

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF APPLETON, WISCONSIN  
YEAR ENDING DECEMBER 31, 2015



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



# **CITY OF APPLETON**

Appleton, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2015

### **FINANCE DEPARTMENT**

Anthony D. Saucerman, CPA, Director of Finance  
Stephanie R. Rogers, CPA, Deputy Finance Director  
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 27, 2016

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, 2015.

#### **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, and 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 multi-year 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 Redevelopment Authority and the Business Improvement District 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, 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 up 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 the 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 (136 full-time equivalents (FTE's)), fire protection (97 FTE's), public works (97 FTE's), administrative offices (60 FTE's), health services (14 FTE's), parks and recreation (19 FTE's), library services (46 FTE's), transportation (54 FTE's), facilities management (11 FTE's) and water, wastewater, stormwater and parking utilities (98 FTE's). Of the City's 632 employees, 224 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 personnel.

### **Economic Condition and Outlook/Major Initiatives**

The City of Appleton and the Appleton MSA has a well established labor force and is known for its industry clusters of paper converting, insurance, health care, and manufacturing. Unemployment figures for the City continued a positive trend in 2015. The December, 2015 unemployment rate of 3.6% represented a .4% decrease compared to the December, 2014 rate of 4.0% and is well below the national average of 4.8%. Additionally, City residents continued to enjoy above average earnings evidenced by the average gross income per income tax return of \$55,550 (2014 rate).

The City continued a positive trend in equalized value in 2015 experiencing a \$120 million (2.56%) increase in value to \$4.8 billion as of January 1, 2015. This increase follows a 1.61% increase in 2014. Included in the increase is an additional \$51 million (1.1%) related to net new construction. The percentage increase in net new construction is a key component in determining the allowable property tax levy for the City. The increase in this factor allows the City to raise property tax revenues to help offset the increasing costs of services to its citizens and meet other ongoing obligations.

The City saw an increase in the number and dollar value of construction permits in 2015. Much of the increase was due to Thedacare's new cancer center and the Cancer Center of Wisconsin's new facility. Those two projects alone comprised \$55 million of the permit activity in 2015. Appleton's total dollar value of construction in 2015 was \$144,450,267, which is an increase of 110% from the 2014 amount of \$68,559,764. A significant contributor to this year's high dollar value of construction is from the commercial segment. Commercial construction permit values spiked in 2015 to \$102,085,061 from 2014's \$29,704,352 in estimated value. This is a significant increase attributable to a few large projects started in 2015 including the two cancer centers mentioned previously, an expansion by Neenah Papers, and several multi-family projects. The total dollar value of single family permits increased to \$19,433,400 from \$18,208,000. 2015 was also a record year in terms of average permit value of new home construction of \$335,059. This figure continues the upward trend since the low in 2009 of \$202,539.

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 and provide an ample supply of industrial park land. Despite an overall 1.31% decrease in TIF values in 2015, due mainly to the change in the City's assessment ratio from 101.5 to 100 from 2014 to 2015, TIF District 8, which lies along the Fox River corridor, continues to experience significant development. In 2015, due to both residential condominiums and commercial development in the Riverheath project, the value of the TIF district increased \$1,158,100 or 7.22%. Also, the former Foremost Farms site in TIF 8, which the City took title to in 2011, has been remediated and the City is currently in discussions with a development firm to construct a

multi-family senior housing complex at that location. In conjunction with the improving local economy, businesses continue to gravitate towards the City. During 2015, 105 new businesses opened in the City while 54 closed, resulting in a net gain of 51. This improvement adds to the net gain of 34 businesses in the City in 2014.

In the City's south-side 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. In the City's north-side growth area, the City has just under 3 acres of industrial land available in the Northeast Business Park for future development, and privately owned land north of I-41 is available for office developments in the same vicinity.

Combined with a large selection of residential lots in established subdivisions as well as redevelopment in the downtown and along 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 is also 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 can be re-appropriated as part of the following year's budget through formal Council action.

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, 2015, the City had 30 debt issues outstanding. These issues included \$31,535,000 of general obligation bonds and notes and \$127,940,000 of revenue bonds. The City enjoys an "Aa1" rating from Moody's Investors Service on general obligation debt and an "Aa2" on wastewater, water and stormwater revenue bonds. Under Wisconsin statutes, general obligation debt is subject to a legal ceiling of 5% of the total equalized value of real and personal property within the City. However, the City's own policy limits debt outstanding to 40% of that calculated amount. As of December 31, 2015, the City's net general obligation debt of \$29,839,327 was well below the legal limit of \$240,837,740 (12.39%), and debt per capita equaled \$405. 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 \$1,051,147 (net of unrealized losses) on all investments for the year ended December 31, 2015.

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 and \$250,000 for demand deposit accounts (interest-bearing and non-interest bearing). 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 deposits. 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 mutual insurance company, the City issued a \$2,300,000 taxable general obligation promissory note payable to the company. The 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, and police professionals' and public officials' liability. The pool is capitalized in excess of \$25,000,000 and has experienced 27 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 State Single Audit Guidelines and Uniform Guidance. The independent auditors' report is included in the Financial Section of this report. The independent auditors' reports related specifically to the single audit are included in the Single Audit Section. As part of the examination, the independent auditors are 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 this report in any way.

### **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,



Anthony D. Saucerman, CPA  
Director of Finance



# CITY OF APPLETON

## Directory of Officials

### MAYOR

Timothy Hanna

### PRESIDENT OF THE COUNCIL

Kathleen Plank

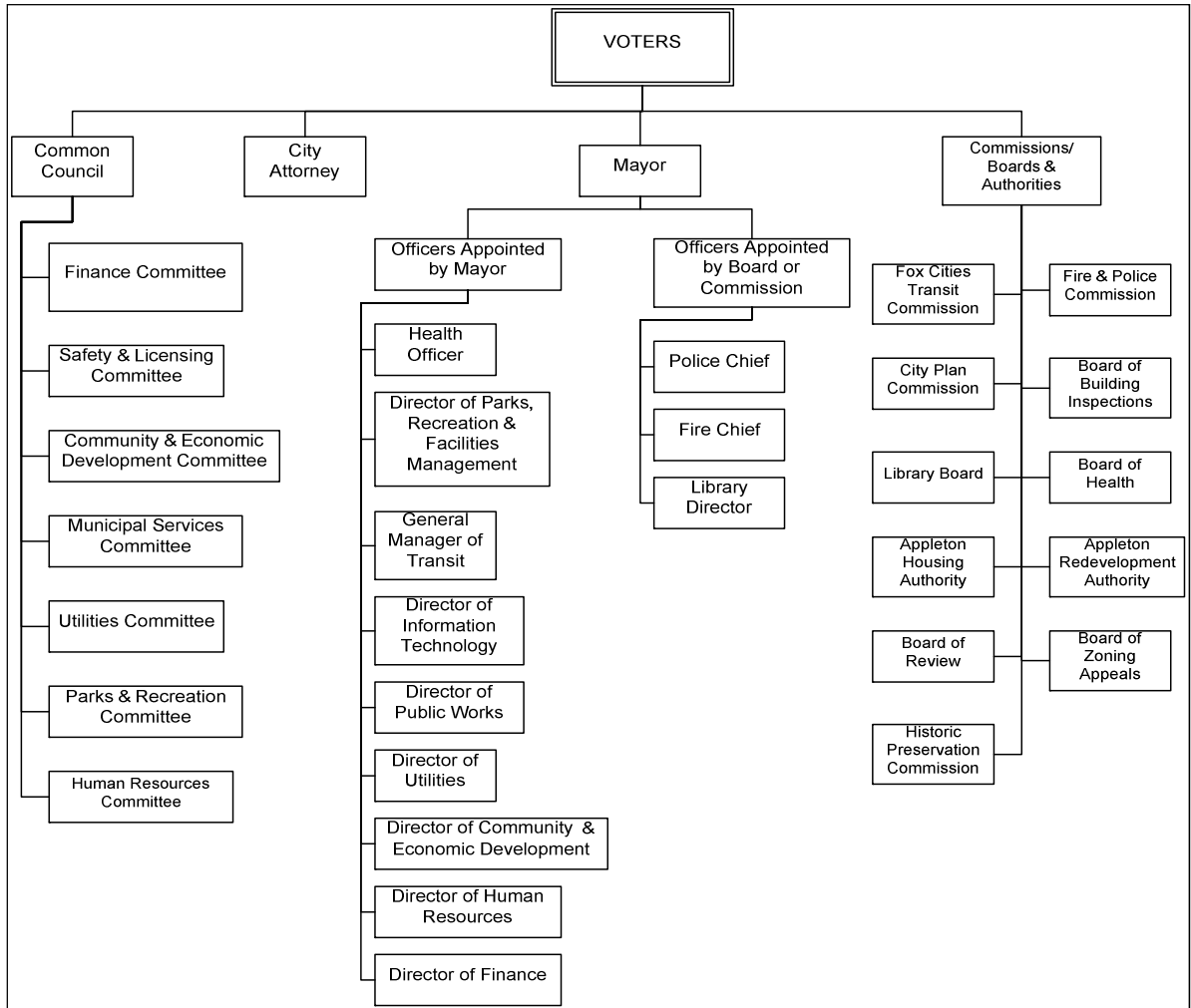
### COUNCIL MEMBERS

District 1:	William Siebers	District 10:	Christine Williams
District 2:	Vered Meltzer	District 11:	Patti Coenen
District 3:	Curt Konetzke	District 12:	Cathy Spears
District 4:	Joseph Martin	District 13:	Kyle Lobner
District 5:	Edward Baranowski	District 14:	Christopher Croatt
District 6:	Greg Dannecker	District 15:	Jeffrey Jirschele
District 7:	Kathleen Plank		
District 8:	Matthew Reed		
District 9:	Margret Mann		

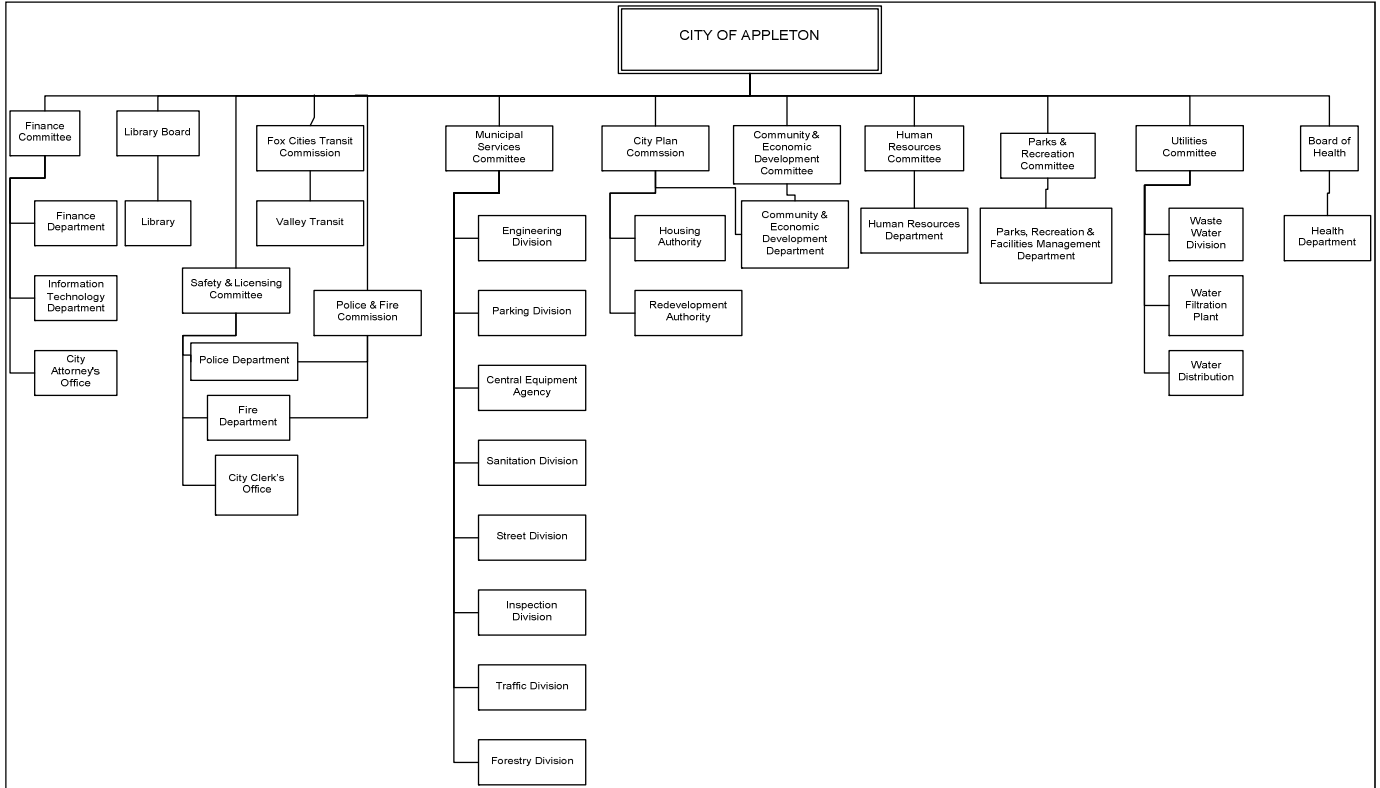
### DEPARTMENT/DIVISION HEADS

Director of Human Resources	Sandra Behnke
City Attorney	James Walsh
Fire Chief	Len Vander Wyst
Director of Library	Colleen Rortvedt
Director of Community Develop.	Karen Harkness
City Clerk	Kami Lynch
Valley Transit General Manager	Vacant
Director of Utilities	Chris Shaw
Director of Information Services	Dean Fox
Police Chief	Todd Thomas
Director of Public Works	Paula Vandehey
City Assessor	DeAnn Brosman
Health Officer	Kurt Eggebrecht
Director of Finance	Anthony Saucerman
Director of Facilities, Parks & Recreation	Dean Gazza

# City of Appleton Structure by Voters



# City of Appleton Structure by Committee



# **FINANCIAL SECTION**

**FINANCIAL  
SECTION**



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## INDEPENDENT AUDITORS' REPORT

To the City 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, 2015, 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 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.

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.



To the City Council  
City of Appleton

### **Opinions**

In our opinion, 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, 2015 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 Matter**

As discussed in Note I, the City of Appleton adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information 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.

#### *Supplementary Information*

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 supplementary information, which includes the schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* and the *State Single Audit Guidelines*, as listed in the table of contents is presented for purposes of additional analysis 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 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

To the City Council  
City of Appleton

*Other Information*

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 27, 2016 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 the City of Appleton's internal control over financial reporting and compliance.

*Baker Tilly Virchow Krause, LLP*

Madison, Wisconsin  
May 27, 2016

# CITY OF APPLETON

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2015 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, 2015. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

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### FINANCIAL HIGHLIGHTS

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- The assets of the City of Appleton exceeded its liabilities at the close of the most recent fiscal year by \$628,912,255. Of this amount, \$83,690,726 may be used to meet the City's obligations to citizens and creditors. The remaining amount is either subject to external restrictions on the utilization of the funds, or is invested in infrastructure capital assets. This compares to \$66,107,573 that was available at the end of 2014, an increase of \$17,583,153.
- At the close of the fiscal year, the City of Appleton's governmental funds reported combined ending fund balances of \$26,006,098, a small decrease of \$81,543 from the 2014 balance of \$26,087,641. Although the net decrease was relatively minor, it represents a \$150,867 increase in the general fund balance along with a \$1,530,102 increase in the fund balance of Tax Incremental Financing District (TIF) 3 offset by a \$1,762,512 decrease in other governmental funds. The increase in TIF 3 was due to debt service obligations dropping off considerably in 2014 while revenues remained stable. The decrease in the other governmental funds was due mainly to a \$2 million late-year purchase of land for a proposed exhibition center. General obligation bonds will be issued in 2016 to reimburse the City for this purchase.
- In accordance with GASB Statement No. 68 which requires governmental entities participating in the Wisconsin Retirement System (WRS) to report their proportionate share of the plan's activity and net pension asset, \$8,638,294 has been recorded as a restricted asset in 2015. As of the December 31, 2014 measurement date used for the 2015 financial statements, WRS reported total resources available to provide pension benefits of \$92.1 billion. They also reported a total liability for pensions of \$89.7 billion, resulting in a net pension asset of \$2.4 billion. The City's proportionate share of this asset is \$8,638,294.
- Tax Incremental Financing District (TIF) 5 was closed in 2015. The small district spurred the development of the Bell Heights plaza on Wisconsin Avenue along with other smaller projects. The TIF District was formed in 1999 with a base value of \$4,669,500. At the time of closing, the equalized value had grown to \$12,046,700, an increase of \$7,377,200. The district had accumulated a fund balance of \$674,194 which was distributed to the overlying taxing jurisdictions including a \$237,923 payment to the City of Appleton.
- The employment base in Appleton and the Fox Cities remains competitive and stable. Unemployment rates continue to drop (3.6% as of December, 2015) as the local economy continues to improve. The City's overall equalized value increased \$120 million (2.56%) to \$4.8 billion as of January 1, 2015, and the total dollar value of construction increased 110% from \$68,559,764 in 2014 to \$144,450,267 in 2015.

# CITY OF APPLETON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2015 UNAUDITED

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### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them 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, consideration must also be given to 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 two component units, the Appleton Redevelopment Authority and the Business Improvement District, 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, 2015 UNAUDITED

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

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#### ***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 40 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and TIF 3, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

*Proprietary Funds* – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Wastewater, Water, Stormwater and Parking Utilities, Valley Transit and Reid Golf Course. The City uses internal service funds to account for its fleet management, facilities maintenance, 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.

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.



# CITY OF APPLETON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2015 UNAUDITED

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

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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 21 to 78 of this report.

*Other Information* – In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a detailed budgetary comparison schedule for the General Fund and TIF 3, as well as a schedule of funding progress for the City's post-employment benefits plan, and schedules of the City's proportionate share of the Wisconsin Retirement System net pension asset and employer annual contributions to the plan. These schedules and the related notes can be found on pages 79 to 83 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds, proprietary funds, and other information related to the individual funds are presented immediately following the required supplementary information. Combining and individual statements and schedules can be found on pages 84 to 107 of this report.

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### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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An analysis of the City's financial position begins with a review of the Statement of Net Position and the Statement of Activities. These two statements report the City's net position and changes therein.

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 \$628,912,255 as of December 31, 2015.

The largest portion of the City's net position (approximately 82%) reflects its investment in capital assets less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently they are not liquid and available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For the Year Ended December 31, 2015  
UNAUDITED

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

### CITY OF APPLETON'S NET POSITION

	<u>Governmental Activities 2015</u>	<u>Business- Type Activities 2015</u>	<u>Totals</u>
Current and Other Assets	\$ 112,232,019	\$ 78,762,076	\$ 190,994,095
Capital Assets	<u>344,896,370</u>	<u>312,560,765</u>	<u>657,457,135</u>
Total Assets	<u>457,128,389</u>	<u>391,322,841</u>	<u>848,451,230</u>
Deferred Outflows of Resources	<u>7,487,117</u>	<u>4,091,029</u>	<u>11,578,146</u>
Other Liabilities	9,043,152	4,338,495	13,381,647
Long-Term Liabilities	<u>41,204,351</u>	<u>133,733,315</u>	<u>174,937,666</u>
Total Liabilities	<u>50,247,503</u>	<u>138,071,810</u>	<u>188,319,313</u>
Deferred Inflows of Resources	<u>42,698,421</u>	<u>99,387</u>	<u>42,797,808</u>
Net Position:			
Net Investment in Capital Assets	317,294,433	201,093,139	518,126,723
Restricted	16,722,531	10,372,275	27,094,806
Unrestricted	<u>37,652,618</u>	<u>45,777,259</u>	<u>83,690,726</u>
Total Net Position	<u>\$ 371,669,582</u>	<u>\$ 257,242,673</u>	<u>\$ 628,912,255</u>
	<u>Governmental Activities 2014</u>	<u>Business- Type Activities 2014</u>	<u>Totals</u>
Current and Other Assets	\$ 106,044,105	\$ 73,786,050	\$ 179,830,155
Capital Assets	<u>336,199,672</u>	<u>309,080,888</u>	<u>645,280,560</u>
Total Assets	<u>442,243,777</u>	<u>382,866,938</u>	<u>825,110,715</u>
Deferred Outflows of Resources	<u>-</u>	<u>922,642</u>	<u>922,642</u>
Other Liabilities	9,283,357	3,953,951	13,237,308
Long-Term Liabilities	<u>39,148,664</u>	<u>131,990,204</u>	<u>171,138,868</u>
Total Liabilities	<u>48,432,021</u>	<u>135,944,155</u>	<u>184,376,176</u>
Deferred Inflows of Resources	<u>42,446,741</u>	<u>87,058</u>	<u>42,533,799</u>
Net Position:			
Net Investment in Capital Assets	311,002,481	202,937,976	513,303,524
Restricted	10,320,311	9,391,974	19,712,285
Unrestricted	<u>30,042,223</u>	<u>35,428,417</u>	<u>66,107,573</u>
Total Net Position	<u>\$ 351,365,015</u>	<u>\$ 247,758,367</u>	<u>\$ 599,123,382</u>

# CITY OF APPLETON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2015 UNAUDITED

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

An additional portion of the City's net position (approximately 4.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$83,690,723 may be used to meet the government's ongoing obligation to its 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, 2015. Governmental activities increased the City of Appleton's net position by \$5,918,993. Of this amount, \$3,098,887 was contributed from others. Business-type activities increased the City's net position by \$6,380,990. Capital contributions in the business-type activities were \$1,620,365.

