48	5
LHPT Appleton	Hospital		22,476,400	0.47	6			
Thrivent/North Meadows	Insurance (C)		19,972,400	0.42	7	20,957,616	0.60	2
Appvion, Inc. (Appleton Papers)	NCR Paper Products		18,848,900	0.39	8	24,743,500	0.71	1
Watermark Montclair	Hotel		16,971,100	0.35	9	17,600,360	0.51	4
VH Enterprise/Warehouse Spec. et al	Warehouse Storage		15,645,700	0.33	10	14,450,290	0.42	6
Gannett Midwest	Newspaper Publisher					12,419,300	0.36	7
Voith Inc./Voith Fabrics	Industrial Machines/Papermaker Felts					12,332,300	0.36	8
Walmart	Retail Store					11,512,514	0.33	9
Miller Electric Mfg.	Electric Arc Welders					10,533,600	0.30	10
TOTAL			\$ 287,813,600	6.02		\$ 162,209,605	4.68	

(A) Per City Assessor's records.

(B) Based on the city's total January 1, 2011 and 2002 assessed valuation of \$4,782,952,700 and \$3,465,920,391, 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		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
		Prior to Transfer of Roll on August 1	August 1			as of December 31	Levy		
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
2011	37,004,526	36,382,944		98.32	36,984,655		99.95	19,871	0.05
2012	37,611,289	37,047,927		98.50	37,581,982		99.92	29,307	0.08

^(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. Beginning in 2012, the City can only charge back the uncollected taxes for businesses that ceased operations during the year.

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

	City Direct <u>Rate</u>	Outagamie County Direct <u>Rate</u>	Calumet County Direct <u>Rate</u>	Winnebago County Direct <u>Rate</u>	<u>Wisconsin</u>
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
2011	0.0	0.0	0.0	0.0	5.0
2012	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 Activities	Capital Leases	Water Revenue Bonds	Wastewater Revenue Bonds	Stormwater Revenue Bonds	Total						
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	7.50%	2,301				
2011	32,959,538	708,509	-	69,820,000	18,318,020	37,220,000	159,026,067	7.13%	2,187				
2012	32,570,000	735,000	-	67,195,000	16,950,000	39,520,000	156,970,000	N/A	2,156				

* N/A = Not Available.

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u> ⁽¹⁾	<u>Less Assets Restricted for Debt Service</u>	<u>Total Net Debt</u>	<u>Percentage of Actual Taxable Value of Property</u> ⁽²⁾	<u>Per Capita</u> ⁽³⁾
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	528
2011	33,668,047	(1,972,070)	31,695,977	0.66	436
2012	33,305,000	(2,320,132)	30,984,868	0.67	426

- (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**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Appleton</u>	<u>Amount Applicable to City of Appleton</u>
City of Appleton ^(A)	\$ 30,984,868	100.0000 %	\$ 30,984,868
<u>Overlapping Debt</u>			
Appleton Area School District	27,166,876	64.0000	17,386,801
Menasha Joint School District	14,364,036	4.2000	603,290
Kimberly Area School District	35,985,000	1.6500	593,753
Freedom Area School District	6,807,314	8.7500	595,640
Hortonville Area School District	15,180,000	0.0006	87
Fox Valley Technical College	91,639,500	13.8100	12,655,415
Outagamie County	51,395,728	30.4800	15,665,418
Calumet County	8,189,998	17.4000	1,425,060
Winnebago County	54,336,564	0.5879	319,445
Total Overlapping Debt			49,244,909
Total Direct And Overlapping Debt			\$ 80,229,777

^(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 2012:

Equalized Value of Real & Personal Property	\$ 4,651,408,600
Outagamie County	3,927,960,600
Calumet County	643,213,900
Winnebago County	80,234,100
Legal Debt Limit (5% of equalized value)	<u>232,570,430</u>
Amount of Debt Applicable to Debt Limitation: Total General Obligation Bonds and Notes Outstanding at December 31, 2012	33,305,000
Less: Assets in Government Fund Types Available for Debt Service	<u>(2,320,132)</u>
Amount of Debt Applicable to Debt Limit	<u>30,984,868</u>
Remaining Legal Debt Margin	<u>\$ 201,585,562</u>