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

	Governmental Activities 2015	Business- Type Activities 2015	Totals
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for services	\$ 8,178,939	\$ 46,259,142	\$ 54,438,081
Operating grants and contributions	4,759,479	6,423,200	11,182,679
Capital grants and contributions	3,732,097	1,614,633	5,346,730
<b>General Revenues:</b>			
Property taxes	42,370,280	-	42,370,280
Other taxes	2,221,892	-	2,221,892
Intergovernmental	12,128,645	-	12,128,645
Investment income (loss)	1,564,038	487,109	2,051,147
Gain (loss) on sale of assets	581,314	16,203	597,517
Miscellaneous	109,739	18,906	128,645
<b>Total Revenues</b>	<b>75,646,423</b>	<b>54,819,193</b>	<b>130,465,616</b>
<b>Expenses:</b>			
General government	9,888,959	-	9,888,959
Public safety	29,359,348	-	29,359,348
Public works	19,143,986	-	19,143,986
Education and recreation	8,367,690	-	8,367,690
Community development	4,126,206	-	4,126,206
Interest and fiscal charges	1,602,888	-	1,602,888
Water Utility	-	15,713,959	15,713,959
Wastewater Utility	-	10,578,004	10,578,004
Valley Transit	-	9,121,137	9,121,137
Stormwater Utility	-	7,533,937	7,533,937
Other non-major proprietary funds	-	2,729,519	2,729,519
<b>Total Expenses</b>	<b>72,489,077</b>	<b>45,676,556</b>	<b>118,165,633</b>
Increases in net position before transfers	3,157,346	9,142,637	12,299,983
Transfers	2,761,647	(2,761,647)	-
Increase in net position	5,918,993	6,380,990	12,299,983
Net Position – January 1, 2015 (as restated)	365,750,589	250,861,683	616,612,272
Net Position – December 31, 2015	\$ 371,669,582	\$ 257,242,673	\$ 628,912,255

## CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For the Year Ended December 31, 2015  
UNAUDITED

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

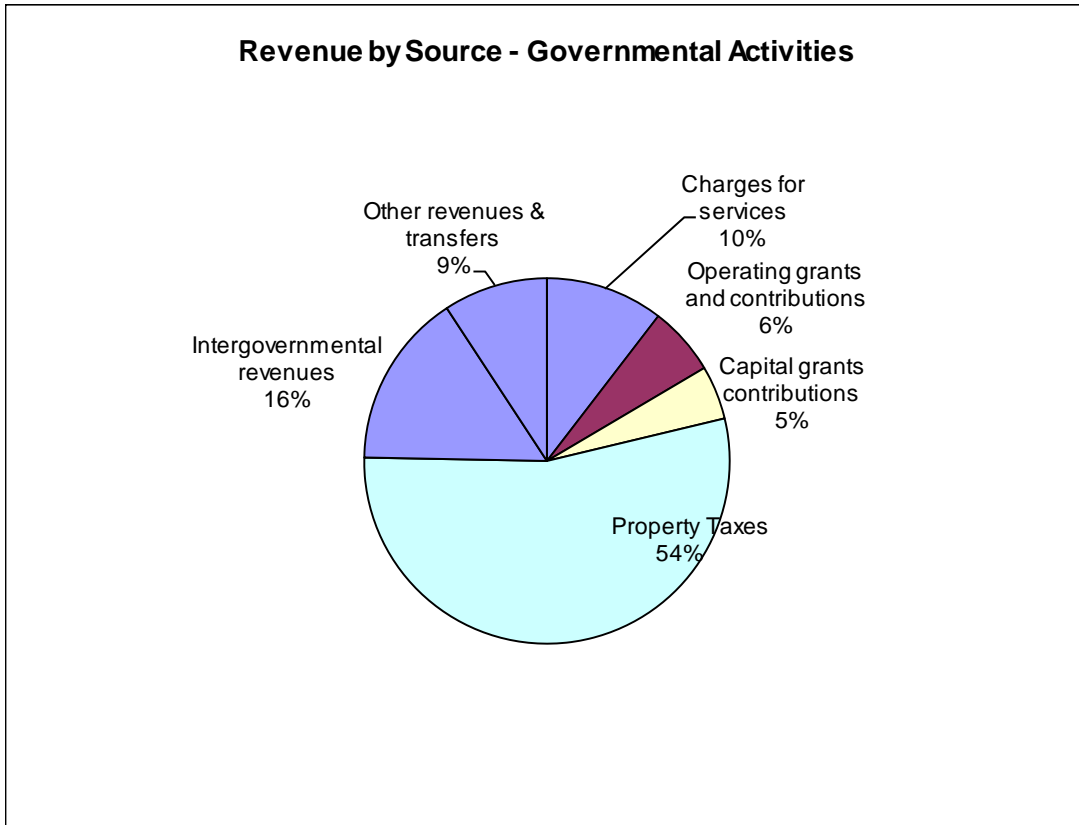
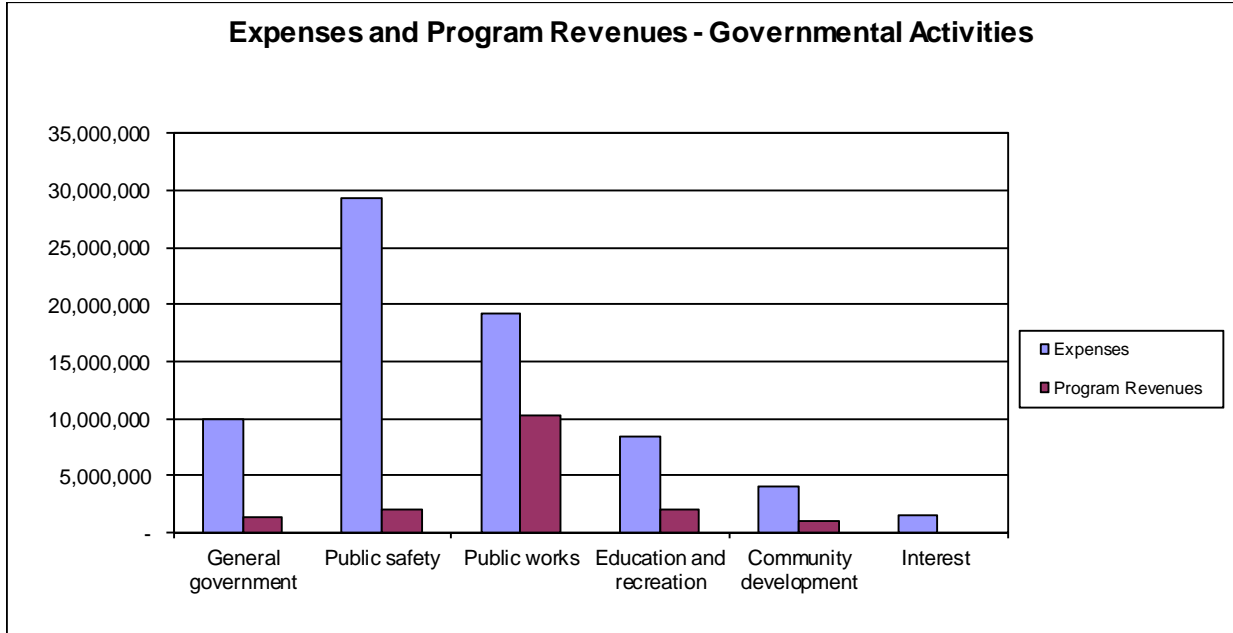
#### CITY OF APPLETON CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (cont.)

	<u>Governmental Activities 2014</u>	<u>Business- Type Activities 2014</u>	<u>Totals</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 11,465,846	\$ 45,088,319	\$ 56,554,165
Operating grants and contributions	5,176,021	6,645,898	11,821,919
Capital grants and contributions	2,136,172	2,114,336	4,250,508
General Revenues:			
Property taxes	41,592,801	-	41,592,801
Other taxes	879,474	-	879,474
Intergovernmental	12,194,949	-	12,194,949
Investment income (loss)	1,956,537	1,211,173	3,167,710
Gain (loss) on sale of assets	163,000	-	163,000
Miscellaneous	93,078	12,260	105,338
Total Revenues	<u>75,657,878</u>	<u>55,071,986</u>	<u>130,729,864</u>
Expenses:			
General government	12,886,169	-	12,886,169
Public safety	29,125,321	-	29,125,321
Public works	19,683,637	-	19,683,637
Education and recreation	8,284,600	-	8,284,600
Community development	3,569,399	-	3,569,399
Interest and fiscal charges	1,719,014	-	1,719,014
Water Utility	-	15,118,304	15,118,304
Wastewater Utility	-	10,323,873	10,323,873
Valley Transit	-	9,355,275	9,355,275
Stormwater Utility	-	7,182,067	7,182,067
Other non-major proprietary funds	-	2,297,108	2,297,108
Total Expenses	<u>75,268,140</u>	<u>44,276,627</u>	<u>119,544,767</u>
Increases in net position before transfers	389,738	10,795,359	11,185,097
Transfers	<u>2,534,089</u>	<u>(2,534,089)</u>	<u>-</u>
Increase in net position	2,923,827	8,261,270	11,185,097
Net Position – January 1, 2014	<u>348,441,188</u>	<u>239,497,097</u>	<u>587,938,285</u>
Net Position – December 31, 2014	<u>\$ 351,365,015</u>	<u>\$ 247,758,367</u>	<u>\$ 599,123,382</u>

# CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
 For the Year Ended December 31, 2015  
 UNAUDITED

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

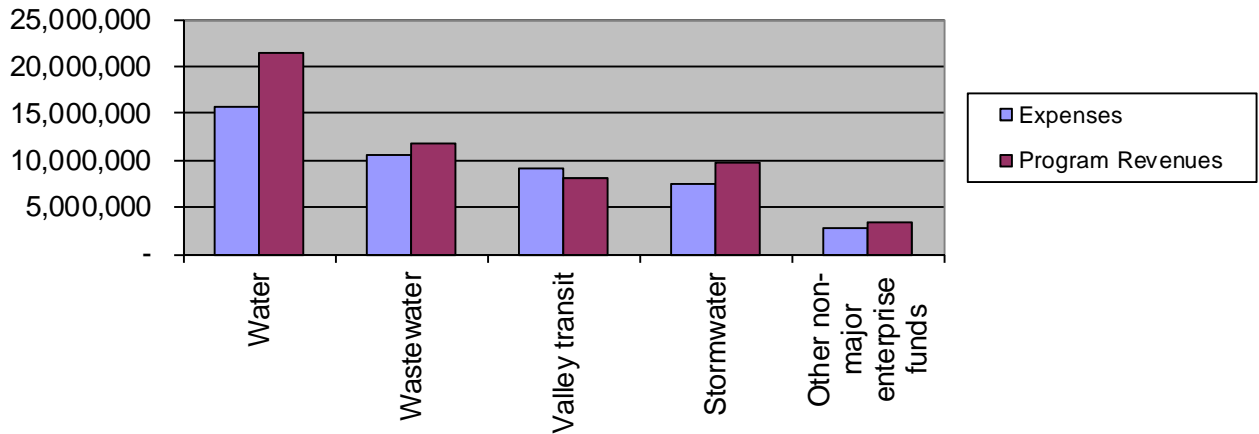


# CITY OF APPLETON

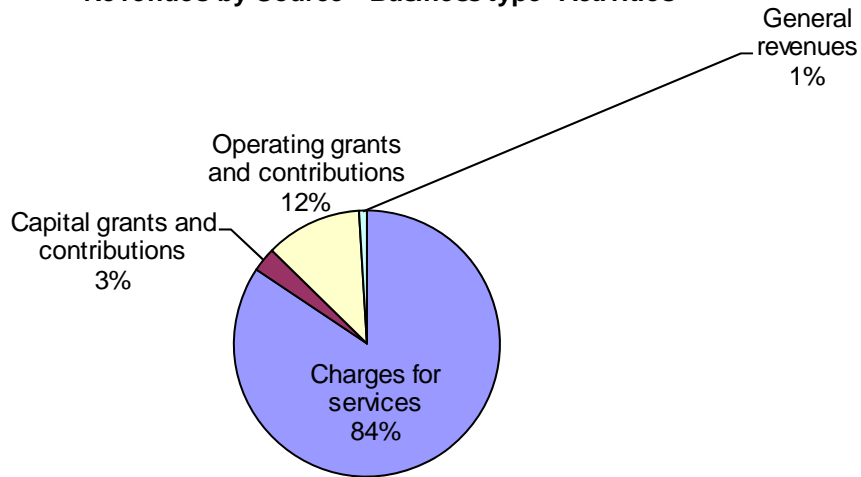
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
 For the Year Ended December 31, 2015  
 UNAUDITED

## 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, 2015 UNAUDITED

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### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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#### **GOVERNMENTAL FUNDS**

The focus of the City of Appleton's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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 \$26,006,098. 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 \$8,342,254; 2) restricted \$3,478,831; 3) committed \$1,276,478; 4) assigned \$17,480,980; and 5) unassigned (\$4,572,445). 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 externally enforceable limitations placed on their use 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 but 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.11 of the financial statements.

The \$4,572,445 unassigned deficit noted above represents \$11,429,020 of positive unassigned general fund balance offset by a \$14,402,959 deficit in TIF funds, \$1,563,471 deficit in capital projects funds, and \$35,035 reimbursement receivable in the grant funds. The TIF deficits are expected to be recovered through future tax increments in the districts, the capital project deficits are expected to be reimbursed through a 2016 bond issuance, and the grant deficit is related primarily to the timing of grant draws and is expected to be recovered in 2016.

**General Fund:** The general fund is the main operating fund of the City. The general fund has a detailed reserve policy that ensures the financial stability of the City of Appleton. The reserve policy stipulates that the total unreserved fund balance (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. 75% of any excess funds over these amounts will be used for the reduction of long-term liabilities. Use of the remaining excess funds is subject to recommendation from the Finance Committee and final Council approval. This policy has allowed the City to keep its outstanding debt well below the legal debt limit. The City is currently at 12.39% of the limit and has a debt per capita of \$405.



# CITY OF APPLETON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2015 UNAUDITED

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

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For the year ended December 31, 2015, the general fund balance increased \$150,867, compared to a \$35,000 decrease projected in the 2015 budget. The main reason for the positive variance was savings in several areas including fuel costs, employee salary and benefit costs related to vacancies throughout the year, and a mild winter which reduced snow and ice removal expenses. In addition, reimbursements for road construction, the closeout of TIF 5, and an increase in building permits combined to provide unanticipated revenue.

Tax Incremental Financing District 3: TIF 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 \$1,200,000 in 2015. The District is estimated to close prior to paying the majority of principal or any interest to the Parking Utility (meaning the Parking Utility will have paid for a portion of the parking structures constructed within the district, rather than being funded by the 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: Water Utility operating income was \$8,563,346 in 2015, or a 6.74% rate of return on the net investment rate base. This compares to operating income of \$8,453,315 in 2014, or a 7.08% rate of return. The slight increase in operating income was caused mainly by an increase in water sales to wholesale customers. The completion of the regulatory upgrade process improvement project of \$6 million impacted the financial statement with an increase to depreciation expense for the new equipment and a loss of \$327,585 for the early retirement of equipment that was replaced as part of the project. Operation and maintenance expenses also reflect an increase in chemical costs from 2015. The increase to capital contributions is due to the addition of infrastructure for a new subdivision and two housing related projects funded by developers.

Wastewater Utility: The Wastewater Utility recorded operating income of \$1,133,556 in 2015 compared to operating income of \$1,186,504 in 2014. Revenue from special hauled waste continues to increase, reflecting the 10% rate increase on July 1, 2015. However, this increase in revenue was offset by increased operating expenses during the year. Chemical expenses increased in 2015 due to additional chemical needs during the year. Additional amounts were also spent for ongoing maintenance projects that were delayed in 2014 due to changes in maintenance staffing. The transfers out reflect a \$500,000 transfer to the Stormwater Utility to partially fund the relocation of a leaking stormwater interceptor at the wastewater treatment plant grounds.

Stormwater Utility: Stormwater Utility operating income was \$3,539,261 in 2015 compared to operating income of \$3,658,349 in 2014. Although operating income decreased slightly, operating revenues actually increased due to an increase in the number of billable equivalent residential units (ERU's) caused by new construction, and a mid-year ordinance change to the calculation of multi-family ERU's. Unfortunately, the \$140,000 increase in revenue was more than offset by increased operating expenses in 2015. Depreciation expense increased due to the addition of more detention ponds and infrastructure during the year. Additionally, operations and maintenance expenses increased due to additional sewer cleaning and street sweeping that was completed due to warm weather conditions in December. The transfers-in reflect a \$500,000 transfer from the Wastewater Utility to partially fund the relocation of a leaking stormwater interceptor at the wastewater treatment plant grounds.

# CITY OF APPLETON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2015 UNAUDITED

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

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Valley Transit: Operating revenues increased \$30,042 in 2015, mainly due to an overall increase in non-transportation revenue, partially offset by a reduction in farebox revenue. Valley Transit saw a slight decrease in fixed route ridership during 2015 (-2.4%) and an overall increase in the use of paratransit services (3.2%). Passenger fares for transit services decreased \$13,363 in 2015. Valley Transit raised some of the fixed route fares at the beginning of 2015. The single ride regular fare was raised from \$1.80 per ride to \$2.00 (approximately 11%) per ride. Valley Transit also incorporated a youth fare (\$.75 per ride/\$22.00 for a 30 day pass) which is a reduction in fares for passengers under 18 years of age who previously paid the full fare. A fare increase typically results in reduced ridership. The decrease in farebox revenue can be attributed to a greater use of 30 day senior/disabled tickets and an increase in the youth fares.

Operating expenses decreased by \$236,585. The operating expense reduction was led by declining fuel costs (decreased \$224,816). Also, purchased transportation services were re-bid late in 2014, resulting in an overall reduction of \$132,317 in 2015. However, these decreases were partially offset by personnel costs which increased approximately 1.8% due a contractual increase under the labor agreement with union employees, partially offset by lower contributions to the Wisconsin Retirement System.

Since the majority of transit assets are funded by federal capital grants, which typically provide 80% funding for asset acquisition, net position in years in which there are no major capital acquisitions can be expected to decline by 80% of depreciation expense. In total, however, Valley Transit's net position increased by \$365,348 in 2015 (after restatement of beginning fund balance), which reflects the adoption of Governmental Accounting Standards Board Statement No. 68 (GASB 68) regarding pension reporting. Adoption of this reporting standard added a net pension asset and deferred outflows related to pension of \$458,657 to Valley Transit's balance sheet.

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### GENERAL FUND BUDGETARY HIGHLIGHTS

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The final amended General Fund budget had total appropriations (including transfers) of \$3,549,879 more than the original budget. The total original appropriations, including those for transfers out, were \$59,728,505, while the final appropriations were \$63,278,384. A large part of the increase, \$1,627,793, was related to contingency funds established in the past that were carried over from 2014 into 2015 to safeguard against uncertainties in the economy. This consists of reserves for fuel costs (\$137,315) and wage increases (\$148,370), an amount to guard against future potential State aid reductions (\$849,107), and an overall general contingency fund for unforeseen emergencies or catastrophic events (\$402,298), along with unspent funds (\$90,703) from a franchise fee settlement with a cable service provider.