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 182,020,950	\$ 194,873,370	\$ 208,419,420	\$ 217,509,320	\$ 228,782,100	\$ 235,550,375	\$ 239,453,145	\$ 242,579,815	\$ 239,855,175	\$ 232,570,430
Total net debt applicable to limit	<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>	<u>31,695,977</u>	<u>30,984,868</u>
Legal Debt Margin	<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>	<u>\$ 208,159,198</u>	<u>\$ 201,585,562</u>
Total net debt applicable to limit as a percentage of debt limit	28.91%	24.16%	22.78%	19.01%	17.06%	19.39%	18.75%	15.81%	13.21%	13.32%

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

Fiscal Year	Last Ten Fiscal Years									
	Gross Revenues ⁽¹⁾	Direct Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage			
				Principal	Interest	Total				
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			
2011	20,939,470	7,455,689	13,483,781	5,135,000	3,237,096	8,372,096	1.61			
2012	21,253,750	7,903,181	13,350,569	5,465,000	3,065,044	8,530,044	1.57			

(Continued)

(1) Includes total operating revenues and investment income.

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

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

Last Ten Fiscal Years

Fiscal Year	Gross Revenues ⁽¹⁾	Direct Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2011	10,517,300	6,371,307	4,145,993	1,368,020	726,072	2,094,092	1.98
2012	10,970,003	6,263,377	4,706,626	785,000	640,826	1,425,826	3.30

(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	
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
2011	7,996,827	2,551,104	5,445,723	2,535,000	931,565	3,466,565	1.57
2012	7,507,734	3,026,580	4,481,154	2,665,000	1,003,100	3,668,100	1.22

⁽¹⁾ Includes total operating revenues and investment income.

⁽²⁾ Includes total operating expenses less depreciation.

**Schedule 16
CITY OF APPLETON
DEMOGRAPHIC STATISTICS**

Fiscal Year	Last Ten Fiscal Years							Annual Average Unemployment Rate ⁽⁶⁾
	Appleton Population ⁽¹⁾	Personal Income ⁽²⁾	AGI Per Return ⁽³⁾	School System Enrollment ⁽⁴⁾	Total Employment ⁽⁵⁾			
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	37,121		5.7	
2008	72,297	2,203,834,342	50,501	15,148	37,206		5.9	
2009	72,400	2,117,485,336	48,751	15,002	36,264		11.0	
2010	72,623	2,229,079,843	50,653	14,953	36,498		10.2	
2011	72,715	2,229,979,390	50,030	14,983	36,767		8.7	
2012	72,810	N/A *	N/A *	15,087	36,660		8.2	

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

	2012			2003				
	<u>Company Name</u>	<u>Product or Service</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	1,731	1	4.7	1,893	1	5.0 %
	Appleton Area School District	Education	1,707	2	4.7	1,775	2	4.7
	Appvion, Inc. (Appleton Papers)	NCR Paper Products	1,535	3	4.2	1,520	3	4.1
	Miller Electric Manufacturing	Electric Arc Welders	1,535	4	4.2	1,180	5	3.1
	Outagamie County	Government	1,243	5	3.4	1,215	4	3.2
	Appleton Medical Center	Medical & Health Care Facility	1,230	6	3.4	1,100	6	2.9
	St. Elizabeth Hospital	Medical & Health Care Facility	1,037	7	2.8	1,014	8	2.7
	West Business Services	Communication Services	1,000	8	2.7			
	Faith Technologies	Electrical	1,000	9	2.7			
	Valley Packaging Industries, Inc.	Hi-speed Packager	940	10	2.6	700	10	1.9
	McCain Snack Foods	Frozen Foods				1,050	7	2.8
	The Guardian Insurance Company	Insurance				725	9	1.9
	Total		12,958		35.3 %	12,172		32.4 %
	Total Employment		36,660			37,531		