The remaining increase in the 2015 Budget of \$1,921,086 was related to \$446,818 of unexpended 2014 budget funds carried over to pay for expenses that were incurred in 2015. Additionally, various budget increases were approved by the City Council throughout the year including \$845,330 of surplus general fund balance to reduce the 2015 bond issuance, \$263,610 for legal fees and settlement costs related to commercial building assessments, and \$190,000 for vacation and accumulated sick leave benefits paid to employees who retired in 2015.

# CITY OF APPLETON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2015 UNAUDITED

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### CAPITAL ASSETS

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By the end of 2015, the City had invested a total of \$657,457,135 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 \$2.9 million of expenses and will continue to be a focus due to an aging distribution system. The regulatory upgrade and process improvement project (RUIP) was completed in 2015, total cost for the multi-year project was \$6 million. Additionally, the multi-year meter system replacement project continued into 2015 and accounted for \$1.6 million of costs.

**Wastewater:** Additions included \$1.64 million in improvements to the wastewater collection system. Additionally, an \$835,000 project at the wastewater treatment plant to replace two bar screens and a \$400,000 project to upgrade and install a generator at the Everett Street lift station were also completed.

**Stormwater:** Improvements necessary to continue our efforts in the management of stormwater in the City accounted for \$2 million in additions to land, mains, detention ponds and facilities in order to comply with regulations. The Birchwood Pond was completed in 2015 for a cost of \$255,928 and land was purchased in the amount of \$200,000 for another pond located near Northland Avenue. A project to relocate a leaking stormwater interceptor at the wastewater treatment plant started late in the year, with costs incurred in 2015 of \$1.9 million.

**General:** The largest general fixed asset expenditures in 2015 were for land acquisitions, consisting primarily of \$2,060,000 for the acquisition of land from Outagamie County for construction of an exhibition center, and the acquisition of the former site of the Appleton Water Treatment Plant on the shore of the Fox River that was designated by the City Council as park land.

As proper maintenance of City facilities is important to their longevity and safe operation, significant investments were made to structures and equipment at various facilities. Major building projects included partial roof replacements at the library and the City's Municipal Services Building (\$358,390), replacement and upgrade of emergency generators at three of the City's six fire stations and the Municipal Services Building (\$331,981), and replacement and upgrade of the parking area around Fire Station One (\$194,274).

Quality of life enhancements are another major area of City investment. Projects included a variety of park enhancements, some of which were final construction work on a new band shell attached to the pavilion in Pierce Park (\$216,650 of a total cost of \$544,406), replacement of parking facilities adjacent to the baseball diamonds in Memorial Park (\$182,547), and construction or replacement of tennis courts in several parks (\$63,956).

Other general fixed asset investments included a disaster recovery system for the City's electronic data (\$143,194), a redesign and upgrade to the City's web site to make it more customer-friendly and to provide a platform for future enhancements of on-line service delivery (\$59,208), and the first steps in replacement of the City's mainframe computer with an enterprise resource planning (ERP) system (\$114,650).

Finally, maintaining existing infrastructure continues to remain a high priority for the City, with approximately \$5.8 million invested in various street and sidewalk infrastructure projects throughout the City.

# CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For the Year Ended December 31, 2015  
UNAUDITED

## CAPITAL ASSETS (cont.)

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

	Governmental Activities 2015	Business-Type Activities 2015	Totals
Land	\$ 11,317,326	\$ 13,104,119	\$ 24,421,445
Right-of-ways	73,699,164	-	73,699,164
Land improvements	38,712,539	-	38,712,539
Intangible assets	277,186	1,171,003	1,448,189
Improvements	11,559,319	-	11,559,319
Buildings	46,485,449	421,829,385	468,314,834
Equipment, furniture and fixtures	33,979,430	77,316,999	111,296,429
Streets	172,642,175	-	172,642,175
Sidewalks	31,809,409	-	31,809,409
Traffic signals	5,804,999	-	5,804,999
Bridges	43,878,746	-	43,878,746
Construction in progress	5,864,273	4,269,083	10,133,356
Accumulated depreciation	<u>(131,133,645)</u>	<u>(205,129,824)</u>	<u>(336,263,469)</u>
Totals	<u>\$ 344,896,370</u>	<u>\$ 312,560,765</u>	<u>\$ 657,457,135</u>

	Governmental Activities 2014	Business-Type Activities 2014	Totals
Land	\$ 9,193,063	\$ 12,763,768	\$ 21,956,831
Right-of-ways	73,132,166	-	73,132,166
Land improvements	38,624,813	-	38,624,813
Intangible assets	63,916	904,746	968,662
Improvements	10,425,495	-	10,425,495
Buildings	45,556,446	411,518,944	457,075,390
Equipment, furniture and fixtures	32,915,866	72,812,948	105,728,814
Streets	167,605,083	-	167,605,083
Sidewalks	31,006,393	-	31,006,393
Traffic signals	5,448,581	-	5,448,581
Bridges	43,878,746	-	43,878,746
Construction in progress	3,140,276	8,545,847	11,686,123
Accumulated depreciation	<u>(124,791,172)</u>	<u>(197,465,365)</u>	<u>(322,256,537)</u>
Totals	<u>\$ 336,199,672</u>	<u>\$ 309,080,888</u>	<u>\$ 645,280,560</u>

## CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)  
For the Year Ended December 31, 2015  
UNAUDITED

### LONG-TERM DEBT

During 2015, the City issued \$5,775,000 of general obligation debt and retired \$4,350,000 of general obligation bonds and notes, resulting in an outstanding balance of \$31,535,000 at December 31, 2015. Additionally, the City issued \$32,160,000 of revenue bonds while retiring \$31,880,000 of bonds. Included in the revenue bonds issued were \$28,402,100 of refunding debt to refund \$22,585,000 of existing revenue bonds, resulting in an economic gain of \$2,043,284.

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 \$29,839,327 (\$31,535,000 less reserves on hand) which is 12.39% of the legal limit of \$240,837,740. Furthermore, City policy limits aggregate debt to 40% of the legal limit. The debt outstanding at December 31, 2015 is 31.1% of that limit.

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

	<u>Governmental Activity 2015</u>	<u>Business-Type Activity 2015</u>	<u>Totals</u>
General obligation bonds and notes payable	\$ 30,900,000	\$ 635,000	\$ 31,535,000
Revenue bonds	-	127,940,000	127,940,000
<b>Total Outstanding General Obligation and Revenue Bonds</b>	<b><u>\$ 30,900,000</u></b>	<b><u>\$ 128,575,000</u></b>	<b><u>\$ 159,475,000</u></b>
	<u>Governmental Activity 2014</u>	<u>Business-Type Activity 2014</u>	<u>Totals</u>
General obligation bonds and notes payable	\$ 29,415,000	\$ 695,000	\$ 30,110,000
Revenue bonds	-	127,660,000	127,660,000
<b>Total Outstanding General Obligation and Revenue Bonds</b>	<b><u>\$ 29,415,000</u></b>	<b><u>\$ 128,355,000</u></b>	<b><u>\$ 157,770,000</u></b>

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, Affinity Health Systems, a health care provider, employs more than 5,000 people and also remains stable.

# CITY OF APPLETON

## MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2015 UNAUDITED

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

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The City's unemployment rate showed steady improvement over the year, dropping .4% from 4.0% in December, 2014 to 3.6% in December, 2015.

The City's equalized value increased by \$120 million to \$4.8 billion, which represents 29% of the equalized value of the Fox Cities area. The increase is attributable to improvements in the real estate market as well as new construction.

As the economy continues to improve, 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. In TIF 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 new subdivisions along with continuing development of the downtown and riverfront, position the City of Appleton for healthy growth for years to come.

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### **REQUESTS FOR INFORMATION**

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The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the City of Appleton, Attn: Anthony D. Saucerman, CPA, Finance Director at 1-920-832-6440 or at [tony.saucerman@appleton.org](mailto:tony.saucerman@appleton.org).

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

**CITY OF APPLETON**

STATEMENT OF NET POSITION  
As of December 31, 2015

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
<b>ASSETS</b>				
Cash and investments	\$ 30,403,712	\$ 38,112,690	\$ 68,516,402	\$ 361,816
Receivables				
Taxes	44,591,490	-	44,591,490	-
Deferred loans	6,447,638	-	6,447,638	-
Accounts	1,104,619	8,262,980	9,367,599	-
Special assessments	798,017	278,555	1,076,572	-
Delinquent special assessments	8,306	-	8,306	-
Developer loans	2,658,601	-	2,658,601	-
Accrued interest	340,682	-	340,682	-
Other	1,172,737	469,288	1,642,025	60,374
Note receivable - component unit	500,000	-	500,000	-
Note receivable - primary government	-	-	-	290,000
Due from other governments	5,982,600	1,822,056	7,804,656	-
Internal balances - interfunds	361,791	(361,791)	-	-
Internal balances - advances	160,000	(160,000)	-	-
Inventories	1,020,052	657,519	1,677,571	-
Prepaid items	69,132	24,758	93,890	-
Restricted Assets				
Cash and investments	-	27,977,924	27,977,924	-
Accrued interest	-	145,275	145,275	-
Net pension asset	7,105,472	1,532,822	8,638,294	-
Investment in WMIC	2,020,950	-	2,020,950	-
Land held for resale	7,486,220	-	7,486,220	534,850
Capital Assets				
Land	123,729,029	13,104,119	136,833,148	-
Construction in progress	5,864,273	4,269,083	10,133,356	-
Intangible assets	179,110	1,171,003	1,350,113	-
Depreciable capital assets, net of depreciation	215,123,958	294,016,560	509,140,518	-
Total Assets	<u>457,128,389</u>	<u>391,322,841</u>	<u>848,451,230</u>	<u>1,247,040</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	-	2,461,043	2,461,043	-
Pension related amounts	7,487,117	1,629,986	9,117,103	-
Total Deferred Outflows of Resources	<u>7,487,117</u>	<u>4,091,029</u>	<u>11,578,146</u>	
<b>LIABILITIES</b>				
Accounts payable	2,030,271	2,006,938	4,037,209	12,627
Other accrued liabilities and deposits	2,114,241	666,246	2,780,487	-
Claims payable	4,837,000	-	4,837,000	-
Due to other governments	-	1,280,510	1,280,510	-
Unearned revenue	-	384,801	384,801	-
Deposits	61,640	-	61,640	-
Noncurrent Liabilities				
Due within one year	7,604,999	4,244,913	11,849,912	15,000
Due in more than one year	33,599,352	129,488,402	163,087,754	775,000
Total Liabilities	<u>50,247,503</u>	<u>138,071,810</u>	<u>188,319,313</u>	<u>802,627</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue	42,698,421	99,387	42,797,808	193,125
<b>NET POSITION</b>				
Net investment in capital assets	317,294,433	201,093,139	518,126,723	-
Restricted	16,722,531	10,372,275	27,094,806	-
Unrestricted	37,652,618	45,777,259	83,690,726	251,288
<b>TOTAL NET POSITION</b>	<u>\$ 371,669,582</u>	<u>\$ 257,242,673</u>	<u>\$ 628,912,255</u>	<u>\$ 251,288</u>

See accompanying notes to financial statements.

# CITY OF APPLETON

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 9,888,959	\$ 1,310,772	\$ -	\$ -
Public safety	29,359,348	1,192,074	772,178	-
Public works	19,143,986	3,876,838	2,772,940	3,671,515
Education and recreation	8,367,690	811,043	1,209,527	60,582
Community development	4,126,206	988,212	4,834	-
Interest	1,602,888	-	-	-
Total Governmental Activities	72,489,077	8,178,939	4,759,479	3,732,097
<b>Business-Type Activities</b>				
Water	15,713,959	20,994,942	-	499,184
Wastewater	10,578,004	11,163,377	-	608,884
Valley transit	9,121,137	1,593,398	6,423,200	-
Stormwater	7,533,937	9,207,428	-	506,565
Other non-major enterprise funds	2,729,519	3,299,997	-	-
Total Business-Type Activities	45,676,556	46,259,142	6,423,200	1,614,633
Total Primary Government	\$ 118,165,633	\$ 54,438,081	\$ 11,182,679	\$ 5,346,730
<b>Component Units</b>				
Business Improvement District	\$ 188,657	\$ 192,684	\$ -	\$ -
Appleton Redevelopment Authority	293,903	-	350,000	-
Total Component Units	\$ 482,560	\$ 192,684	\$ 350,000	\$ -

**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	
\$ (8,578,187)	\$ -	\$ (8,578,187)	\$ -
(27,395,096)	-	(27,395,096)	-
(8,822,693)	-	(8,822,693)	-
(6,286,538)	-	(6,286,538)	-
(3,133,160)	-	(3,133,160)	-
(1,602,888)	-	(1,602,888)	-
<u>(55,818,562)</u>	<u>-</u>	<u>(55,818,562)</u>	<u>-</u>
-	5,780,167	5,780,167	-
-	1,194,257	1,194,257	-
-	(1,104,539)	(1,104,539)	-
-	2,180,056	2,180,056	-
-	570,478	570,478	-
<u>-</u>	<u>8,620,419</u>	<u>8,620,419</u>	<u>-</u>
<u>(55,818,562)</u>	<u>8,620,419</u>	<u>(47,198,143)</u>	<u>-</u>
-	-	-	4,027
<u>-</u>	<u>-</u>	<u>-</u>	<u>56,097</u>
-	-	-	60,124
<u>-</u>	<u>-</u>	<u>-</u>	<u>60,124</u>
39,770,280	-	39,770,280	-
2,600,000	-	2,600,000	-
2,221,892	-	2,221,892	-
12,128,645	-	12,128,645	-
1,564,038	487,109	2,051,147	920
581,314	16,203	597,517	-
109,739	18,906	128,645	-
2,761,647	(2,761,647)	-	-
<u>61,737,555</u>	<u>(2,239,429)</u>	<u>59,498,126</u>	<u>920</u>
5,918,993	6,380,990	12,299,983	61,044
<u>365,750,589</u>	<u>250,861,683</u>	<u>616,612,272</u>	<u>190,244</u>
<u>\$ 371,669,582</u>	<u>\$ 257,242,673</u>	<u>\$ 628,912,255</u>	<u>\$ 251,288</u>

See accompanying notes to financial statements.

**CITY OF APPLETON**

BALANCE SHEET - GOVERNMENTAL FUNDS  
As of December 31, 2015

	General	Tax Incremental District No. 3	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 17,961,364	\$ 261,372	\$ 10,121,545	\$ 28,344,281
Receivables				
Taxes	35,142,736	918,463	8,530,291	44,591,490
Deferred loans	-	-	6,447,638	6,447,638
Accounts	353,508	-	751,111	1,104,619
Special assessments	360,314	-	437,703	798,017
Delinquent special assessments	8,306	-	-	8,306
Developer loans	1,058,601	-	1,600,000	2,658,601
Accrued interest	340,682	-	-	340,682
Other	223,009	-	633,800	856,809
Due from other governments	5,570,845	-	400,880	5,971,725
Due from other funds	4,052,342	-	53,073	4,105,415
Note receivable - component unit	-	-	500,000	500,000
Inventories	970,906	-	-	970,906
Prepaid items	25,872	-	-	25,872
Advances to other funds	15,121,296	-	-	15,121,296
<b>TOTAL ASSETS</b>	<b>\$ 81,189,781</b>	<b>\$ 1,179,835</b>	<b>\$ 29,476,041</b>	<b>\$ 111,845,657</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 967,913	\$ -	\$ 889,529	\$ 1,857,442
Other accrued liabilities	1,836,415	-	25,249	1,861,664
Claims payable	2,937,000	-	-	2,937,000
Due to other funds	1,153,189	-	1,756,015	2,909,204
Deposits	-	-	61,640	61,640
Advances from other funds	-	10,992,427	3,968,869	14,961,296
Total Liabilities	6,894,517	10,992,427	6,701,302	24,588,246
<b>Deferred Inflows of Resources</b>				
Unearned revenue	33,477,718	918,463	8,302,240	42,698,421
Unavailable revenue	9,217,746	-	9,335,146	18,552,892
Total Deferred Inflows of Resources	42,695,464	918,463	17,637,386	61,251,313
<b>Fund Balances</b>				
Nonspendable	8,342,254	-	-	8,342,254
Restricted	-	-	3,478,831	3,478,831
Committed	-	-	1,276,478	1,276,478
Assigned	11,828,526	-	5,652,454	17,480,980
Unassigned (deficit)	11,429,020	(10,731,055)	(5,270,410)	(4,572,445)
Total Fund Balances	31,599,800	(10,731,055)	5,137,353	26,006,098
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 81,189,781</b>	<b>\$ 1,179,835</b>	<b>\$ 29,476,041</b>	
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.				332,476,201
Land held for resale is not a financial resources and, therefore, is not reported in the funds.				7,486,220
Some receivables that are not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.				18,552,892
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.				6,811,541
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds				7,176,882
Internal service funds are reported in the statement of net position as governmental funds.				13,213,208
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.				(40,053,460)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>				<b>\$ 371,669,582</b>

See accompanying notes to financial statements.

## CITY OF APPLETON

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS For the Year Ended December 31, 2015

	General	Tax Incremental District No. 3	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 33,561,615	\$ 994,264	\$ 10,036,294	\$ 44,592,173
Intergovernmental	15,469,342	1,729	1,499,611	16,970,682
Licenses and permits	1,147,980	-	-	1,147,980
Fines and forfeitures	273,814	-	-	273,814
Special assessments	470,806	-	843,242	1,314,048
Investment income	1,687,586	6,149	112,829	1,806,564
Charges for services	1,311,008	-	1,464,821	2,775,829
Other	2,065,768	-	3,628,559	5,694,327
Total Revenues	<u>55,987,919</u>	<u>1,002,142</u>	<u>17,585,356</u>	<u>74,575,417</u>
<b>EXPENDITURES</b>				
Current				
General government	6,996,188	1,659	503,371	7,501,218
Public safety	28,537,213	-	381,998	28,919,211
Public works	13,045,495	-	3,124,666	16,170,161
Education and recreation	7,804,714	-	1,933	7,806,647
Community development	1,699,819	-	2,398,468	4,098,287
Capital Outlay	-	-	13,292,522	13,292,522
Debt Service				
Principal	-	-	4,287,333	4,287,333
Interest and fiscal charges	-	571,068	1,105,049	1,676,117
Total Expenditures	<u>58,083,429</u>	<u>572,727</u>	<u>25,095,340</u>	<u>83,751,496</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,095,510)</u>	<u>429,415</u>	<u>(7,509,984)</u>	<u>(9,176,079)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of city property	21,139	-	-	21,139
General obligation debt issued	-	-	5,775,000	5,775,000
Premium on debt issued	-	-	222,457	222,457
Transfers in	3,713,574	1,200,000	3,401,141	8,314,715
Transfers out	(1,488,336)	(99,313)	(3,651,126)	(5,238,775)
Total Other Financing Sources (Uses)	<u>2,246,377</u>	<u>1,100,687</u>	<u>5,747,472</u>	<u>9,094,536</u>
<b>Net Change in Fund Balances</b>	150,867	1,530,102	(1,762,512)	(81,543)
FUND BALANCES (DEFICIT) - Beginning	<u>31,448,933</u>	<u>(12,261,157)</u>	<u>6,899,865</u>	<u>26,087,641</u>
<b>FUND BALANCES (DEFICIT) - ENDING</b>	<u>\$ 31,599,800</u>	<u>\$ (10,731,055)</u>	<u>\$ 5,137,353</u>	<u>\$ 26,006,098</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, 2015

Net change in fund balances - total governmental funds		\$ (81,543)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>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.</p>		
Total capital asset additions - paid for with City funds	\$ 17,623,892	
Total capital asset additions - contributed to the City	3,098,887	
Less: capital outlay and expenditures capitalized in the internal service funds	(3,291,574)	
Less: close-out of prior year CWIP	(1,283,857)	16,147,348
Depreciation is reported in the government-wide statements		(7,518,438)
Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net position.		(972,899)
Land held for resale is reported in the funds as expenditures and revenues. However, in the statement of net position, the cost of these assets are capitalized.		(102,958)
Receivables not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		
Interest charged on advances	(237,634)	
Developer loans	(81,666)	
Rehabilitation loans	(53,995)	
Accounts receivable/interest income	90,557	
Special assessments	(504,491)	(787,229)
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		(5,775,000)
Principal repaid		4,287,333
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		(158,557)
Disability benefits		5,115
Pension liability		48,062
Postclosure care cost		90,000
Accrued interest on debt		19,518
Net pension asset		(4,165,875)
Deferred outflows related to pensions		4,363,809
Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.		
Premium		(222,458)
Amortization		57,796
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.		684,969
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b>\$ 5,918,993</b>

See accompanying notes to financial statements.

**CITY OF APPLETON**

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
As of December 31, 2015

		<u>Business-Type Activities - Enterprise Funds</u>		
		Water Utility	Wastewater Utility	Valley Transit
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and investments		\$ 12,101,210	\$ 12,864,209	\$ 41,583
Accounts Receivable				
Customer accounts		4,634,422	1,850,684	-
Special assessments		-	249,880	-
Other		33,371	230,608	164,013
Due From Other Governments				
Federal government		-	-	640,369
State of Wisconsin		-	-	873,205
Local governments		-	-	308,482
Due from other funds		495,298	404,420	-
Inventories		341,939	155,832	159,748
Prepaid items		-	-	24,758
Restricted Assets				
Cash and investments		-	653,668	-
Total Current Assets		17,606,240	16,409,301	2,212,158
<b>Noncurrent Assets</b>				
Restricted Assets				
Cash and investments		10,224,720	8,036,939	1,481,216
Accrued interest		50,935	59,125	-
Net pension asset		313,505	477,991	429,647
Investment in WMIC		-	-	-
Capital Assets				
Land		1,216,470	798,184	891,831
Construction in progress		1,390,388	257,494	-
Intangible assets		248,067	300,238	-
Building and improvements		139,894,290	139,226,755	3,860,428
Equipment, furniture and vehicles		32,056,241	36,087,879	8,690,967
Less: Accumulated depreciation		(53,042,512)	(92,505,435)	(9,975,037)
Total Noncurrent Assets		132,352,104	92,739,170	5,379,052
Total Assets		149,958,344	109,148,471	7,591,210
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized loss on refunding		1,996,929	-	-
Pension related amounts		332,440	498,164	458,657
Total Deferred Outflows of Resources		2,329,369	498,164	458,657

Continued on  
Next Page

<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>
\$ 11,890,199	\$ 1,215,489	\$ 38,112,690	\$ 2,059,431
1,777,874	-	8,262,980	-
28,675	-	278,555	-
12,193	29,103	469,288	315,928
-	-	640,369	-
-	-	873,205	10,875
-	-	308,482	-
200,398	-	1,100,116	-
-	-	657,519	49,146
-	-	24,758	43,260
<u>2,492,008</u>	<u>-</u>	<u>3,145,676</u>	<u>-</u>
<u>16,401,347</u>	<u>1,244,592</u>	<u>53,873,638</u>	<u>2,478,640</u>
5,089,373	-	24,832,248	-
35,215	-	145,275	-
232,477	79,202	1,532,822	293,931
-	-	-	2,020,950
6,978,188	3,219,446	13,104,119	-
2,621,201	-	4,269,083	228,474
622,698	-	1,171,003	-
114,697,179	24,150,733	421,829,385	-
28,000	453,912	77,316,999	26,692,283
<u>(31,417,886)</u>	<u>(18,188,954)</u>	<u>(205,129,824)</u>	<u>(14,500,588)</u>
<u>98,886,445</u>	<u>9,714,339</u>	<u>339,071,110</u>	<u>14,735,050</u>
<u>115,287,792</u>	<u>10,958,931</u>	<u>392,944,748</u>	<u>17,213,690</u>
464,114	-	2,461,043	-
<u>249,149</u>	<u>91,576</u>	<u>1,629,986</u>	<u>310,235</u>
<u>713,263</u>	<u>91,576</u>	<u>4,091,029</u>	<u>310,235</u>

See accompanying notes to financial statements.

**CITY OF APPLETON**

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
As of December 31, 2015

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$ 987,083	\$ 106,338	\$ 299,363
Compensated absences	158,739	115,047	167,836
Other accrued liabilities	42,196	26,323	45,104
Claims payable	-	-	-
Due to other governments	-	-	1,280,510
Due to other funds	1,950,146	-	-
Unearned revenues	-	-	384,801
Current portion of general obligation debt	-	-	-
Current portion of advance from other funds	-	-	-
Current Liabilities Payables From Restricted Assets			
Revenue bonds payable	-	830,000	-
Accrued interest	-	100,335	-
Total Current Liabilities	<u>3,138,164</u>	<u>1,178,043</u>	<u>2,177,614</u>
Noncurrent Liabilities			
General obligation debt payable	-	-	-
Revenue bonds and notes payable	66,810,000	13,785,000	-
Advance from other funds	-	-	-
Compensated absences	149,348	116,707	118,202
Other postemployment benefit liability	-	-	-
Unamortized premium of debt issuance	<u>2,474,202</u>	<u>167,884</u>	<u>-</u>
Total Noncurrent Liabilities	<u>69,433,550</u>	<u>14,069,591</u>	<u>118,202</u>
Total Liabilities	<u>72,571,714</u>	<u>15,247,634</u>	<u>2,295,816</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	64,700,391	72,862,471	3,468,189
Restricted for			
Debt service	50,935	581,458	-
DNR replacement fund	-	3,580,896	-
Capital replacement fund	-	1,006,803	1,481,216
Pensions	313,505	477,991	429,647
Unrestricted	<u>14,651,168</u>	<u>15,889,382</u>	<u>374,999</u>
<b>TOTAL NET POSITION</b>	<u>\$ 79,715,999</u>	<u>\$ 94,399,001</u>	<u>\$ 5,754,051</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>
\$ 573,147	\$ 41,007	\$ 2,006,938	\$ 172,829
74,773	43,518	559,913	128,038
17,434	18,854	149,911	36,650
-	-	-	1,900,000
-	-	1,280,510	-
-	-	1,950,146	346,181
-	-	384,801	-
-	60,000	60,000	18,917
-	5,000	5,000	-
2,795,000	-	3,625,000	-
416,000	-	516,335	-
<u>3,876,354</u>	<u>168,379</u>	<u>10,538,554</u>	<u>2,602,615</u>
-	575,000	575,000	161,753
43,720,000	-	124,315,000	-
-	155,000	155,000	-
42,432	50,633	477,322	85,975
-	-	-	972,135
1,478,994	-	4,121,080	-
<u>45,241,426</u>	<u>780,633</u>	<u>129,643,402</u>	<u>1,219,863</u>
<u>49,117,780</u>	<u>949,012</u>	<u>140,181,956</u>	<u>3,822,478</u>
-	99,387	99,387	-
51,061,951	9,000,137	201,093,139	12,408,009
2,138,145	-	2,770,538	-
-	-	3,580,896	-
-	-	2,488,019	-
232,477	79,202	1,532,822	293,931
13,450,702	922,769	45,289,020	999,507
<u>\$ 66,883,275</u>	<u>\$ 10,002,108</u>	256,754,434	<u>\$ 13,701,447</u>

488,239

\$ 257,242,673

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, 2015

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
<b>OPERATING REVENUES</b>			
Charges for services	\$ 20,480,338	\$ 9,617,422	\$ 1,486,214
Other	514,604	1,545,955	107,184
Total Operating Revenues	<u>20,994,942</u>	<u>11,163,377</u>	<u>1,593,398</u>
<b>OPERATING EXPENSES</b>			
Operation and maintenance	8,078,526	6,781,627	8,468,237
Depreciation	4,353,070	3,248,192	641,396
Total Operating Expenses	<u>12,431,596</u>	<u>10,029,819</u>	<u>9,109,633</u>
Operating Income (Loss)	<u>8,563,346</u>	<u>1,133,558</u>	<u>(7,516,235)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	156,814	200,727	3,024
Interest expense	(2,708,421)	(549,687)	-
Debt issuance costs	(296,109)	-	-
Gain (loss) on sale of capital assets	(327,585)	(31,185)	-
Amortization of prior losses on refunding of bonds	(145,615)	-	-
Amortization of premium on debt issuance	244,475	19,438	-
Subsidies from other governmental units	-	-	6,423,200
Other	18,906	-	-
Total Nonoperating Revenues (Expenses)	<u>(3,057,535)</u>	<u>(360,707)</u>	<u>6,426,224</u>
Income (Loss) before contributions and transfers	5,505,811	772,851	(1,090,011)
Capital contributions	502,381	608,884	-
Transfer in	-	-	585,506
Transfers out - tax equivalent	(1,950,147)	-	-
Transfers out	<u>(22,788)</u>	<u>(617,450)</u>	<u>-</u>
<b>Change in Net Position</b>	4,035,257	764,285	(504,505)
TOTAL NET POSITION - Beginning (As Restated)	<u>75,680,742</u>	<u>93,634,716</u>	<u>6,258,556</u>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 79,715,999</u>	<u>\$ 94,399,001</u>	<u>\$ 5,754,051</u>

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

Change in Net Position Business-type Activities

<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>
\$ 9,123,964	\$ 2,738,431	\$ 43,446,369	\$ 6,577,874
83,464	561,566	2,812,773	781,419
<u>9,207,428</u>	<u>3,299,997</u>	<u>46,259,142</u>	<u>7,359,293</u>
3,155,156	2,168,316	28,651,862	7,916,166
<u>2,513,011</u>	<u>547,618</u>	<u>11,303,287</u>	<u>2,228,048</u>
<u>5,668,167</u>	<u>2,715,934</u>	<u>39,955,149</u>	<u>10,144,214</u>
<u>3,539,261</u>	<u>584,063</u>	<u>6,303,993</u>	<u>(2,784,921)</u>
117,941	8,603	487,109	2,262
(1,656,573)	(14,280)	(4,928,961)	(4,087)
(127,924)	-	(424,033)	-
-	16,203	(342,567)	322,152
(41,127)	-	(186,742)	-
123,563	-	387,476	-
-	-	6,423,200	-
-	-	18,906	5,603
<u>(1,584,120)</u>	<u>10,526</u>	<u>1,434,388</u>	<u>325,930</u>
1,955,141	594,589	7,738,381	(2,458,991)
509,100	-	1,620,365	3,242,144
500,000	-	1,085,506	-
-	-	(1,950,147)	-
<u>(32,500)</u>	<u>(1,230,000)</u>	<u>(1,902,738)</u>	<u>(308,561)</u>
2,931,741	(635,411)	6,591,367	474,592
<u>63,951,534</u>	<u>10,637,519</u>		<u>13,226,855</u>
<u>\$ 66,883,275</u>	<u>\$ 10,002,108</u>		<u>\$ 13,701,447</u>
		<u>(210,377)</u>	
		<u>\$ 6,380,990</u>	

See accompanying notes to financial statements.

## CITY OF APPLETON

### STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS For the Year Ended December 31, 2015

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 21,111,364	\$ 11,266,138	\$ 1,684,598
Paid to suppliers for goods and services	(6,651,734)	(5,489,027)	(6,093,847)
Paid to employees for services	(1,607,988)	(1,432,076)	(2,768,802)
Net Cash Flows From Operating Activities	<u>12,851,642</u>	<u>4,345,035</u>	<u>(7,178,051)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Tax equivalent paid to municipality	(1,822,080)	-	-
Negative cash implicitly financed	-	-	-
Transfers out	(22,788)	(617,450)	-
Operation subsidies received from other governmental units	-	-	7,355,186
Net Cash Flows From Noncapital Financing Activities	<u>(1,844,868)</u>	<u>(617,450)</u>	<u>7,355,186</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(6,538,798)	(2,810,515)	-
Proceeds from sale of capital assets	-	-	-
Debt issued	3,950,000	-	-
Premium received on debt issued	1,461,877	-	-
Costs of issuing debt	(296,109)	-	-
Principal paid on long-term debt	(5,960,000)	(795,000)	-
Interest paid on long-term debt	(2,802,301)	(615,021)	-
Principal paid on advance	-	-	-
Capital contributed by others	110,636	95,765	-
Capital transfers to (from) other funds	-	-	-
Special assessments received	4,964	320,628	-
Net Cash Flows From Capital and Related Financing Activities	<u>(10,069,731)</u>	<u>(3,804,143)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	324,100	392,185	3,024
Investments sold and matured	5,008,477	4,144,089	-
Purchases of investments	(5,051,743)	(3,850,000)	-
Net Cash Flows From Investing Activities	<u>280,834</u>	<u>686,274</u>	<u>3,024</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,217,877	609,716	180,159
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>12,350,099</u>	<u>12,432,406</u>	<u>1,342,640</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 13,567,976</u>	<u>\$ 13,042,122</u>	<u>\$ 1,522,799</u>

Business-Type Activities - Enterprise Funds			Governmental
Stormwater Utility	Other Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 9,274,847	\$ 3,330,554	\$ 46,667,501	\$ 7,049,725
(2,312,987)	(1,148,195)	(21,695,790)	(5,294,746)
(933,429)	(1,024,690)	(7,766,985)	(2,281,494)
<u>6,028,431</u>	<u>1,157,669</u>	<u>17,204,726</u>	<u>(526,515)</u>
-	-	(1,822,080)	-
-	-	-	346,181
(32,500)	(1,230,000)	(1,902,738)	(308,561)
-	-	7,355,186	-
<u>(32,500)</u>	<u>(1,230,000)</u>	<u>3,630,368</u>	<u>37,620</u>
(3,832,014)	(17,852)	(13,199,179)	-
-	-	-	295,561
3,757,900	-	7,707,900	-
676,351	-	2,138,228	-
(127,924)	-	(424,033)	-
(2,540,000)	(60,000)	(9,355,000)	(7,667)
(1,735,973)	(14,280)	(5,167,575)	(4,087)
-	(5,000)	(5,000)	-
127,565	-	333,966	-
500,000	-	500,000	-
64,791	-	390,383	-
<u>(3,109,304)</u>	<u>(97,132)</u>	<u>(17,080,310)</u>	<u>283,807</u>
220,540	8,603	948,452	2,262
2,775,993	-	11,928,559	-
(2,876,743)	-	(11,778,486)	-
<u>119,790</u>	<u>8,603</u>	<u>1,098,525</u>	<u>2,262</u>
3,006,417	(160,860)	4,853,309	(202,826)
<u>10,274,982</u>	<u>1,376,349</u>	<u>37,776,476</u>	<u>2,262,257</u>
<u>\$ 13,281,399</u>	<u>\$ 1,215,489</u>	<u>\$ 42,629,785</u>	<u>\$ 2,059,431</u>

See accompanying notes to financial statements.

**CITY OF APPLETON**

STATEMENT OF CASH FLOWS -  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2015

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 8,563,346	\$ 1,133,558	\$ (7,516,235)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Nonoperating income	18,906	-	-
Depreciation expense	4,353,070	3,248,192	641,396
Depreciation charged to other funds/accounts	122,805	-	5,930
Changes in Noncash Components of Working Capital			
Customer accounts receivable	(105,589)	(22,381)	-
Other accounts receivable	3,271	88,112	52,490
Due from other governments	-	-	-
Due from other funds	77,029	37,030	(279,782)
Inventories	(23,705)	1,261	22,528
Prepaid items	-	-	(671)
Accounts payable	20,164	(34,893)	(47,885)
Customer deposits	-	-	-
Accrued liabilities	(88,902)	(70,296)	(76,081)
Accrued compensated absences	(77,522)	(27,123)	-
Pension related deferrals and assets	(11,231)	(8,425)	(18,451)
Postemployment benefits liability	-	-	-
Unearned revenues	-	-	38,710
	<u>\$ 12,851,642</u>	<u>\$ 4,345,035</u>	<u>\$ (7,178,051)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>			
Cash and investments - statement of net position - proprietary funds	\$ 12,101,210	\$ 12,864,209	\$ 41,583
Restricted cash and investments - statement of net position - proprietary funds			
Current	-	653,668	-
Noncurrent	10,224,720	8,036,939	1,481,216
Less: Noncash equivalents	<u>(8,757,954)</u>	<u>(8,512,694)</u>	<u>-</u>
	<u>\$ 13,567,976</u>	<u>\$ 13,042,122</u>	<u>\$ 1,522,799</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>			
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Contributed property and equipment	\$ 391,745	\$ 328,601	\$ -
Interest charged to construction	93,880	60,997	-
Capital costs special assessed to customers	-	184,518	-
Investment valuation adjustments	(164,286)	(186,547)	-
Loss on refunding of debt	1,497,770	-	-
Debt refunded	17,175,000	-	-
Refunding debt issued	18,785,000	-	-

<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>

\$ 3,539,261	\$ 584,063	\$ 6,303,993	\$ (2,784,921)
-	-	18,906	5,603
2,513,011	547,618	11,303,287	2,228,048
-	-	128,735	-
15,266	-	(112,704)	-
(12,193)	18,228	149,908	(278,289)
-	-	-	(10,875)
64,346	-	(101,377)	-
-	-	84	27,040
-	-	(671)	(43,260)
(50,647)	2,952	(110,309)	(5,660)
-	-	-	-
(30,998)	(10,702)	(276,979)	(49,245)
1,344	13,607	(89,694)	3,702
(10,959)	(10,426)	(59,492)	(9,081)
-	-	-	390,423
-	12,329	51,039	-
<u>\$ 6,028,431</u>	<u>\$ 1,157,669</u>	<u>\$ 17,204,726</u>	<u>\$ (526,515)</u>

\$ 11,890,199	\$ 1,215,489	\$ 38,112,690	\$ 2,059,431
2,492,008	-	3,145,676	-
5,089,373	-	24,832,248	-
(6,190,181)	-	(23,460,829)	-
<u>\$ 13,281,399</u>	<u>\$ 1,215,489</u>	<u>\$ 42,629,785</u>	<u>\$ 2,059,431</u>

\$ 469,174	\$ -	\$ 1,189,520	\$ 3,242,144
45,435	-	200,312	-
42,036	-	226,554	-
(98,439)	-	(449,272)	-
257,086	-	1,754,856	-
5,410,000	-	22,585,000	-
5,667,100	-	24,452,100	-

See accompanying notes to financial statements.

**CITY OF APPLETON**

STATEMENT OF ASSETS AND LIABILITIES

AGENCY FUND

As of December 31, 2015

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	<u>Tax Collection Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 53,966,225
Property taxes receivable	<u>18,758,353</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 72,724,578</u></b>
<b>LIABILITIES</b>	
Due to other taxing authorities	\$ 72,655,037
Accounts payable	<u>69,541</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 72,724,578</u></b>

See accompanying notes to financial statements.

## CITY OF APPLETON

### STATEMENT OF NET POSITION - COMPONENT UNITS As of December 31, 2015

	Business Improvement District	Appleton Redevelopment Authority	Totals
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 152,578	\$ 209,238	\$ 361,816
Other accounts receivable	60,374	-	60,374
Note receivable - primary government	-	15,000	15,000
Land held for resale	-	534,850	534,850
Total Current Assets	212,952	759,088	972,040
Noncurrent Assets			
Note receivable - primary government	-	275,000	275,000
Total Noncurrent Assets	-	275,000	275,000
Total Assets	212,952	1,034,088	1,247,040
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	12,627	-	12,627
Note payable	-	15,000	15,000
Total Current Liabilities	12,627	15,000	27,627
Noncurrent Liabilities			
Note payable - primary government	-	500,000	500,000
Note payable	-	275,000	275,000
Total Noncurrent Liabilities	-	775,000	775,000
Total Liabilities	12,627	790,000	802,627
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	193,125	-	193,125
<b>NET POSITION</b>			
Unrestricted	7,200	244,088	251,288
<b>TOTAL NET POSITION</b>	<b>\$ 7,200</b>	<b>\$ 244,088</b>	<b>\$ 251,288</b>

See accompanying notes to financial statements.



**CITY OF APPLETON**

STATEMENT OF ACTIVITIES - COMPONENT UNITS

For the Year Ended December 31, 2015

<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>
Major Component Units				
Business Improvement District	\$ 188,657	\$ 192,684	\$ -	\$ -
Appleton Redevelopment Authority	<u>293,903</u>	<u>-</u>	<u>350,000</u>	<u>-</u>
Total Component Units	<u>\$ 482,560</u>	<u>\$ 192,684</u>	<u>\$ 350,000</u>	<u>\$ -</u>
		General Revenues		
		Investment income		
		Total General Revenues		
		<b>Change in net position</b>		
		NET POSITION - Beginning		
		<b>NET POSITION - ENDING</b>		

---

Net (Expense) Revenue and  
Changes in Net Position

<u>Business Improvement District</u>	<u>Appleton Redevelopment Authority</u>	<u>Totals</u>
\$ 4,027	\$ -	\$ 4,027
<u>-</u>	<u>56,097</u>	<u>56,097</u>
4,027	56,097	60,124
<u>605</u>	<u>315</u>	<u>920</u>
605	315	920
4,632	56,412	61,044
<u>2,568</u>	<u>187,676</u>	<u>190,244</u>
<u>\$ 7,200</u>	<u>\$ 244,088</u>	<u>\$ 251,288</u>

See accompanying notes to financial statements.