* 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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Assessor's Office	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.63	6.13	6.13
Legal Services	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	10.00
City Clerk's Office	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	-
Finance Department	16.00	15.00	15.00	15.00	15.70	15.80	16.00	16.00	15.00	15.00
Human Resources	8.60	8.60	8.60	8.60	8.60	8.60	8.60	8.80	8.80	8.80
Information Services	15.40	15.40	15.40	15.40	15.40	15.40	15.00	15.00	12.00	12.00
Mayor's Office	3.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00
Facilities Management	-	-	-	-	8.00	8.00	8.00	8.00	19.92	20.28
Total - General Government	60.00	58.00	59.00	59.00	67.70	67.80	67.60	67.43	73.84	74.20
Community Development	12.50	11.00	11.00	10.00	10.00	10.00	10.00	10.00	13.75	13.00
Recreation/Library/Transit										
Parks & Recreation	39.50	36.17	36.17	36.17	36.17	36.17	35.87	33.87	6.95	6.92
Library	46.00	46.00	46.00	45.50	45.50	45.50	45.50	45.50	45.00	44.50
Valley Transit	56.50	55.50	55.30	55.93	55.43	53.03	53.03	52.65	52.65	51.83
Total - Recreation/Library/Transit	142.00	137.67	137.47	137.60	137.10	134.70	134.40	132.02	104.60	103.25
Public Works	160.00	155.00	154.00	153.00	153.00	153.00	153.00	150.50	156.50	154.53
Public Health & Safety										
Health Department	14.05	16.55	17.55	17.60	17.40	17.20	16.20	16.15	15.95	14.20
Fire Department										
Firefighters and Officers	90.00	90.00	90.00	90.00	89.00	89.00	89.00	89.00	88.00	88.00
Civilian & Administrative	12.00	12.00	12.00	12.00	12.00	12.00	12.00	9.50	9.00	8.00
Police Department										
Sworn	107.00	102.00	102.00	102.00	105.00	105.00	106.00	106.00	105.00	105.00
Civilian	33.00	33.00	32.00	31.00	30.00	30.00	30.00	29.50	29.00	29.00
Total - Public Health & Safety	256.05	253.55	253.55	252.60	253.40	253.20	253.20	250.15	246.95	244.20
Water & Sewer Utilities	47.00	43.00	43.00	41.00	35.00	35.00	35.00	35.00	34.00	34.00
Total Regular Employees	677.55	658.22	658.02	653.20	656.20	653.70	653.20	645.10	629.64	623.18

Source: Finance and HR Departments.

Notes:

Full time employment is considered to be 2,080 hours per year. Full time equivalencies are calculated by dividing scheduled hours of work by 2,080. The reduction shown above in staffing for Parks & Recreation in 2011 is the result of combining responsibility for like activities in other departments, specifically, maintenance of Parks structures and facilities has been moved to the Facilities department and the forestry function, much of which takes place in the public right of way, has been moved to Public Works. The reduction shown above in staffing for the City Clerk's Office and corresponding increase in the Legal Services department in 2012 is the result of merging those two offices under the direction of the City Attorney.

**Schedule 19
City of Appleton
Operating Indicators by Function/Program**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Building permits issued	910	854	756	712	705	577	552	560	572	511
Est. construction value (\$000)	109,657.9	68,789.4	124,847.8	91,707.3	88,629.5	102,632.9	101,957.4	58,369.2	46,054.4	49,084.3
School aged children vaccinated	99.2%	99.6%	97.8%	99.4%	99.5%	99.5%	99.5%	94.8%	97.1%	99.1%
Accurate weights & measures devices	93.4%	95.9%	91.8%	95.0%	91.7%	93.5%	92.0%	94.4%	96.5%	96.6%
Food-borne disease outbreaks	0	0	0	0	0	1	1	0	0	0
Police										
Calls for service	55,570	51,926	52,154	55,947	54,956	54,494	50,796	51,183	50,163	52,309
Reported Group A crimes	2,139	2,554	2,487	2,547	2,561	2,824	4,370	4,194	4,046	4,603
Reported Group B crimes	10,320	10,886	11,089	11,764	11,758	14,515	7,650	7,213	7,025	7,096
Fire										
Emergency response < 4 min.	81%	72%	67%	62%	72.0%	67.0%	66.1%	61.0%	64.0%	65.0%
Fire loss (\$000)	746.5	832.5	276.9	1,284.0	953.8	1,580.5	2,196.8	1,177.1	846.7	740.8
Fire-related deaths	0	0	0	0	0	0	0	0	0	0
Emergency calls	2,232	2,317	2,511	2,439	2,739	2,991	2,721	3,524	3,516	3,701
Public Works										
Tons of refuse collected	29,712	31,226	29,945	30,600	30,300	29,301	22,126	22,214	22,085	20,987
Tons of recycling collected	8,179	8,060	7,579	6,962	7,024	6,704	6,046	5,368	4,405	5,416
Cu. Yds. of debris - street sweeping	2,525	2,537	2,165	2,722	2,161	3,351	3,368	3,130	2,995	3,884
Cost/ton - residential auto pickup	\$ 56.86	\$ 52.35	\$ 57.67	\$ 57.67	\$ 61.38	\$ 67.47	\$ 71.21	\$ 82.20	\$ 83.34	\$ 85.81
Miles of street reconstructed	6.02	6.64	3.47	3.39	1.68	3.37	7.24	2.89	4.25	1.48
% of trees < 6" dia. pruned annually	N/A	N/A	N/A	50	50	50	60	60	50	50
Average pruning cycle, trees > 6" dia.	N/A	N/A	N/A	7.0 yrs	7.5 yrs	7.9 yrs	7.5 yrs	7.5 yrs	7.5 yrs	8.0 yrs
Parks & Recreation										
Sports league participants	8,348	8,425	6,709	6,675	5,824	5,425	5,538	2,284	2,207	2,109
Aquatics program participants	3,679	3,689	2,120	2,218	2,616	2,750	2,616	2,950	3,087	3,475
Open swim attendance	93,452	71,676	96,375	86,315	83,616	75,846	64,372	72,086	81,282	81,949
Rounds of golf played	46,320	44,342	39,313	35,595	34,870	34,666	35,545	31,530	29,044	32,305
Public Library										
Titles in collection	342,514	332,036	350,256	299,295	382,690	307,777	316,182	298,221	332,913	394,271
Materials circulated	1,109,668	1,104,215	1,153,946	1,231,738	1,392,057	1,445,373	1,564,890	1,528,776	1,511,715	1,449,140
Annual door count	559,789	534,075	551,072	537,057	533,291	554,125	590,528	586,677	569,898	570,743
Water										
Avg. daily consumption (000 gal.)	8,385	8,135	8,108	8,096	7,937	7,593	7,515	8,456	8,875	9,020
Peak daily consumption (000 gal.)	13,222	13,153	14,635	13,765	13,941	11,659	11,636	10,419	11,718	14,775
Number of invoices per quarter	24,849	25,161	26,785	26,963	27,101	27,257	27,336	27,507	27,650	27,725
Wastewater										
Avg. daily sewage treatment (000 gal.)	14,600.0	14,400.0	11,500.0	10,301.4	10,852.1	13,122.0	11,120.0	12,300.0	13,000.0	10,800.0
Valley Transit										
Total route miles	908,792	894,824	894,756	880,219	893,218	895,168	869,611	876,760	915,688	933,924
Passengers	909,197	937,410	954,725	937,297	958,359	1,001,325	909,109	956,086	1,073,655	1,095,650
Cost per trip	\$ 4.15	\$ 4.42	\$ 4.25	\$ 4.20	\$ 4.54	\$ 4.72	\$ 4.86	\$ 5.50	\$ 4.92	\$ 4.75

* N/A = Not Available

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 transition of softball program to outside organization in 2010.
7. 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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	82	83	83	83	83	83	83	83	84	84
Fire										
Stations	6	6	6	6	6	6	6	6	6	6
Fire suppression units	10	11	11	12	11	11	10	10	10	10
Public Works										
Miles of streets	322.0	332.7	335.0	339.4	334.2	337.9	339.5	340.3	342.2	342.2
Refuse packers	14	14	14	14	14	13	12	12	12	12
Single- and tri-axle dump trucks	24	24	24	24	23	23	25	25	24	26
Other heavy vehicles	20	20	19	19	20	20	21	21	21	25
Parks & Recreation										
Parks	32	32	32	32	32	32	32	32	32	32
Acres	495.3	495.3	495.3	495.3	495.3	495.3	495.3	495.9	495.9	495.9
Swimming pools	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	341.1	348.9	354.5	361.9	362.9	366.6	372.3	374.5	378.2	378.3
Storage capacity (000 gallons)	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300
Wastewater										
Miles of mains	287.1	292.7	298.6	303.0	303.8	307.3	309.4	309.6	310.0	308.3
Stormwater										
Miles of mains	259.6	272.8	281.7	286.5	289.1	293.5	297.6	298.3	301.6	302.7

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

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*

Independent Auditors' Report

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

We have audited, 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, 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, 2012, and the related notes to the financial statements, which collectively comprise the City of Appleton's basic financial statements and have issued our report thereon dated May 29, 2013. Our report includes a reference to other auditors who audited the financial statements of the Housing Authority, as described in our report on the City of Appleton's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Appleton's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances 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. 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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
May 29, 2013

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
REQUIRED BY OMB CIRCULAR A-133 AND THE *STATE SINGLE AUDIT GUIDELINES*

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and Major State Program

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, 2012. 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.