# CITY OF APPLETON

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or 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. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and is able to impose its will on that organization; (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government; (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit 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, or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or had the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and its component unit have substantively the same governing body and a financial benefit or burden relationship exists; (2) the primary government and the component unit have substantially the same governing body and management of the primary government has operational responsibility for the component unit; (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens; or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

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

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

The government-wide financial statements include the Business Improvement District of the City of Appleton ("District") as a component unit. The District is a legally separate organization. The board of the District is appointed by the mayor of Appleton and approved by City Council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the District, and also create a potential financial benefit to or burden on the City. See Note IV. K. As a component unit, the District's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2015. 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.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

---

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

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

###### *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. K. As a component unit, the Redevelopment Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2015. 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***

In June 2012, the GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented January 1, 2015.

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 is 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, 2015

---

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

---

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

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

Financial statements of the City 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, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, 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/deferred outflows of resources, liabilities/deferred inflows of resources, 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.

The City reports the following major enterprise funds:

##### ***Major Enterprise Funds***

Water Utility – accounts for operations of the water system

Wastewater Utility – accounts for operations of the wastewater system

Valley Transit – accounts for operations of the public transit authority

Stormwater Utility – accounts for operations of the stormwater management

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

---

### 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:

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).

Community Development Block Grant	Business and Neighborhood Revitalization Grant
Rental Rehabilitation Grants	Emergency Shelter
Sanitation and Recycling Program	Lead Control Hazard Grant
Health Grants	Tuchscherer Disability
Police Grants	Peabody Estate
Hazardous Materials Level A	Balliet Locomotive
Room Tax	Lutz Park
Wheel Tax	Park Purpose Open Space
Continuum of Care	Union Spring Park
HOME Homeowner	Project City Park
Housing Rehabilitation Grant	Universal Playground
	Miracle League Baseball

Debt Service Funds – 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.

Debt Service

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	Tax Incremental District No. 10
Industrial Park Land	Public Safety Facilities
Tax Incremental District No. 5	Public Works Equipment
Tax Incremental District No. 6	CEA Replacement
Tax Incremental District No. 7	Community Development
Tax Incremental District No. 8	Facilities Capital Projects
Tax Incremental District No. 9	Information Technology

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

---

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

---

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

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

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

Parking Utility  
Reid Municipal Golf Course

In addition, the City reports the following fund types:

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

Central Equipment Agency  
Risk Management  
Facilities Management  
Postemployment Benefits

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

Tax Collection Fund

#### **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 deferred inflows. 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.



# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

---

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

---

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met and recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

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 unavailable revenues. Delinquent special assessments being held for collection by the county are reported as receivables and nonspendable 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.

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, 2015

---

### 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, deferred outflows of resources, liabilities, and deferred inflows of resources, 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, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, 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, 2015

---

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

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, 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 sell 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, 2015

---

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

---

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, 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, 2015, 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 assets and liabilities.

Property tax calendar – 2015 tax roll:

Lien date and levy date	November 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	March 31, 2016
Third installment due	May 31, 2016
Fourth installment due	July 31, 2016
Final settlement with county	August 15, 2016
Personal property taxes in full	January 31, 2016
Tax sale – 2015 delinquent real estate taxes	October 2018

###### *Uncollectible Accounts*

An allowance for doubtful accounts has been established for certain deferred housing loans in the amount of \$265,508. Allowance for doubtful accounts have also been established for the Risk Management Fund receivables in the amount of \$43,814. Valley Transit has established an allowance in the amount of \$105,275 related to operating aids from the State of Wisconsin. 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.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

---

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

---

#### **D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **2. Receivables (cont.)**

###### *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 unavailable 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.

##### **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.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***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. \$200,312 of net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation 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

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### **5. Capital Assets (cont.)**

###### ***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. 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 lower of cost or market value.

##### **7. Deferred Outflows of Resources**

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arise from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

##### **8. 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, 2015 are determined on the basis of current salary rates and include salary related payments.

##### **9. 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.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

**D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

**9. Long-Term Obligations/Conduit Debt (cont.)**

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end 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 \$42,411,061, made up of six issues.

**10. Deferred Inflows of Resources**

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that future time.

**11. 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/amortization 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 \$	317,294,433	\$ 201,093,139	\$ (260,849)	\$ 518,126,723
Unrestricted	37,652,618	45,777,259	260,849	83,690,726



# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### **11. Equity Classifications (cont.)**

###### ***Government–Wide Statements (cont.)***

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 balances are displayed 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.
- 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 do not meet the criteria to be classified as restricted or committed. The City has authorized the city council to assign amounts for a specific purpose. 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.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

---

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

---

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)***

##### ***11. Equity Classifications (cont.)***

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

The City Council formally established a stabilization fund. The stabilization fund is contained as assigned fund 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 \$849,107 plus a contingency fund of \$402,298.

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 \$4,826,063 for compensated absences and \$10,255,384 for working capital and is included in assigned and unassigned general fund balance, respectively.

See Note IV. I. for further information.

##### ***12. 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 5, 2015 as approved by the Valley Transit Commission.

###### ***Stormwater Utility***

Current stormwater rates were approved by the Common Council, effective for service beginning July 1 2013.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### **A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET 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	\$ 123,729,029
Construction in progress	5,864,273
Intangible assets	179,110
Depreciable capital assets, net of depreciation	<u>215,123,958</u>
Sub-total	344,896,370
Less: Internal service fund capital assets	<u>(12,420,169)</u>
 Net Adjustment for Capital Assets	 <u>\$ 332,476,201</u>

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	\$ 30,719,330
Promissory note	290,000
Unamortized debt premium	414,927
Compensated absences	6,482,348
Accrued interest <sup>1</sup>	215,927
Disability benefits	74,255
Pension liability	56,673
Postclosure care cost	<u>1,800,000</u>
 Net Adjustment for Liabilities	 <u>\$ 40,053,460</u>

<sup>1</sup> This amount is included in other accrued liabilities on the Statement of Net Position.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### **A. BUDGET 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 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.
- f. Under council policy, new appropriations up to \$15,000 require written approval by the mayor, countersigned by the Director of Finance, and reported to the Finance Committee as an informational item if funded by grants, user fees, or other non-tax revenues. New appropriations in excess of \$15,000 and those funded by taxes or debt also require the approval of the Finance Committee and two-thirds of the common council.
- g. Formal budgetary integration is employed as a management control device during the year for all funds.  
  
A comparison of budget and actual is included in the accompanying financial statements for the major funds. The budget presentations are at the function level, whereas the legal level of control is at the total expenditures level.
- h. All budgets adopted conform to generally accepted accounting principles (GAAP). Budget amounts are as originally adopted or as amended. Individual amendments were legally authorized as described above.
- i. Budgets for all governmental funds, except grant-funded special revenue funds, lapse at year end. Reappropriations of any funds are made by council action.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

#### **B. EXCESS EXPENDITURES OVER APPROPRIATIONS**

Funds	Budgeted Expenditures	Actual Expenditures and Other Financing Uses	Excess Expenditures and Other Financing Uses Over Budget
Debt Service Fund	\$ 5,196,295	\$ 5,201,008	\$ 4,713

#### **C. DEFICIT BALANCES**

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

As of December 31, 2015, the following individual funds held a deficit balance:

Fund	Amount	Reason
<b>Special Revenue Funds</b>		
Tax Incremental District No. 3	\$ 10,731,055	Remaining development costs to be recovered over time
Community Development Block Grant	7,576	Revenue not received within 60 days of year-end
Health Grants	13,722	Revenue not received within 60 days of year-end
Emergency Shelter	1,464	Revenue not received within 60 days of year-end
Police Grants	12,273	Revenue not received within 60 days of year-end
<b>Capital Project Funds</b>		
Tax Incremental District No. 6	2,705,945	Remaining development costs to be recovered over time
Tax Incremental District No. 8	577,670	Remaining development costs to be recovered over time
Tax Incremental District No. 9	38,288	Remaining development costs to be recovered over time
Community Development	1,563,471	Projects to be funded with a 2016 borrowing

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 Community Development Block Grants, Health Grants, Emergency Shelter, and Police Grants fund deficits are anticipated to be funded with grant revenues. The Community Development fund deficit is anticipated to be funded by future debt issues.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Wisconsin law 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. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The City is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

### 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	\$ 29,196,231	\$ 18,211,993	Custodial credit risk
U.S. treasuries	20,146,673	20,146,673	Custodial credit risk, interest rate risk, investments highly sensitive to market changes
U.S. agencies – implicitly guaranteed	8,900,309	8,900,309	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk, investments highly sensitive to market changes
U.S. agencies – explicitly guaranteed	44,347,957	44,347,957	Custodial credit risk, interest rate risk, investments highly sensitive to market changes
Money market mutual funds	1,259,091	1,259,091	Credit risk, interest rate risk, investments highly sensitive to market changes
LGIP	46,504,841	46,504,841	Credit risk
Petty Cash	105,449	-	None
Total Cash and Investments	\$ 150,460,551	\$ 139,370,864	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 68,516,402		
Restricted cash and investments	27,977,924		
Per statement of assets and liabilities –			
Agency Fund	53,966,225		
Total Cash and Investments	\$ 150,460,551		

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

The City's investments are held in a segregated custody account and are not commingled with the assets of the City's financial institution. As a result, the City's investments remain the sole property of the City of Appleton and are not subject to claims made by the investment institution's creditors.

#### **Custodial Credit Risk**

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City. The City does not have any deposits exposed to custodial credit risk.

Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have any investments exposed to custodial credit risk.

#### **Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2015, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Investment</u>	<u>Standard &amp; Poor's</u>
U.S. agencies – implicitly guaranteed	U.S. Bank	AAA

The City also had investments in LGIP, an external investment pool which is not rated. In addition, the City held investments in bond money market mutual funds that were not rated.

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

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

At December 31, 2015, the City had no investments that were over 5% of the City's investment portfolio.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

##### **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, 2015, 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	\$ 1,259,091	\$ 1,259,091	\$ -	\$ -
U.S. treasuries	20,146,673	-	15,107,056	5,039,617
U.S. agencies – implicitly guaranteed	8,900,309	-	5,582,216	3,318,093
U.S. agencies – explicitly guaranteed	<u>44,347,957</u>	<u>6,665</u>	<u>32,712,543</u>	<u>11,628,749</u>
Totals	<u>\$ 74,654,030</u>	<u>\$ 1,265,756</u>	<u>\$ 53,401,815</u>	<u>\$ 19,986,459</u>

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

The City held securities of \$2,124,444 with maturities exceeding ten years.

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

#### B. RECEIVABLES

All receivables are due within one year, except for economic development loans of \$3,390,268, special assessments of \$1,083,725, delinquent specials of \$8,306, and deferred loans of \$6,447,637.

Governmental funds report *unavailable or unearned 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 *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unearned	Unavailable
Property taxes receivable	\$ 42,580,101	\$ -
Interest on advances	-	8,842,728
Interest income	-	4,509
Developer loans	-	1,831,667
Rehabilitation loans	-	6,447,637
Accounts receivable	-	121,181
Special assessments not yet due	-	805,170
Grant drawdowns prior to meeting all eligibility requirements	118,319	-
Note receivable – component unit	<u>-</u>	<u>500,000</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 42,698,420</u>	<u>\$ 18,552,892</u>



# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

#### **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.

##### **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.

##### **Net Pension Asset**

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Following is a list of restricted assets in the business-type activities as of December 31, 2015:

	<u>Restricted Assets</u>	<u>Less: Liabilities Payable from Restricted Assets and Accrued Interest Allocation</u>	<u>Less: Borrowed Restricted Assets</u>	<u>Restricted Net Position</u>
Bond redemption account	\$ 3,145,676	\$ 402,060	\$ -	\$ 2,743,616
Bond reserve account	16,388,654	-	16,361,732	26,922
Bond depreciation account	1,000,000	(6,803)	-	1,006,803
Construction account	2,405,679	-	2,405,679	-
DNR equipment replacement account	3,556,699	(24,197)	-	3,580,896
Capital equipment replacement account	1,481,216	-	-	1,481,216
Net pension asset	1,532,822	-	-	1,532,822
Accrued interest	<u>145,275</u>	<u>145,275</u>	-	-
 Total Restricted Assets	 <u>\$ 29,656,021</u>	 <u>\$ 516,335</u>	 <u>\$ 18,767,411</u>	 <u>\$ 10,372,275</u>

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated/amortized				
Land	\$ 9,193,063	\$ 2,124,263	\$ -	\$ 11,317,326
Right of ways	73,132,166	595,227	28,229	73,699,164
Land improvements <sup>(1)</sup>	38,624,813	87,726	-	38,712,539
Intangible assets	25,048	154,062	-	179,110
Construction in progress	<u>3,140,276</u>	<u>4,169,427</u>	<u>1,445,430</u>	<u>5,864,273</u>
Total Capital Assets Not Being Depreciated/ Amortized	<u>124,115,366</u>	<u>7,130,705</u>	<u>1,473,659</u>	<u>129,772,412</u>
Capital assets being depreciated/amortized				
Intangible assets	38,868	59,208	-	98,076
Improvements	10,425,495	1,182,669	48,845	11,559,319
Buildings	45,556,446	1,135,134	206,131	46,485,449
Equipment, furniture and fixtures	32,915,866	3,449,092	2,385,528	33,979,430
Streets	167,605,083	6,208,724	1,171,632	172,642,175
Sidewalk	31,006,393	1,120,816	317,800	31,809,409
Traffic signals	5,448,581	436,423	80,005	5,804,999
Bridges	<u>43,878,746</u>	<u>-</u>	<u>-</u>	<u>43,878,746</u>
Total Capital Assets Being Depreciated/Amortized	<u>336,875,478</u>	<u>13,592,066</u>	<u>4,209,941</u>	<u>346,257,603</u>
Less: Accumulated depreciation/amortization for				
Intangible assets	(14,793)	(3,887)	-	(18,680)
Improvements	(3,470,600)	(328,550)	38,589	(3,760,561)
Buildings	(14,361,193)	(876,514)	182,519	(15,055,188)
Equipment, furniture and fixtures	(18,124,306)	(2,689,635)	2,224,941	(18,589,000)
Streets	(68,316,593)	(4,486,828)	725,051	(72,078,370)
Sidewalk	(11,129,093)	(789,170)	168,553	(11,749,710)
Traffic signals	(1,751,211)	(133,116)	64,360	(1,819,967)
Bridges	<u>(7,623,383)</u>	<u>(438,786)</u>	<u>-</u>	<u>(8,062,169)</u>
Total Accumulated Depreciation/Amortization	<u>(124,791,172)</u>	<u>(9,746,486)</u>	<u>3,404,013</u>	<u>(131,133,645)</u>
Net Capital Assets Being Depreciated/Amortized	<u>212,084,306</u>			<u>215,123,958</u>
Total Capital Assets, Net of Depreciation/ Amortization	<u>\$ 336,199,672</u>			<u>\$ 344,896,370</u>

<sup>(1)</sup> 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, 2015

**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	\$ 399,213
Public safety	545,907
Public works, which includes the depreciation of roads, streets, signals, and bridges	5,987,579
Education and recreation	<u>585,739</u>
Sub-Total	7,518,438
Capital assets held by internal service funds charged to the various functions based on their usage of the assets	<u>2,228,048</u>
Total Governmental Activities Depreciation/Amortization Expense	<u><u>\$ 9,746,486</u></u>

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities</b>				
Capital assets not being depreciated/amortized				
Land	\$ 12,763,768	\$ 340,351	\$ -	\$ 13,104,119
Intangible assets	904,746	266,257	-	1,171,003
Construction in progress	<u>8,545,847</u>	<u>3,681,258</u>	<u>7,958,022</u>	<u>4,269,083</u>
Total Capital Assets Not Being Depreciated/ Amortized	<u>22,214,361</u>	<u>4,287,866</u>	<u>7,958,022</u>	<u>18,544,205</u>
Capital assets being depreciated/amortized				
Buildings and improvements	411,518,944	12,430,345	2,119,904	421,829,385
Machinery and equipment	<u>72,812,948</u>	<u>6,458,416</u>	<u>1,954,365</u>	<u>77,316,999</u>
Total Capital Assets Being Depreciated/Amortized	<u>484,331,892</u>	<u>18,888,761</u>	<u>4,074,269</u>	<u>499,146,384</u>
Less: Accumulated Depreciation	<u>(197,465,365)</u>	<u>(11,426,094)</u>	<u>3,761,635</u>	<u>(205,129,824)</u>
Net Capital Assets Being Depreciated/Amortized	<u>286,866,527</u>			<u>294,016,560</u>
Total Capital Assets, Net of Depreciation/ Amortization	<u><u>\$ 309,080,888</u></u>			<u><u>\$ 312,560,765</u></u>

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

Depreciation/amortization expense was charged to functions as follows:

**Business-type Activities**

Water	\$ 4,353,070
Wastewater	3,248,192
Valley Transit	641,396
Stormwater	2,513,011
Parking	479,911
Reid Municipal Golf Course	<u>67,707</u>
Total Business-type Activities	
Depreciation/Amortization Expense	<u>\$ 11,303,287</u>

An additional \$24,836 was charged to other funds or to operations.

Depreciation/amortization expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

**E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, AND TRANSFERS**

**Interfund Receivables/Payables**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue – Community Development Block Grant	\$ 34,583
General	Special Revenue – Police grants	14,230
General	Special Revenue – Housing rehab	18,096
General	Special Revenue – Emergency shelter	28,596
General	Special Revenue – Room tax	10,429
General	Special Revenue – Wheel tax	86,610
General	Capital Projects – Community Development Projects	1,563,471
General	Internal Service Fund – Risk management	346,181
General	Enterprise – Water Utility	1,950,146
Special Revenue – Sanitation and Recycling Programs	General	53,073
Enterprise – Water Utility	General	495,298
Enterprise – Wastewater Utility	General	404,420
Enterprise – Stormwater Utility	General	<u>200,398</u>
Sub-Total – Fund Financial Statements		5,205,531
Less: Internal service allocation		(488,239)
Less: Elimination to government-wide		<u>(4,355,501)</u>
Total – Government-wide Financial Statements		<u>\$ 361,791</u>

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

**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	\$ 1,950,146
Business-type Activity	Governmental Activity	<u>(1,588,355)</u>
Total		<u>\$ 361,791</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.

**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 2015, 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>\$ 20,082,496</u>	<u>\$ 2,727,923</u>	<u>\$ 22,810,419</u>

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

**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	\$ 2,955,862	\$ 8,036,565	\$ 10,992,427	\$ 10,992,427
General	Capital Projects – Tax Incremental District No. 6	2,281,707	681,268	2,962,975	2,962,975
General	Capital Projects – Tax Incremental District No. 8	800,000	115,902	915,902	915,902
General	Capital Projects – Tax Incremental District No. 9	81,000	8,992	89,992	89,992
General	Enterprise – Reid Municipal Golf Course	<u>160,000</u>	<u>-</u>	<u>160,000</u>	<u>155,000</u>
Sub-Total – Fund Financial Statements		<u>\$ 6,278,569</u>	<u>\$ 8,842,727</u>	15,121,296	<u>\$ 15,116,296</u>
Less: Fund eliminations				(14,961,296)	
Total – Government-wide Statements				<u>\$ 160,000</u>	

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

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>
2016	\$ 5,000
2017	5,000
2018	5,000
2019	5,000
2025	60,000
2026	<u>80,000</u>
Totals	<u>\$ 160,000</u>

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

**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>	
<b>General</b>	Special Revenue – Room Tax	\$ 79,223	Administrative fees	
	Special Revenue – Wheel tax	1,275,331	To support paving projects	
	Capital Projects – Tax Incremental District No. 5	237,923	To close out TIF No. 5	
	Enterprise – Water Utility	13,800	Administrative fees	
	Enterprise – Water Utility	1,950,147	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	
	<b>Debt Service</b>	Special Revenue – Tax Incremental District No. 3	99,313	Debt payments
		Capital Project – Tax Incremental District No. 5	91,675	Debt payments
		Capital Project – Tax Incremental District No. 6	1,832,252	Debt payments
		Capital Project – Tax Incremental District No. 7	1,525	Debt payments
Capital Project – Tax Incremental District No. 8		38,758	Debt payments	
Capital Projects – Community Development		4,834	Debt payments	
<b>Special Revenue Funds</b>		Tax Incremental District No. 3	Enterprise – Parking Utility	1,200,000

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**Transfers (cont.)**

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
<b>Capital Project Funds</b>			
Community Development	General	\$ 845,330	Capital assets
CEA Replacement	Special Revenue – Sanitation	89,605	Capital assets
CEA Replacement	General	57,500	Capital assets
CEA Replacement	Internal Service – CEA	295,561	Capital assets
CEA Replacement	Enterprise – Water Utility	8,988	Capital assets
CEA Replacement	Enterprise – Reid Municipal Golf Course	2,800	Capital assets
CEA Replacement	Internal Service – Facilities Management	13,000	Capital assets
CEA Replacement	Enterprise – Stormwater Utility	20,000	Capital assets
<b>Enterprise</b>			
Stormwater	Enterprise – Wastewater	500,000	Capital assets
Valley Transit	General	<u>585,506</u>	Local share of funding
Sub-Total – Fund Financial Statements		9,400,221	
Less: Fund eliminations		(5,153,269)	
Government-wide elimination		(1,479,573)	
Infrastructure contributed to the business-type activities by the governmental activities		<u>(5,732)</u>	
Total – Government-Wide Statement of Activities		<u><u>\$ 2,761,647</u></u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activity	Business-type Activity	\$ 3,352,885	
Business-type Activity	Governmental Activity	<u>(591,238)</u>	
Total		<u><u>\$ 2,761,647</u></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.