The City of Appleton's basic financial statements include the operations of the Housing Authority, which received \$3,210,602 in federal and state awards which is not included in the schedule of expenditures of federal and state awards for the year ended December 31, 2012. Our audit, described below, did not include the operations of the Housing Authority because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Appleton's major federal and major state programs based on our audit of the types of compliance requirements referred to above. 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.

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and major state program. However, our audit does not provide a legal determination of the City of Appleton's compliance.

Opinion on Each Major Federal and Major State Program

In our opinion, the City of Appleton complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the City of Appleton is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the City of Appleton's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal or major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and major state program and to test and report on internal control over compliance in accordance 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. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

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

Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and the State Single Audit Guidelines

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, 2012, and the related notes to the financial statements, which collectively comprise the City of Appleton's basic financial statements. We issued our report thereon dated May 29, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. Our report includes a reference to other auditors who audited the financial statements of the Appleton Housing Authority, as described in our report on the City of Appleton's financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
May 29, 2013

CITY OF APPLETON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2012

Grantor Agency / Pass-Through Agency / Program Title	Federal CFDA Number	Passed Through Agency	Revenues				Passed Through to Other Agencies	Direct Expenditures	Total Expenditures
			(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues			
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
CDBG - Entitlement Grants Cluster									
Community Development Block Grant/Entitlement Grants									
Entitlement Program	14.218	Direct	\$ (90,570)	\$ 492,092	\$ 49,357	\$ 450,879	\$ -	\$ 450,879	\$ 450,879
Program Income	14.218	Direct	-	180,478	(45,439)	135,039	-	135,039	135,039
ARRA Community Development Block Grant ARRA Entitlement Grant	14.253	Direct	(10,847)	47,717	-	36,870	-	36,870	36,870
Total CDBG Cluster			(101,417)	720,287	3,918	622,788	-	622,788	622,788
CDBG - Neighborhood Stabilization Program (NSP)									
Stabilization Program	14.228	DOA	(50,002)	-	71,045	21,043	-	21,043	21,043
Program Income	14.228	DOA	-	129,906	-	129,906	-	129,906	129,906
Total NSP Cluster			(50,002)	129,906	71,045	150,949	-	150,949	150,949
ARRA Homeless Prevention and Rapid Rehousing (HPRP)	14.257	DOA	-	47,742	(92)	47,650	-	47,650	47,650
Supportive Housing Program (SHP)	14.235	DOA	(26,008)	229,942	25,297	229,231	-	229,231	229,231
ARRA Lead Hazard Control (LHC)									
Lead Hazard Program	14.907	DOA	10,545	-	-	10,545	-	10,545	10,545
Program Income	14.907	DOA	-	12,776	(12,776)	-	-	-	-
Total Lead Hazard Cluster			10,545	12,776	(12,776)	10,545	-	10,545	10,545
Total U.S. Department of Housing and Urban Development			(166,882)	1,140,653	87,392	1,061,163	-	1,061,163	1,061,163
U.S. DEPARTMENT OF JUSTICE									
Bulletproof Vest Partnership Program	16.607	Direct	-	9,960	-	9,960	-	9,960	9,960
Edward Byrne Memorial Justice Assistance Grant 2011	16.738	Direct	-	910	-	910	-	910	910
Edward Byrne Memorial Justice Assistance Grant 2012	16.738	Direct	(10,219)	32,476	10,714	32,971	22,249	10,722	32,971
Edward Byrne Memorial Justice Assistance Grant 2012	16.738	DOJ	-	-	22,765	22,765	21,798	967	22,765
Total JAG Program Cluster			(10,219)	33,386	33,479	56,646	44,047	12,599	56,646
ARRA - Internet Crimes Against Children Task Force Program (ICAC)	16.800	DOJ	-	1,500	-	1,500	-	1,500	1,500
Total U.S. Department of Justice			(10,219)	44,846	33,479	68,106	44,047	24,059	68,106
U.S. DEPARTMENT OF TRANSPORTATION									
Federal Transit Cluster									
Federal Transit Formula Grants 2011	20.507	Direct	(220,953)	290,318	(69,365)	-	-	-	-
Federal Transit Formula Grants 2012	20.507	Direct	-	1,816,971	434,569	2,251,540	-	2,251,540	2,251,540
ARRA Federal Transit Formula Grants	20.507	Direct	(210,493)	421,685	-	211,192	-	211,192	211,192
Federal Transit Capital Improvement Grant - WI-04-0049	20.500	Direct	-	91,754	7,863	99,617	-	99,617	99,617
Federal Transit Capital Improvement Grants									
WI-03-0084	20.500	DOT	(17,614)	17,734	-	120	-	120	120
Total Federal Transit Cluster			(449,060)	2,638,462	373,067	2,562,469	-	2,562,469	2,562,469

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

CITY OF APPLETON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2012

Grantor Agency / Pass-Through Agency / Program Title	Federal CFDA Number	Passed Through Agency	Revenues				Passed Through to Other Agencies	Direct Expenditures	Total Expenditures
			(Accrued) Deferred Beginning Balance	Grantor Reimburse- ments	Accrued (Deferred) Ending Balance	Total Revenues			
U.S. DEPARTMENT OF TRANSPORTATION (CONT.)									
Section 5310 - JARC/WETAP - 1/1/11 - 12/31/11	20.516	DOT	\$ (76,969)	\$ 76,969	\$ -	\$ -	\$ -	\$ -	\$ -
Section 5310 - JARC/WETAP - 1/1/12 - 12/31/12	20.516	DOT	-	95,168	66,363	161,531	-	161,531	161,531
Bicycle Pedestrian Facilities Program (BFPF)	20.205	DOT	(40,064)	40,064	-	-	-	-	-
Safe Routes to School Grant - Infrastructure	20.205	DOT	(20,727)	20,727	-	-	-	-	-
State and Community Highway Safety									
Alcohol Enforcement 2011	20.600	DOT	(3,701)	3,701	-	-	-	-	-
Alcohol Enforcement 2012	20.600	DOT	-	24,521	3,194	27,715	-	27,715	27,715
Alcohol Enforcement Grant - OWI Task Force	20.600	DOT	-	28,386	8,845	37,231	28,858	8,373	37,231
Seat Belt 2011	20.600	DOT	(3,473)	3,473	-	-	-	-	-
Seat Belt 2012	20.600	DOT	-	26,387	3,233	29,620	-	29,620	29,620
Speed Enforcement 2011	20.600	DOT	(3,364)	3,364	-	-	-	-	-
Speed Enforcement 2012	20.600	DOT	-	26,636	3,127	29,763	-	29,763	29,763
Bicycle Enforcement 2012	20.600	DOT	-	2,000	-	2,000	-	2,000	2,000
Pedestrian Enforcement 2012	20.600	DOT	-	1,824	-	1,824	-	1,824	1,824
Total State and Community Highway Safety			<u>(10,538)</u>	<u>120,292</u>	<u>18,399</u>	<u>128,153</u>	<u>28,858</u>	<u>99,295</u>	<u>128,153</u>
Total U.S. Department of Transportation			<u>(597,358)</u>	<u>2,991,682</u>	<u>457,829</u>	<u>2,852,153</u>	<u>28,858</u>	<u>2,823,295</u>	<u>2,852,153</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES									
ARRA Immunizations and Vaccines - 9/1/09 - 12/31/11	93.712	DHS	4,012	20,811	(98)	24,725	-	24,725	24,725
Preventative Health and Health Services Block Grant 1/1/10 - 12/31/10	93.991	DHS	5,651	-	(3,756)	1,895	-	1,895	1,895
Maternal and Child Health Services Block Grant 1/1/10 - 12/31/10	93.994	DHS	14,090	34,114	(2,325)	45,879	-	45,879	45,879
CDC Investigations - Bioterrorism Grant - 1/1/10 - 12/31/10	93.283	DHS	9,107	57,607	(16,526)	50,188	-	50,188	50,188
Project Grants Cooperative Agreement for Tuberculosis Control Programs - 1/1/02 - 12/31/02	93.116	DHS	<u>1,921</u>	<u>682</u>	<u>(1,861)</u>	<u>742</u>	<u>-</u>	<u>742</u>	<u>742</u>
Total U.S. Department of Health and Human Services			<u>\$ 34,781</u>	<u>\$ 113,214</u>	<u>\$ (24,566)</u>	<u>\$ 123,429</u>	<u>\$ -</u>	<u>\$ 123,429</u>	<u>\$ 123,429</u>