**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

**F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable					
General Obligation Debt					
General	\$ 29,226,663	\$ 5,775,000	\$ 4,282,333	\$ 30,719,330	\$ 4,031,083
Internal service	188,337	-	7,667	180,670	18,917
Promissory note	295,000	-	5,000	290,000	15,000
Add: Deferred amounts for premiums	<u>250,265</u>	<u>222,458</u>	<u>57,796</u>	<u>414,927</u>	<u>-</u>
Total Bonds and Notes Payable	<u>29,960,265</u>	<u>5,997,458</u>	<u>4,352,796</u>	<u>31,604,927</u>	<u>4,065,000</u>
Other Liabilities					
Vested compensated absences					
General	6,323,791	3,424,929	3,266,372	6,482,348	3,281,673
Internal service	208,791	131,740	126,518	214,013	128,038
Other postemployment benefits					
Internal service	581,712	390,423	-	972,135	-
Landfill liability	1,890,000	-	90,000	1,800,000	90,000
Disability benefits	79,370	-	5,115	74,255	14,281
Pension liability	<u>104,735</u>	<u>-</u>	<u>48,062</u>	<u>56,673</u>	<u>26,007</u>
Total Other Liabilities	<u>9,188,399</u>	<u>3,947,092</u>	<u>3,536,067</u>	<u>9,599,424</u>	<u>3,539,999</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 39,148,664</u>	<u>\$ 9,944,550</u>	<u>\$ 7,888,863</u>	<u>\$ 41,204,351</u>	<u>\$ 7,604,999</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable					
General obligation debt	\$ 695,000	\$ -	\$ 60,000	\$ 635,000	\$ 60,000
Revenue bonds	127,660,000	32,160,000	31,880,000	127,940,000	3,625,000
Add: Deferred amounts for premiums	<u>2,512,285</u>	<u>1,996,272</u>	<u>387,477</u>	<u>4,121,080</u>	<u>-</u>
Total Bonds and Notes Payable	<u>130,867,285</u>	<u>34,156,272</u>	<u>32,327,477</u>	<u>132,696,080</u>	<u>3,685,000</u>
Other Liabilities					
Vested compensated absences	<u>1,122,919</u>	<u>490,485</u>	<u>576,169</u>	<u>1,037,235</u>	<u>559,913</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 131,990,204</u>	<u>\$ 34,646,757</u>	<u>\$ 32,903,646</u>	<u>\$ 133,733,315</u>	<u>\$ 4,244,913</u>

The water revenue bond debt service payments are primarily due on January 1st and July 1st. The utility makes the January 1st payment on December 31st of the prior year. Therefore, no current principal amount is shown on the statement of net position at December 31, 2015.

**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.

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**General Obligation Debt (cont.)**

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, 2015, was \$240,837,740. Total general obligation debt outstanding at year end was \$31,535,000.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-15</u>
Governmental Activities					
General Obligation Bonds					
General Obligation Notes, Series 2006A	8/9/06	10/1/16	4.125 – 4.200%	\$ 4,725,000	\$ 685,000
General Obligation Notes, Series 2007	8/1/07	4/1/17	4.25%	5,165,000	1,560,000
General Obligation Notes, Series 2008A	8/5/08	4/1/18	3.00 – 4.00%	3,980,000	1,420,000
General Obligation Notes, Series 2008B	11/26/08	4/1/28	3.75 – 5.00%	7,325,000	5,920,000
General Obligation Notes, Series 2009A	11/5/09	4/1/19	2.50 – 3.125%	5,735,000	3,015,000
General Obligation Notes, Series 2012A	11/7/12	4/1/22	2.00 – 3.00%	5,460,000	4,390,000
General Obligation Refunding Notes, Series 2012B	8/30/12	4/1/25	0.40 – 3.00%	2,920,000	1,610,000
General Obligation Notes, Series 2014A	9/10/14	10/1/24	1.50 – 2.375%	6,525,000	6,525,000
General Obligation Notes, Series 2015A	10/28/15	10/1/25	2.00 – 3.00%	5,775,000	<u>5,775,000</u>
Total Governmental Activities – General Obligation Debt					<u>\$ 30,900,000</u>
	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-15</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>\$ 635,000</u>
Total Business-type Activities General Obligation Debt					<u>\$ 635,000</u>

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

**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>
2016	\$ 4,050,000	\$ 840,558	\$ 60,000	\$ 13,920
2017	4,645,000	724,433	60,000	13,320
2018	4,305,000	605,993	60,000	12,555
2019	3,705,000	505,520	60,000	11,625
2020	2,435,000	425,023	70,000	10,433
2021 – 2025	10,000,000	1,167,689	325,000	20,925
2026 – 2028	1,760,000	135,251	-	-
Totals	<u>\$ 30,900,000</u>	<u>\$ 4,404,467</u>	<u>\$ 635,000</u>	<u>\$ 82,778</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	\$ 1,332,329
General Fund – compensated absences	4,826,063
Debt Service Fund – general obligation debt	363,344
Special Revenue Fund – Tuchscherer disability	<u>36,605</u>
Total	<u>\$ 6,558,341</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 54 and 55. Proceeds from the bonds provided financing for construction. The total principal and interest remaining to be paid on the bonds is \$163,457,996 for water, wastewater, and stormwater. For the current year, the water utility paid \$8,762,301 of principal and interest and had \$13,073,230 of net revenues. Annual principal and interest payments are expected to require 32% of net water revenues on average. The wastewater utility paid \$1,410,021 of principal and interest and had \$4,582,477 of net revenues. Annual principal and interest payments are expected to require 26% of net wastewater revenues on average. The stormwater utility paid \$4,275,973 of principal and interest and had \$6,170,213 of net revenues. Annual principal and interest payments are expected to require 50% of net stormwater revenues on average.

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**Revenue Debt (cont.)**

Revenue debt payable at December 31, 2015 consists of the following:

*Business-type Activities Revenue Debt*

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-15
<u>Water Utility</u>					
Water System Revenue Refunding Bonds, Series 2007A	2/6/07	1/1/25	4.00 – 4.50%	\$ 58,510,000	\$ 26,805,000
Water System Revenue Bonds, Series 2007C	3/1/07	1/1/26	4.00 – 4.75%	12,140,000	665,000
Water System Revenue Bonds, Series 2008	12/17/08	1/1/28	3.00 – 5.50%	15,215,000	1,410,000
Water System Revenue Bonds, Series 2011	8/24/11	1/1/31	2.00 – 4.20%	3,170,000	2,665,000
Water System Revenue Bonds, Series 2012	8/8/12	1/1/32	2.00 – 3.25%	2,510,000	2,200,000
Water System Revenue Bonds, Series 2013	8/7/13	1/1/33	2.00 – 4.50%	7,180,000	6,635,000
Water System Revenue Bonds, Series 2014	9/10/14	7/1/34	2.00 – 4.00%	3,850,000	3,695,000
Water System Revenue Bonds, Series 2015	10/28/15	1/1/35	2.00 – 4.00%	22,735,000	<u>22,735,000</u>
				Total Water Utility	<u>66,810,000</u>
<u>Wastewater Utility</u>					
Sewerage System Revenue Bonds, Series 2006	8/9/06	5/1/26	4.25 – 5.00%	3,265,000	2,165,000
Sewerage System Revenue Bonds, Series 2007	9/5/07	5/1/27	4.25 – 5.00%	2,350,000	1,660,000
Sewerage System Revenue Bonds, Series 2008	9/10/08	5/1/28	3.00 – 4.50%	4,330,000	3,200,000
Sewerage System Revenue Bonds, Series 2010	5/22/10	5/1/30	2.00 – 4.00%	4,935,000	4,290,000
Sewerage System Revenue Bonds, Series 2011	8/24/11	5/1/31	2.00 – 4.25%	3,735,000	<u>3,300,000</u>
				Total Wastewater Utility	<u>14,615,000</u>

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

**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 12-31-15
<u>Stormwater Utility</u>					
Stormwater System Revenue Refunding Bonds, Series 2006	5/1/06	4/1/26	4.00 – 4.50%	\$ 7,855,000	\$ 2,130,000
Stormwater System Revenue Bonds, Series 2007	9/5/07	4/1/27	4.25 – 5.00%	5,145,000	470,000
Stormwater System Revenue Bonds, Series 2008	9/10/08	4/1/28	3.00 – 4.50%	6,010,000	4,415,000
Stormwater System Revenue Bonds, Series 2009	12/30/09	4/1/29	2.00 – 4.45%	10,720,000	9,550,000
Stormwater System Revenue Bonds, Series 2012	8/8/12	4/1/32	2.00 – 4.00%	13,190,000	10,880,000
Stormwater System Revenue Bonds, Series 2013	8/7/13	4/1/33	2.00 – 4.50%	6,440,000	6,195,000
Stormwater System Revenue Bonds, Series 2014	9/10/14	4/1/34	2.00 – 4.00%	3,450,000	3,450,000
Stormwater System Revenue Bonds, Series 2015	10/28/15	4/1/35	2.00 – 4.00%	9,425,000	<u>9,425,000</u>
			Total Stormwater Utility		<u>46,515,000</u>
Total Business-type Activities Revenue Debt					<u>\$ 127,940,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 3,625,000	\$ 2,278,964	\$ 5,903,964
2017	10,480,000	4,766,492	15,246,492
2018	10,885,000	4,346,567	15,231,567
2019	10,825,000	3,916,851	14,741,851
2020	11,260,000	3,473,426	14,733,426
2021 – 2025	44,665,000	11,855,946	56,520,946
2026 – 2030	26,605,000	4,173,757	30,778,757
2031 – 2035	9,595,000	705,593	10,300,593
Totals	<u>\$ 127,940,000</u>	<u>\$ 35,517,596</u>	<u>\$ 163,457,596</u>

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

##### ***Advance Refundings***

###### *Water*

On October 28, 2015, bonds in the amount of \$22,735,000 were issued with an average interest rate of 2.74% to advance refund \$17,175,000 of outstanding Series 2007C and 2008 revenue bonds with an average interest rate of 4.76%. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for a portion of future debt service payments on the old bonds. As a result, that portion of the old bonds are considered defeased and the liability for that portion of the old bonds has been removed from the statement of net position.

The cash flow requirements on the old bonds prior to the advance refunding was \$29,776,505 from 2015 – 2028. The cash flow requirements on the new bonds are \$27,771,589 from 2015 – 2028. The advance refunding resulted in an economic gain of \$1,546,115.

###### *Stormwater*

On October 28, 2015, bonds in the amount of \$5,667,100 were issued with an average interest rate of 2.91% to advance refund \$5,410,000 of outstanding Series 2006 and 2007 revenue bonds with an average interest rate of 4.71%. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for a portion of future debt service payments on the old bonds. As a result, that portion of the old bonds are considered defeased and the liability for that portion of the old bonds has been removed from the statement of net position.

The cash flow requirements on the old bonds prior to the advance refunding was \$11,197,609 from 2015 – 2027. The cash flow requirements on the new bonds are \$10,621,533 from 2015 – 2027. The advance refunding resulted in an economic gain of \$497,169.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

##### ***Promissory Note***

During 2012, the Appleton Redevelopment Authority received a \$300,000 Wisconsin DNR Ready for Reuse Loan. See Note IV. K. 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>
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
Total	<u>\$ 290,000</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.

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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**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, 2015, are as follows:

	<u>Governmental Activities</u>
2016	\$ 94,150
2017	91,992
2018	<u>92,025</u>
Sub-Total	278,167
Less: Amount representing interest	<u>(46,500)</u>
Present Value of Minimum Lease Payments	<u>\$ 231,667</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, 2015, a \$1,800,000 liability was estimated based on what it would cost to perform all postclosure care in 2015 and thereafter. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The City incurred approximately \$78,990 of closure costs in 2015.



# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Governmental activities net position reported on the government-wide statement of net position at December 31, 2015 includes the following:

#### ***Governmental Activities Net Position***

Net investment in capital assets	
Land and land improvements	\$ 123,729,029
Intangible assets	179,110
Construction in progress	5,864,273
Other capital assets, net of accumulated depreciation/amortization	215,123,958
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(27,187,010)
Less: Unamortized debt premium	(414,927)
Total Net Investment in Capital Assets	<u>317,294,433</u>
Restricted	
Debt service	379,087
TIF development activity	1,708,486
Housing rehabilitation	6,580,352
Hazardous materials	347,780
Future claims	36,605
Parks	564,749
Pension	7,105,472
Total Restricted	<u>16,722,531</u>
Unrestricted	<u>37,652,618</u>
Total Governmental Activities Net Position	<u>\$ 371,669,582</u>

Governmental fund balances reported on the fund financial statements at December 31, 2015 include the following:

#### ***Fund Balances***

#### ***Nonspendable***

#### ***Major Fund***

#### ***General Fund***

Inventories	\$ 970,906
Prepaid items	25,872
Delinquent special assessments	8,306
Advance to other funds (principal portion)	6,278,569
Developer loans	<u>1,058,601</u>
Total	<u>\$ 8,342,254</u>

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**Fund Balances (cont.)**

**Restricted**

Nonmajor Funds

Special Revenue Funds

Rental rehabilitation grants – housing rehabilitation	\$ 44,256
Hazardous materials Level A – public safety	347,780
Continuum of care – housing	5,000
HOME Homeowner – housing rehabilitation	46,434
Business and Neighborhood Revitalization Grant – housing rehabilitation	1,308
Lead hazard control grant – housing rehabilitation	35,716
Tuchscherer disability – future claims	36,605
Peabody Estate – parks	65,191
Balliet Locomotive – parks	11,387
Lutz Park – parks	135,841
Park purpose open space – parks	317,839
Union Spring Park – parks	2,519
Project city park – parks	5,924
Universal playground	358
Miracle League baseball	25,690

Debt Service Fund

Debt service	363,344
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Capital Projects Funds

Tax Incremental District No. 7 – TIF development activity	504,096
Tax Incremental District No. 8 – TIF development activity	350,000
Tax Incremental District No. 10 – TIF development activity	32,061
Public works equipment – capital purposes	192,525
Facilities capital projects – capital purposes	848,920
Information technology – capital purposes	106,037

Total	<u>\$ 3,478,831</u>
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**Committed**

Nonmajor Fund

Sanitation and Recycling

Sanitation and recycling purposes	<u>\$ 1,276,478</u>
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# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

##### Fund Balances (cont.)

###### Assigned

###### Major Funds

###### General Fund

PILOT applied to the 2016 budget	\$ 1,950,146
Applied to the 2016 budget	306,955
Carryover appropriations	2,727,720
Compensated absences	4,826,063
Health insurance	628,641
Unfunded pension liability	56,672
Debt service	<u>1,332,329</u>

Total \$ 11,828,526

###### Nonmajor Funds

###### Capital Projects Funds

Subdivision development projects – capital purposes	\$ 1,664,438
Industrial park land – capital purposes	1,755,759
Public safety facilities – capital purposes	10,739
Public works equipment – capital purposes	198,318
CEA replacement – capital purposes	2,018,782
Information technology – capital purposes	1,913
Facilities capital projects – capital purposes	<u>2,505</u>

Total \$ 5,652,454

###### Unassigned (Deficit)

###### Major Funds

###### General Fund

\$ 11,429,020

###### Tax Incremental District No. 3 (deficit)

\$ (10,731,055)

###### Nonmajor Funds

###### Special Revenue Funds

Community development block grant	\$ (7,576)
Health grants	(13,722)
Police grants	(12,273)
Emergency shelter	(1,464)

###### Capital Projects Funds

Tax Incremental District No. 6	(2,705,945)
Tax Incremental District No. 8	(927,671)
Tax Incremental District No. 9	(38,288)
Community development	<u>(1,563,471)</u>

Total \$ (5,270,410)

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**Business-type Activities Net Position**

Net investment in capital assets	
Land	\$ 13,104,119
Intangible assets	1,171,003
Construction in progress	4,269,083
Other capital assets, net of accumulated depreciation	294,016,560
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(130,235,037)
Add: Borrowed reserve and depreciation funds	16,361,731
Add: Construction fund	<u>2,405,680</u>
Total Net Investment in Capital Assets	<u>201,093,139</u>
Restricted	
Debt service	2,770,538
DNR replacement fund	3,580,896
Capital replacement fund	2,488,019
Pension	<u>1,532,822</u>
Total Restricted	<u>10,372,275</u>
Unrestricted	<u>45,777,259</u>
Total Business-type Activities Net Position	<u>\$ 257,242,673</u>

**J. RESTATEMENT OF NET POSITION**

Net position has been restated as a result of the implementation of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of the restatement are as follows:

	Governmental Activities	Business-type Activities	Water Utility	Wastewater Utility	Valley Transit
Net Position – December 31, 2014 (as reported)	\$ 351,365,015	\$ 247,758,367	\$ 75,046,028	\$ 92,666,986	\$ 5,388,703
Add: Net pension asset	11,451,112	2,470,281	505,241	770,326	692,415
Add: Deferred outflows related to pensions	<u>2,934,462</u>	<u>633,035</u>	<u>129,473</u>	<u>197,404</u>	<u>177,438</u>
Net Position – December 31, 2014 (as restated)	<u>\$ 365,750,589</u>	<u>\$ 250,861,683</u>	<u>\$ 75,680,742</u>	<u>\$ 93,634,716</u>	<u>\$ 6,258,556</u>

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

**J. RESTATEMENT OF NET POSITION (cont.)**

	Stormwater Utility	Other Enterprise Funds	Internal Service Funds
Net Position – December 31, 2014 (as reported)	\$ 63,480,867	\$ 10,477,167	\$ 12,631,770
Add: Net pension asset	374,657	127,642	473,696
Add: Deferred outflows related to pensions	96,010	32,710	121,389
Net Position – December 31, 2014 (as restated)	<u>\$ 63,951,534</u>	<u>\$ 10,637,519</u>	<u>\$ 13,226,855</u>

**K. COMPONENT UNITS**

This report contains 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.

***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 \$152,578 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, 2015

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

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

***Redevelopment Authority***

a. Basis of Accounting/Measurement Focus

The Redevelopment Authority prepares its financial statements in accordance with generally accepted accounting principles. The accounting records are kept on the accrual basis of accounting and flow of economic resources measurement focus.

b. Cash and Investments

At year end, the carrying amount of the Redevelopment Authority's deposits was \$209,238 and is part of the City's commingled cash. See Note IV.A.

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. This is shown on the financial statements as a note payable due to the primary government.

d. Notes Receivable

*Long-Term Notes Receivable – Primary Government*

The long-term note receivable of \$290,000 (\$15,000 is reflected as current; the other \$275,000 is not due within one year) 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>
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>\$ 290,000</u>

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

***Redevelopment Authority*** (cont.)

e. Notes Payable

*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 2013(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.

The DNR Ready for Reuse repayment schedule is as follows:

<u>Years</u>	<u>Principal</u>
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>\$ 290,000</u>

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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### NOTE V – OTHER INFORMATION

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

##### **Summary of Significant Accounting Policies**

**Pension.** For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### **General Information About the Pension Plan**

**Plan description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 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.

**Vesting.** 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.

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. 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 participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.



# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Post-retirement adjustments.** The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2005	2.6%	7%
2006	0.8	3
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Required contributions for protective employees 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.

During the reporting period, the WRS recognized \$3,482,449 in contributions from the City.

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

**A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)**

Contribution rates as of December 31, 2015 are:

Employee Category	Employee	Employer
General	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

***Pension Assets, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2015, the City reported an asset of \$8,638,294 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City’s proportion of the net pension asset was based on the City’s share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the City’s proportion was .35168290%, which was a decrease of .00142806% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City recognized pension expense of \$3,300,988.

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 1,252,284
Net differences between projected and actual earnings on pension plan investments	4,183,079
Changes in proportion and differences between employer contributions and proportionate share of contributions	83,512
Employer contributions subsequent to the measurement date	3,598,228
Totals	\$ 9,117,103

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$3,598,228 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources
2016	\$ 1,350,315
2017	1,350,315
2018	1,350,315
2019	1,350,314
2020	117,616

**Actuarial assumptions.** The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Long-term expected return on plan assets.** The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7	23
Fixed Income	1.7	36
Inflation Sensitive Assets	2.3	20
Real Estate	4.2	7
Private Equity/Debt	6.9	7
Multi-Asset	3.9	6
Cash	0.9	-20

**Single discount rate.** A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's proportionate share of the net pension asset to changes in the discount rate.** The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension liability (asset)	\$24,370,115	\$(8,638,294)	\$(34,707,001)

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

**A. EMPLOYEES’ RETIREMENT SYSTEM (cont.)**

**Pension plan fiduciary net position.** Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

At December 31, 2015, the City reported a payable to the pension plan which represents contractually required contributions outstanding as of year-end.

**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; injuries to employees; natural disasters; environmental pollution; and employment practices. 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 2015, the Risk Management Fund provided coverage for up to \$500,000 for each worker’s compensation claim; \$200,000 for each general, automobile, police professional or public officials liability claim up to \$800,000 in a year; and \$1,000-10,000 (\$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, except for 2013, whereas the City paid \$175,000 to settle an outstanding 2010 claim. There were no significant reductions in coverage compared to the prior year. A total reserve for claims losses at December 31, 2015 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, 2015 and amounts expected to arise from claims which have been incurred but have not been reported to the City as of December 31, 2015. The reserve is based on a 2015 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, 2015, the City has a net position of \$78,087 in the risk management fund for self-insured activities not covered by the reserves established. This amount is included in unrestricted net position.

Changes in the claims payable follow:

	Balance January 1	Incurred Claims	Claims Paid	Balance December 31
2014	\$ 1,900,000	\$ 608,338	\$ 608,338	\$ 1,900,000
2015	1,900,000	1,468,077	1,468,077	1,900,000

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**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 \$225,000 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 2015 totaled approximately \$470,327.

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, 2015:

Reported and Known Claims	\$ 553,066
Incurred but not Reported Claims	<u>2,383,934</u>
 Total	 <u><u>\$ 2,937,000</u></u>

Changes in the claims payable follow:

	Balance January 1	Incurred Claims	Claims Paid	Balance December 31
2014	\$ 2,937,000	\$ 7,249,789	\$ 7,249,789	\$ 2,937,000
2015	2,937,000	7,715,334	7,715,334	2,937,000

**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 2015, 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 \$25,000 per person and \$50,000 per accident in uninsured/underinsured motorist insurance.

The physical damage policy issued by 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.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

##### ***Municipal Mutual Insurance (cont.)***

##### ***Transit Mutual Insurance Corporation of Wisconsin (TMI) (cont.)***

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. In 2015, TMI did not issue any refunds to the City.

The City's share of this corporation is 4.86% for auto liability and 2.87% of physical damage liability. A list of the other members and their share of participation is available in the TMI report which can be obtained directly from TMI's offices.

##### ***Wisconsin Municipal Insurance Commission (WMIC)***

##### ***Cities and Villages Mutual Insurance Company (CVMIC)***

CVMIC is a municipal mutual insurance company established on September 14, 1987 under Section 611.23 of the Wisconsin Statutes. CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMIC that was established under Section 66.30 of the Wisconsin Statutes governing intergovernmental cooperation commissions.

CVMIC insures the municipalities up to \$5,000,000 per occurrence above the self-insured retention amount selected by each individual city or village. CVMIC also provides excess insurance of \$5,000,000 over the CVMIC layer thru a group purchase program paid proportionately by members for a total limit of \$10,000,000 per occurrence. Members pay premiums based on their self-insured retention amount, claims experience and population.

Management of CVMIC and WMIC consists of a board of directors and officers elected by the membership from each class of participants based on population. The board of directors hires the company executive director who in turn hires the management staff of CVMIC. The City does not exercise any control over the activities of CVMIC and WMIC beyond the election of the officer and board.

Financial statements of CVMIC can be obtained directly from CVMIC's offices. The City's Mutual Member Participation Calculation for 2015 is calculated at 3.969%. This calculation is based on premiums, claims and self-insured retention of the City as compared to the entire membership. The City's participation portion of available funds would be distributed upon dissolution. WMIC is not required to have an audit.

The City pays an annual premium to CVMIC for its general liability insurance as noted. The City's self-insured retention amount annually is \$200,000 per occurrence and \$1,000,000 in the aggregate.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

##### ***Wisconsin Municipal Insurance Commission (WMIC) (cont.)***

##### ***Cities and Villages Mutual Insurance Company (CVMIC) (cont.)***

The City's equity portion of available funds in CVMIC is refundable upon withdrawal from the commission, if available. The original investment is reported at \$2,020,950 in the insurance internal service fund. This investment has been fully repaid (both principal and interest) by CVMIC.

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

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.

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.

In previous years, the Fox River cleanup has been identified as a source of potential liability to the City. The City reached a settlement in 2014 in the amount of \$5,200,000. Certain parties are attempting to bring the City back into the cleanup as a responsible party.

Two former City employees are entitled to monthly disability benefits from the City for the rest of their lives. Disability payments total \$1,190 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, 2015. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenses.

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

Water Utility	\$1,790,356
Stormwater Utility	608,856
Facilities Capital Projects	141,985

The City has issued municipal revenue obligations as part of developer agreements. The obligations are payable solely to the developer from tax increments collected on 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.



**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

**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, 2015:

Name of Insurer/Type	Original Amount	Coverage (Risks Covered)	Expiration Date
MBIA Insurance Corporation	\$ 4,881,427	Full and complete payment	4/1/2019
Financial Security Assurance	5,345,625	Full and complete payment	4/1/2020
Financial Guaranty Insurance Company	7,653,530	Full and complete payment	4/1/2021
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

**Number of Customers – Water**

*Unmetered*

Commercial 26

*Metered*

Residential 25,280

Commercial 1,695

Industrial 75

Public Authority 95

Multi-family 311

Wholesale 3

Total 27,485

**Number of Customers – Sewer**

*Metered*

Residential 25,190

Commercial 1,587

Industrial 70

Public Authority 80

Multi-family 311

Total 27,238

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

**Number of Equivalent Run Off Units – Stormwater**

Residential	24,239
Commercial	25,620
Industrial	4,065
Public Authority	4,139
Multi-family	2,101
Total	60,164

**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. 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 2015, total member contributions were \$0.

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	\$ 361,337
Interest on net OPEB obligation	29,086
Adjustment to annual required contribution	-
Annual OPEB cost	390,423
Contributions made	-
Increase in Net OPEB Obligation	390,423
Net OPEB Obligation – Beginning of Year	581,712
Net OPEB Obligation – End of Year	\$ 972,135

**CITY OF APPLETON**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2015

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

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

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)
12/31/15	\$ 390,423	-%	\$ 972,135
12/31/14	355,677	70%	581,712
12/31/13	328,749	-%	473,482

The funded status of the plans as of January 1, 2015, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 3,066,423
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 3,066,423</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 34,712,280
UAAL as a percentage of covered payroll	9%

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

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

In the actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions include a 5% investment rate of return and an annual healthcare cost trend rate of 5.5% for employees and 6.5% for spouses 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, 2015 was 30 years. The City accounts for these activities in the post-employment benefits internal service fund, which has a net position of \$492,110 as of December 31, 2015.

# CITY OF APPLETON

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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#### **F. RELATED ORGANIZATIONS**

##### ***Housing Authority***

The City's officials are responsible for appointing board members of the City of Appleton Housing Authority, but the City's accountability for this organization does not extend beyond making the appointments.

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

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 72, *Fair Value Measurement and Application*
- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- > Statement No. 77, *Tax Abatement Disclosures*
- > Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*

**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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 33,552,806	\$ 33,552,806	\$ 33,561,615	\$ 8,809
Intergovernmental	15,294,977	15,381,477	15,469,342	87,865
Licenses and permits	1,011,300	1,011,300	1,147,980	136,680
Fines and forfeitures	350,000	350,000	273,814	(76,186)
Special assessments	596,500	596,500	470,806	(125,694)
Investment income	2,675,500	2,675,500	1,687,586	(987,914)
Charges for services	1,262,843	1,262,843	1,311,008	48,165
Other	1,401,224	1,560,366	2,065,768	505,402
Total Revenues	<u>56,145,150</u>	<u>56,390,792</u>	<u>55,987,919</u>	<u>(402,873)</u>
<b>EXPENDITURES</b>				
Current				
General government	6,836,387	9,050,144	6,996,188	2,053,956
Public safety	28,591,300	28,796,554	28,537,213	259,341
Public works	14,352,181	14,462,203	13,045,495	1,416,708
Education and recreation	7,636,756	7,798,336	7,804,714	(6,378)
Community development	1,663,319	1,677,255	1,699,819	(22,564)
Total Expenditures	<u>59,079,943</u>	<u>61,784,492</u>	<u>58,083,429</u>	<u>3,701,063</u>
Excess (deficiency) of revenues over expenditures	<u>(2,934,793)</u>	<u>(5,393,700)</u>	<u>(2,095,510)</u>	<u>3,298,190</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of city property	7,000	7,000	21,139	14,139
Transfers in	3,541,355	3,779,278	3,713,574	(65,704)
Transfers out	(648,562)	(1,493,892)	(1,488,336)	5,556
Total Other Financing Sources (Uses)	<u>2,899,793</u>	<u>2,292,386</u>	<u>2,246,377</u>	<u>(46,009)</u>
Net Change in Fund Balance	(35,000)	(3,101,314)	150,867	3,252,181
FUND BALANCE - Beginning	<u>31,448,933</u>	<u>31,448,933</u>	<u>31,448,933</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 31,413,933</u>	<u>\$ 28,347,619</u>	<u>\$ 31,599,800</u>	<u>\$ 3,252,181</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 1,020,000	\$ 1,020,000	\$ 994,264	\$ (25,736)
Intergovernmental	8,000	8,000	1,729	(6,271)
Investment income	5,000	5,000	6,149	1,149
Total Revenues	<u>1,033,000</u>	<u>1,033,000</u>	<u>1,002,142</u>	<u>(30,858)</u>
<b>EXPENDITURES</b>				
Current				
General government	2,050	2,050	1,659	391
Debt Service				
Interest and fiscal charges	<u>571,068</u>	<u>571,068</u>	<u>571,068</u>	<u>-</u>
Total Expenditures	<u>573,118</u>	<u>573,118</u>	<u>572,727</u>	<u>391</u>
Excess of revenues over expenditures	<u>459,882</u>	<u>459,882</u>	<u>429,415</u>	<u>(30,467)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,200,000	1,200,000	1,200,000	-
Transfers out	<u>(99,313)</u>	<u>(99,313)</u>	<u>(99,313)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>1,100,687</u>	<u>1,100,687</u>	<u>1,100,687</u>	<u>-</u>
Net Change in Fund Balance	1,560,569	1,560,569	1,530,102	(30,467)
FUND BALANCE (DEFICIT) - Beginning	<u>(12,295,713)</u>	<u>(12,295,713)</u>	<u>(12,261,157)</u>	<u>34,556</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (10,735,144)</u>	<u>\$ (10,735,144)</u>	<u>\$ (10,731,055)</u>	<u>\$ 4,089</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, 2015

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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	
12/31/2014	\$	-	\$ 3,066,423	\$ 3,066,423	0%	\$ 34,712,280	8.8%
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%

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



**CITY OF APPLETON**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET -  
WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2015

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<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Asset</u>	<u>Proportionate Share of the Net Pension Asset</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Asset</u>
12/31/15	0.35168290%	\$ 8,638,294	\$ 39,160,783	22.06%	102.74%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM  
For the Year Ended December 31, 2015

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<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 3,598,230	\$ 3,598,230	\$ -	\$ 41,437,908	8.68%

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

## CITY OF APPLETON

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2015

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#### ***BUDGETARY INFORMATION***

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

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

#### ***WISCONSIN RETIREMENT SYSTEM***

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The City is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

*Changes in Assumptions.* There were no changes in assumptions.

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>TAXES</b>				
Property tax	\$ 33,145,306	\$ 33,145,306	\$ 33,142,478	\$ (2,828)
Payment in lieu of taxes	407,500	407,500	419,137	11,637
Total Taxes	<u>33,552,806</u>	<u>33,552,806</u>	<u>33,561,615</u>	<u>8,809</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
State shared revenues	9,740,329	9,740,329	9,749,092	8,763
State aid - exempt computers	350,000	350,000	300,396	(49,604)
Highway aid - connecting streets	225,000	225,000	225,716	716
State tax disparity act	1,132,623	1,132,623	1,122,637	(9,986)
State aid - local streets	2,335,194	2,335,194	2,475,679	140,485
State aid - fire insurance dues	185,000	185,000	187,375	2,375
Miscellaneous state aids	213,929	299,866	281,241	(18,625)
Miscellaneous local aids	7,500	7,500	14,471	6,971
Library grants and aids	1,097,902	1,097,902	1,101,454	3,552
Health grants	7,500	8,063	11,281	3,218
Total Intergovernmental Revenues	<u>15,294,977</u>	<u>15,381,477</u>	<u>15,469,342</u>	<u>87,865</u>
<b>LICENSES AND PERMITS</b>				
Licenses				
Amusement devices	8,000	8,000	8,080	80
Cigarette	5,500	5,500	5,700	200
Health	127,000	127,000	145,302	18,302
Heating	-	-	575	575
Liquor and malt beverages	80,000	80,000	83,942	3,942
Operators	94,500	94,500	85,374	(9,126)
Commercial solicitation	10,000	10,000	4,955	(5,045)
Taxi cab/limousine	1,500	1,500	1,690	190
Taxi driver	4,200	4,200	4,000	(200)
Sundry	6,900	6,900	7,732	832
Secondhand/pawnbroker	2,000	2,000	2,280	280
Special events	17,000	17,000	21,464	4,464
Dog	25,000	25,000	18,556	(6,444)
Cat	10,000	10,000	7,134	(2,866)
Weights and measures	57,600	57,600	55,699	(1,901)
Permits				
Building	260,000	260,000	349,301	89,301
Electrical	110,000	110,000	125,529	15,529
Heating	58,000	58,000	63,395	5,395
Plumbing and sewer	57,000	57,000	73,389	16,389
Burning	26,000	26,000	30,231	4,231
Trailer parking	9,000	9,000	7,957	(1,043)
State building	2,000	2,000	2,025	25
Signs	3,000	3,000	4,740	1,740
Street occupancy	8,000	8,000	8,640	640
Street excavating and patching	26,000	26,000	25,240	(760)
Sundry	3,100	3,100	5,050	1,950
Total Licenses and Permits	<u>1,011,300</u>	<u>1,011,300</u>	<u>1,147,980</u>	<u>136,680</u>

# CITY OF APPLETON

## DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>FINES AND FORFEITURES</b>				
Court fines and costs	\$ 350,000	\$ 350,000	\$ 273,814	\$ (76,186)
Total Fines and Forfeitures	<u>350,000</u>	<u>350,000</u>	<u>273,814</u>	<u>(76,186)</u>
<b>SPECIAL ASSESSMENTS</b>				
Asphalt paving	153,500	153,500	124,995	(28,505)
Concrete paving	250,000	250,000	168,832	(81,168)
Grade and gravel	10,000	10,000	8,852	(1,148)
Sidewalks	4,000	4,000	5,089	1,089
Freeway fence	-	-	239	239
Snow removal	82,000	82,000	73,682	(8,318)
Weed cutting	20,000	20,000	14,689	(5,311)
Street light revenue	75,000	75,000	72,530	(2,470)
Miscellaneous	2,000	2,000	1,898	(102)
Total Special Assessments	<u>596,500</u>	<u>596,500</u>	<u>470,806</u>	<u>(125,694)</u>
<b>INVESTMENT INCOME</b>				
Investment income	1,505,500	1,505,500	554,605	(950,895)
Interest on advances	1,000,000	1,000,000	1,000,000	-
Interest on taxes	100,000	100,000	91,935	(8,065)
Interest - deferred special assessments	70,000	70,000	41,046	(28,954)
Total Investment Income	<u>2,675,500</u>	<u>2,675,500</u>	<u>1,687,586</u>	<u>(987,914)</u>
<b>CHARGES FOR SERVICES</b>				
Legal services	32,200	32,200	19,961	(12,239)
Mayor	12,500	12,500	10,890	(1,610)
Finance	3,700	3,700	3,746	46
Library	82,000	82,000	63,832	(18,168)
Community development	800	800	831	31
Parks and recreation	535,053	535,053	576,376	41,323
Public Works				
Street division	10,000	10,000	1,590	(8,410)
Traffic	73,550	73,550	79,422	5,872
Forestry	1,000	1,000	90	(910)
Inspection department	47,000	47,000	80,542	33,542
Health department	67,980	67,980	68,509	529
Police department	374,560	374,560	363,903	(10,657)
Fire department	22,500	22,500	41,316	18,816
Total Charges for Services	<u>1,262,843</u>	<u>1,262,843</u>	<u>1,311,008</u>	<u>48,165</u>
<b>OTHER</b>				
Fees and commissions	828,450	828,450	839,325	10,875
Zoning and subdivision fees	16,500	16,500	20,355	3,855
Property inquiry fees	65,000	65,000	73,620	8,620
Miscellaneous revenue	49,423	49,423	43,612	(5,811)
Rental of city property	45,175	45,175	48,864	3,689

# CITY OF APPLETON

## DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>OTHER (cont.)</b>				
Donations and memorials	\$ 16,500	\$ 92,352	\$ 100,908	\$ 8,556
Damage to city property	42,000	42,000	64,820	22,820
Other reimbursements	232,324	315,614	766,974	451,360
Leases	103,852	103,852	104,197	345
Refund of prior year expenditures	-	-	48	48
Board of appeals	2,000	2,000	3,045	1,045
Total Other	<u>1,401,224</u>	<u>1,560,366</u>	<u>2,065,768</u>	<u>505,402</u>
Total Revenues	<u>56,145,150</u>	<u>56,390,792</u>	<u>55,987,919</u>	<u>(402,873)</u>
<b>OTHER FINANCING SOURCES</b>				
Sale of city property	<u>7,000</u>	<u>7,000</u>	<u>21,139</u>	<u>14,139</u>
Transfers From				
Room tax fund	40,000	40,000	79,223	39,223
Wheel tax fund	1,400,005	1,400,005	1,275,331	(124,674)
Tax Incremental District No. 5	-	237,923	237,923	-
Water utility fund - property tax equivalent	1,930,400	1,930,400	1,950,147	19,747
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>3,541,355</u>	<u>3,779,278</u>	<u>3,713,574</u>	<u>(65,704)</u>
Total Other Financing Sources	<u>3,548,355</u>	<u>3,786,278</u>	<u>3,734,713</u>	<u>(51,565)</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>\$ 59,693,505</u>	<u>\$ 60,177,070</u>	<u>\$ 59,722,632</u>	<u>\$ (454,438)</u>

**CITY OF APPLETON**

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
 BUDGET AND ACTUAL - GENERAL FUND  
 For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>GENERAL GOVERNMENT</b>				
Common council	\$ 138,541	\$ 138,541	\$ 139,943	\$ (1,402)
Mayor	341,135	354,965	352,420	2,545
Legal services	1,083,706	1,149,705	1,028,637	121,068
Finance	864,998	871,986	808,920	63,066
Information services	1,710,255	1,799,819	1,728,125	71,694
Human resources	694,034	702,520	707,179	(4,659)
Unclassified	<u>2,003,718</u>	<u>4,032,608</u>	<u>2,230,964</u>	<u>1,801,644</u>
Total General Government	<u>6,836,387</u>	<u>9,050,144</u>	<u>6,996,188</u>	<u>2,053,956</u>
<b>PUBLIC SAFETY</b>				
Health services	1,171,423	1,179,432	1,149,188	30,244
Police	16,394,568	16,519,530	16,186,952	332,578
Fire	<u>11,025,309</u>	<u>11,097,592</u>	<u>11,201,073</u>	<u>(103,481)</u>
Total Public Safety	<u>28,591,300</u>	<u>28,796,554</u>	<u>28,537,213</u>	<u>259,341</u>
<b>PUBLIC WORKS</b>	<u>14,352,181</u>	<u>14,462,203</u>	<u>13,045,495</u>	<u>1,416,708</u>
<b>EDUCATION AND RECREATION</b>				
Library	4,294,408	4,424,732	4,411,772	12,960
Parks and recreation	<u>3,342,348</u>	<u>3,373,604</u>	<u>3,392,942</u>	<u>(19,338)</u>
Total Education and Recreation	<u>7,636,756</u>	<u>7,798,336</u>	<u>7,804,714</u>	<u>(6,378)</u>
<b>COMMUNITY DEVELOPMENT</b>	<u>1,663,319</u>	<u>1,677,255</u>	<u>1,699,819</u>	<u>(22,564)</u>
<b>OTHER FINANCING USES</b>				
Transfers Out To				
CEA replacement fund	57,500	57,500	57,500	-
Community development fund	-	845,330	845,330	-
Valley transit fund	<u>591,062</u>	<u>591,062</u>	<u>585,506</u>	<u>5,556</u>
Total Other Financing Uses	<u>648,562</u>	<u>1,493,892</u>	<u>1,488,336</u>	<u>5,556</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 59,728,505</u>	<u>\$ 63,278,384</u>	<u>\$ 59,571,765</u>	<u>\$ 3,706,619</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.