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

CITY OF APPLETON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2012

Grantor Agency / Pass-Through Agency / Program Title	Federal CFDA Number	Passed Through Agency	Revenues				Passed Through to Other Agencies	Direct Expenditures	Total Expenditures
			(Accrued) Deferred Beginning Balance	Grantor Reimburse- ments	Accrued (Deferred) Ending Balance	Total Revenues			
U.S. DEPARTMENT OF HOMELAND SECURITY									
Office of Justice Assistance									
Assistance to Firefighters Grant Program - Fire Prevention and Safety Grants	97.044	DOA	\$ -	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ 60,000	\$ 60,000
Total U.S. Department of Homeland Security			<u>-</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>
TOTAL FEDERAL AWARDS			<u>\$ (739,678)</u>	<u>\$ 4,350,395</u>	<u>\$ 554,134</u>	<u>\$ 4,164,851</u>	<u>\$ 72,905</u>	<u>\$ 4,091,946</u>	<u>\$ 4,164,851</u>

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

CITY OF APPLETON
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended December 31, 2012

Grantor Agency / Pass-Through Agency / Program Title	State I.D. Number	Revenues				Passed Through to Other Agencies	Direct Expenditures	Total Expenditures
		(Accrued) Deferred Beginning Balance	Cash Received (Refunded)	Accrued (Deferred) Ending Balance	Total Revenues			
WISCONSIN DEPARTMENT OF TRANSPORTATION								
Section 5310 - JARC/WETAP - 1/1/12 - 12/31/12	395.104	\$ -	\$ 80,765	\$ -	\$ 80,765	\$ -	\$ 80,765	\$ 80,765
Paratransit Aids	395.104	-	83,482	-	83,482	-	83,482	83,482
Transit Operating Aids								
2010	395.104	(90,401)	-	90,401	-	-	-	-
2011	395.104	(224,305)	-	224,305	-	-	-	-
2012	395.104	-	1,804,597	200,511	2,005,108	-	2,005,108	2,005,108
Total Wisconsin Department of Transportation		(314,706)	1,968,844	515,217	2,169,355	-	2,169,355	2,169,355
WISCONSIN DEPARTMENT OF NATURAL RESOURCES								
Urbanized Nonpoint Source Stormwater Management Grants	370.658	(63,869)	128,869	-	65,000	-	65,000	65,000
Total Wisconsin Department of Natural Resources		(63,869)	128,869	-	65,000	-	65,000	65,000
WISCONSIN DEPARTMENT OF HEALTH AND SERVICES								
T. Melvin Public Education (associated with PHHS)	435.158853	930	-	(930)	-	-	-	-
Lead Poisoning	435.157720	799	9,477	(240)	10,036	-	10,036	10,036
Total Wisconsin Department of Health and Family Services		1,729	9,477	(1,170)	10,036	-	10,036	10,036
WISCONSIN DEPARTMENT OF MILITARY AFFAIRS								
Regional Emergency Response Team - 7/1/11-6/30/12	465.306	-	86,979	-	86,979	51,616	35,363	86,979
Regional Emergency Response Team - 7/1/12-6/30/13	465.306	-	173,957	(22,253)	151,704	101,712	49,992	151,704
Regional Emergency Response Team - 2012	465.306	-	29,655	3,803	33,458	-	33,458	33,458
Radiological Field Team Services	465.306	-	24,999	-	24,999	-	24,999	24,999
Total Wisconsin Department of Military Affairs		-	315,590	(18,450)	297,140	153,328	143,812	297,140
TOTAL STATE AWARDS		\$ (376,846)	\$ 2,422,780	\$ 495,597	\$ 2,541,531	\$ 153,328	\$ 2,388,203	\$ 2,541,531

See accompanying notes to schedules 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, 2012

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, 2012

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued: *unmodified*

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: *unmodified*

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

20.500/20.507
20.516

Name of Federal Program or Cluster

Federal Transit Cluster
Section 5310 – JARC/WETAP

 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, 2012

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
465.306	Regional Hazardous Materials Response Team

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, 2012

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 X 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 | <u> </u> yes | <u> X </u> no |
| Department of Natural Resources | <u> </u> yes | <u> X </u> no |
| Department of Transportation | <u> </u> yes | <u> X </u> no |
| Department of Military Affairs | <u> </u> yes | <u> X </u> no |
3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? X yes no
4. Name and signature of partner Carla A. Gogin
Carla A. Gogin, CPA, Partner
5. Date of report May 29, 2013