#### **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, bioterrorism, and radon identification.

#### **POLICE GRANTS**

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

#### **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 within a region of northeast Wisconsin, as determined through negotiations with the State.

**NONMAJOR GOVERNMENTAL FUNDS  
AND BUDGETARY COMPARISONS**

**SPECIAL REVENUE FUNDS (CONTINUED)**

**ROOM TAX**

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

**WHEEL TAX**

To account for the proceeds of vehicle registration fees and corresponding transfer to the general fund to be used for street reconstruction projects.

**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.

**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.

**EMERGENCY SHELTER GRANT**

To account for the grant proceeds, and corresponding program expenditures related to a program to benefit persons in need of emergency and transitional housing.

**NONMAJOR GOVERNMENTAL FUNDS  
AND BUDGETARY COMPARISONS**

**SPECIAL REVENUE FUNDS (CONTINUED)**

**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.

**BALLIET LOCOMOTIVE**

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

**LUTZ PARK**

To account for a private donation received to finance the construction and preservation of recreational facilities at Lutz Park and the corresponding expenditures for such purpose.

**PARK PURPOSE OPEN SPACE**

To account for monies received from subdivision developers to finance future acquisition of park facilities and the corresponding expenditures for park purposes.

**UNION SPRING PARK**

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

**NONMAJOR GOVERNMENTAL FUNDS  
AND BUDGETARY COMPARISONS**

**SPECIAL REVENUE FUNDS (CONTINUED)**

**PROJECT CITY PARK**

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.

**DEBT SERVICE FUND**

**DEBT SERVICE FUND**

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs, excluding that payable from proprietary funds.

**CAPITAL PROJECTS FUNDS**

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

**SUBDIVISION DEVELOPMENT PROJECTS**

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

**NONMAJOR GOVERNMENTAL FUNDS  
AND BUDGETARY COMPARISONS**

**CAPITAL PROJECTS FUNDS (CONTINUED)**

**INDUSTRIAL PARK LAND**

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

**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.

**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.

**TAX INCREMENT DISTRICT NO. 9**

To account for the financing and project costs for public improvement and private development within the area of T.I.D. No. 9 as provided for in the Tax District's project plan.

**TAX INCREMENT DISTRICT NO. 10**

To account for the financing and project costs for public improvement and private development within the area of T.I.D. No. 10 as provided for in the Tax District's project plan.

**NONMAJOR GOVERNMENTAL FUNDS  
AND BUDGETARY COMPARISONS**

**CAPITAL PROJECTS FUNDS (CONTINUED)**

**PUBLIC SAFETY FACILITIES**

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

**PUBLIC WORKS EQUIPMENT**

To account for the financing and acquisition of certain public works equipment.

**CEA REPLACEMENT**

To account for the financing and expenditures associated with the replacement of vehicles and equipment in the City's Central Equipment Agency.

**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.

**INFORMATION 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.

**CITY OF APPLETON**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2015

	Special Revenue Funds					
	Community Development Block Grant	Rental Rehabilitation Grants	Sanitation & Recycling Program	Health Grants	Police Grants	Hazardous Materials Level A
<b>ASSETS</b>						
Cash and investments	\$ -	\$ 44,256	\$ 1,058,037	\$ 27,361	\$ -	\$ 364,798
Receivables						
Taxes	-	-	2,044,968	-	-	-
Deferred loans	-	763,501	-	-	-	-
Accounts	-	-	6,424	1,000	-	-
Developer loans	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Other	-	-	291,693	-	-	-
Due from other governments	103,187	-	-	58,618	14,329	-
Due from other funds	-	-	53,073	-	-	-
Note receivable - component unit	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 103,187</b>	<b>\$ 807,757</b>	<b>\$ 3,454,195</b>	<b>\$ 86,979</b>	<b>\$ 14,329</b>	<b>\$ 364,798</b>
<b>LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ 68,589	\$ -	\$ 104,818	\$ 6,220	\$ 99	\$ 349
Other accrued liabilities	15	-	20,753	1,871	-	-
Due to other funds	34,583	-	-	-	14,230	-
Deposits	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	<u>103,187</u>	<u>-</u>	<u>125,571</u>	<u>8,091</u>	<u>14,329</u>	<u>349</u>
Deferred Inflows of Resources						
Unearned revenue	7,576	-	2,044,968	92,610	-	16,669
Unavailable revenue	-	763,501	7,178	-	12,273	-
Total Deferred Inflows of Resources	<u>7,576</u>	<u>763,501</u>	<u>2,052,146</u>	<u>92,610</u>	<u>12,273</u>	<u>16,669</u>
Fund Balances						
Restricted	-	44,256	-	-	-	347,780
Committed	-	-	1,276,478	-	-	-
Assigned	-	-	-	-	-	-
Unassigned (deficit)	(7,576)	-	-	(13,722)	(12,273)	-
Total Fund Balances	<u>(7,576)</u>	<u>44,256</u>	<u>1,276,478</u>	<u>(13,722)</u>	<u>(12,273)</u>	<u>347,780</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 103,187</b>	<b>\$ 807,757</b>	<b>\$ 3,454,195</b>	<b>\$ 86,979</b>	<b>\$ 14,329</b>	<b>\$ 364,798</b>



Special Revenue Funds									
Room Tax	Wheel Tax	Continuum of Care	HOME Homeowner	Housing Rehabilitation Grant	Business and Neighborhood Revitalization Grant	Emergency Shelter	Lead Hazard Control Grant	Tuchscherer Disability	
\$ -	\$ -	\$ 4,215	\$ 46,434	\$ -	\$ 1,308	\$ -	\$ 35,716	\$ 36,605	
-	-	-	-	-	3,000	-	-	-	
-	-	-	178,234	5,338,394	-	-	167,509	-	
-	-	-	-	50	-	-	-	-	
-	-	-	-	-	-	-	-	-	
109,500	-	-	-	-	-	-	-	-	
-	86,610	46,406	-	19,557	-	72,173	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
<u>\$ 109,500</u>	<u>\$ 86,610</u>	<u>\$ 50,621</u>	<u>\$ 224,668</u>	<u>\$ 5,358,001</u>	<u>\$ 4,308</u>	<u>\$ 72,173</u>	<u>\$ 203,225</u>	<u>\$ 36,605</u>	
\$ 99,071	\$ -	\$ 45,621	\$ -	\$ 448	\$ -	\$ 43,577	\$ -	\$ -	
-	-	-	-	1,063	-	-	-	-	
10,429	86,610	-	-	18,096	-	28,596	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
<u>109,500</u>	<u>86,610</u>	<u>45,621</u>	<u>-</u>	<u>19,607</u>	<u>-</u>	<u>72,173</u>	<u>-</u>	<u>-</u>	
-	-	-	-	-	3,000	1,464	-	-	
-	-	-	178,234	5,338,394	-	-	167,509	-	
-	-	-	178,234	5,338,394	3,000	1,464	167,509	-	
-	-	5,000	46,434	-	1,308	-	35,716	36,605	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	(1,464)	-	-	
-	-	5,000	46,434	-	1,308	(1,464)	35,716	36,605	
<u>\$ 109,500</u>	<u>\$ 86,610</u>	<u>\$ 50,621</u>	<u>\$ 224,668</u>	<u>\$ 5,358,001</u>	<u>\$ 4,308</u>	<u>\$ 72,173</u>	<u>\$ 203,225</u>	<u>\$ 36,605</u>	

**CITY OF APPLETON**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)  
As of December 31, 2015

	Special Revenue Funds					
	Peabody Estate	Balliet Locomotive	Lutz Park	Park Purpose Open Space	Union Spring Park	Project City Park
<b>ASSETS</b>						
Cash and investments	\$ 65,191	\$ 11,387	\$ 135,841	\$ 317,839	\$ 2,519	\$ 5,924
Receivables						
Taxes	-	-	-	-	-	-
Deferred loans	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Developer loans	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Note receivable - component unit	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 65,191</b>	<b>\$ 11,387</b>	<b>\$ 135,841</b>	<b>\$ 317,839</b>	<b>\$ 2,519</b>	<b>\$ 5,924</b>
<b>LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Deferred Inflows of Resources						
Unearned revenue	-	-	-	-	-	-
Unavailable revenue	-	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances						
Restricted	65,191	11,387	135,841	317,839	2,519	5,924
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>65,191</b>	<b>11,387</b>	<b>135,841</b>	<b>317,839</b>	<b>2,519</b>	<b>5,924</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 65,191</b>	<b>\$ 11,387</b>	<b>\$ 135,841</b>	<b>\$ 317,839</b>	<b>\$ 2,519</b>	<b>\$ 5,924</b>

Special Revenue Funds			Capital Projects Funds					
Universal Playground	Miracle League Baseball	Debt Service	Subdivision Development Projects	Industrial Park Land	Tax Incremental District No. 6	Tax Incremental District No. 7	Tax Incremental District No. 8	Tax Incremental District No. 9
\$ 358	\$ 25,690	\$ 363,344	\$ 674,606	\$ 1,758,184	\$ 257,182	\$ 504,096	\$ 407,771	\$ 51,704
-	-	2,928,106	846,370	-	2,090,076	310,168	262,672	33,007
-	-	-	-	-	-	-	-	-
-	-	-	743,637	-	-	-	-	-
-	-	-	-	-	-	-	1,600,000	-
-	-	-	437,703	-	-	-	-	-
-	-	231,667	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	500,000	-
<u>\$ 358</u>	<u>\$ 25,690</u>	<u>\$ 3,523,117</u>	<u>\$ 2,702,316</u>	<u>\$ 1,758,184</u>	<u>\$ 2,347,258</u>	<u>\$ 814,264</u>	<u>\$ 2,770,443</u>	<u>\$ 84,711</u>
\$ -	\$ -	\$ -	\$ 1,038	\$ 325	\$ 34	\$ -	\$ 10,000	\$ -
-	-	-	450	-	118	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	2,100	-	-	59,540	-
-	-	-	-	-	2,962,975	-	915,902	89,992
-	-	-	1,488	2,425	2,963,127	-	985,442	89,992
-	-	2,928,106	500,000	-	2,090,076	310,168	262,672	33,007
-	-	231,667	536,390	-	-	-	2,100,000	-
-	-	3,159,773	1,036,390	-	2,090,076	310,168	2,362,672	33,007
358	25,690	363,344	-	-	-	504,096	350,000	-
-	-	-	-	-	-	-	-	-
-	-	-	1,664,438	1,755,759	-	-	-	-
-	-	-	-	-	(2,705,945)	-	(927,671)	(38,288)
<u>358</u>	<u>25,690</u>	<u>363,344</u>	<u>1,664,438</u>	<u>1,755,759</u>	<u>(2,705,945)</u>	<u>504,096</u>	<u>(577,671)</u>	<u>(38,288)</u>
<u>\$ 358</u>	<u>\$ 25,690</u>	<u>\$ 3,523,117</u>	<u>\$ 2,702,316</u>	<u>\$ 1,758,184</u>	<u>\$ 2,347,258</u>	<u>\$ 814,264</u>	<u>\$ 2,770,443</u>	<u>\$ 84,711</u>

**CITY OF APPLETON**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)  
As of December 31, 2015

	Capital Projects Funds					
	Tax Incremental District No. 10	Public Safety Facilities	Public Works Equipment	CEA Replacement	Community Development	Facilities Capital Projects
<b>ASSETS</b>						
Cash and investments	\$ 32,061	\$ 40,739	\$ 491,394	\$ 2,018,782	\$ -	\$ 1,230,253
Receivables						
Taxes	11,924	-	-	-	-	-
Deferred loans	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Developer loans	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Other	-	-	940	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Note receivable - component unit	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 43,985</b>	<b>\$ 40,739</b>	<b>\$ 492,334</b>	<b>\$ 2,018,782</b>	<b>\$ -</b>	<b>\$ 1,230,253</b>
<b>LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities						
Accounts payable	\$ -	\$ 30,000	\$ 101,191	\$ -	\$ -	\$ 378,149
Other accrued liabilities	-	-	300	-	-	679
Due to other funds	-	-	-	-	1,563,471	-
Deposits	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	-	30,000	101,491	-	1,563,471	378,828
Deferred Inflows of Resources						
Unearned revenue	11,924	-	-	-	-	-
Unavailable revenue	-	-	-	-	-	-
Total Deferred Inflows of Resources	11,924	-	-	-	-	-
Fund Balances						
Restricted	32,061	-	192,525	-	-	848,920
Committed	-	-	-	-	-	-
Assigned	-	10,739	198,318	2,018,782	-	2,505
Unassigned (deficit)	-	-	-	-	(1,563,471)	-
Total Fund Balances	32,061	10,739	390,843	2,018,782	(1,563,471)	851,425
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 43,985</b>	<b>\$ 40,739</b>	<b>\$ 492,334</b>	<b>\$ 2,018,782</b>	<b>\$ -</b>	<b>\$ 1,230,253</b>

<u>Capital</u>	
<u>Projects Funds</u>	
<u>Information</u>	<u>Total</u>
<u>Technology</u>	<u>Nonmajor</u>
	<u>Governmental</u>
	<u>Funds</u>
\$ 107,950	\$ 10,121,545
-	8,530,291
-	6,447,638
-	751,111
-	1,600,000
-	437,703
-	633,800
-	400,880
-	53,073
-	500,000
<u>\$ 107,950</u>	<u>\$ 29,476,041</u>
\$ -	\$ 889,529
-	25,249
-	1,756,015
-	61,640
-	3,968,869
-	6,701,302
-	8,302,240
-	9,335,146
-	17,637,386
106,037	3,478,831
-	1,276,478
1,913	5,652,454
-	(5,270,410)
<u>107,950</u>	<u>5,137,353</u>
<u>\$ 107,950</u>	<u>\$ 29,476,041</u>

**CITY OF APPLETON**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2015

	Special Revenue Funds				
	Community Development Block Grant	Rental Rehabilitation Grants	Sanitation & Recycling Program	Health Grants	Police Grants
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ 2,044,968	\$ -	\$ -
Intergovernmental	368,069	-	127	136,176	145,287
Special assessments	-	-	-	-	-
Investment income (loss)	-	-	6,030	-	-
Charges for services	-	-	1,412,060	52,161	-
Other	-	24,436	1,045	-	-
Total Revenues	<u>368,069</u>	<u>24,436</u>	<u>3,464,230</u>	<u>188,337</u>	<u>145,287</u>
<b>EXPENDITURES</b>					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	195,212	157,560
Public works	-	-	3,124,666	-	-
Education and recreation	-	-	-	-	-
Community development	375,645	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>375,645</u>	<u>-</u>	<u>3,124,666</u>	<u>195,212</u>	<u>157,560</u>
Excess (deficiency) of revenues over expenditures	<u>(7,576)</u>	<u>24,436</u>	<u>339,564</u>	<u>(6,875)</u>	<u>(12,273)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
General obligation debt issued	-	-	-	-	-
Premium on debt issued	-	-	-	-	-
Transfer in	-	-	-	-	-
Transfers out	-	-	(89,605)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(89,605)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(7,576)	24,436	249,959	(6,875)	(12,273)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>-</u>	<u>19,820</u>	<u>1,026,519</u>	<u>(6,847)</u>	<u>-</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (7,576)</u>	<u>\$ 44,256</u>	<u>\$ 1,276,478</u>	<u>\$ (13,722)</u>	<u>\$ (12,273)</u>

Special Revenue Funds							
Hazardous Materials Level A	Room Tax	Wheel Tax	Continuum of Care	HOME Homeowner	Housing Rehabilitation Grant	Business and Neighborhood Revitalization Grant	Emergency Shelter
\$ -	\$ 476,360	\$ 1,275,331	\$ -	\$ -	\$ -	\$ 3,000	\$ -
47,537	-	-	254,587	-	92,857	-	271,198
-	-	-	-	-	-	-	-
2,202	-	-	-	-	2	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,625	274,249	-	-
<u>49,739</u>	<u>476,360</u>	<u>1,275,331</u>	<u>254,587</u>	<u>1,625</u>	<u>367,108</u>	<u>3,000</u>	<u>271,198</u>
50,757	430,219	-	-	-	-	-	-
29,226	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	254,587	-	367,108	2,142	269,963
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>79,983</u>	<u>430,219</u>	<u>-</u>	<u>254,587</u>	<u>-</u>	<u>367,108</u>	<u>2,142</u>	<u>269,963</u>
(30,244)	46,141	1,275,331	-	1,625	-	858	1,235
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(79,223)	(1,275,331)	-	-	-	-	-
-	(79,223)	(1,275,331)	-	-	-	-	-
(30,244)	(33,082)	-	-	1,625	-	858	1,235
378,024	33,082	-	5,000	44,809	-	450	(2,699)
<u>\$ 347,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 46,434</u>	<u>\$ -</u>	<u>\$ 1,308</u>	<u>\$ (1,464)</u>

**CITY OF APPLETON**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2015

	Special Revenue Funds				
	Lead Hazard Control Grant	Tuch- scherer Disability	Peabody Estate	Balliet Locomotive	Lutz Park
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Special assessments	-	-	-	-	-
Investment income (loss)	-	233	362	64	798
Charges for services	-	-	-	-	-
Other	9,545	-	-	-	43,150
Total Revenues	<u>9,545</u>	<u>233</u>	<u>362</u>	<u>64</u>	<u>43,948</u>
<b>EXPENDITURES</b>					
Current					
General government	-	6,391	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Education and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital Outlay	-	-	-	-	53,150
Debt Service					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>6,391</u>	<u>-</u>	<u>-</u>	<u>53,150</u>
Excess (deficiency) of revenues over expenditures	<u>9,545</u>	<u>(6,158)</u>	<u>362</u>	<u>64</u>	<u>(9,202)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
General obligation debt issued	-	-	-	-	-
Premium on debt 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	9,545	(6,158)	362	64	(9,202)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>26,171</u>	<u>42,763</u>	<u>64,829</u>	<u>11,323</u>	<u>145,043</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 35,716</u>	<u>\$ 36,605</u>	<u>\$ 65,191</u>	<u>\$ 11,387</u>	<u>\$ 135,841</u>



Special Revenue Funds						Capital Projects Funds			
Park Purpose Open Space	Union Spring Park	Project City Park	Universal Playground	Miracle League Baseball	Debt Service	Subdivision Development Projects	Industrial Park Land	Tax Incremental District No. 5	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,724,872	\$ 500,000	\$ -	\$ 187,185	
-	-	-	-	-	-	-	-	435	
-	-	-	-	-	-	843,242	-	-	
1,753	14	33	10	142	-	41,674	8,026	3,306	
600	-	-	-	-	-	-	-	-	
-	-	-	-	-	94,567	644,950	397,008	-	
<u>2,353</u>	<u>14</u>	<u>33</u>	<u>10</u>	<u>142</u>	<u>2,819,439</u>	<u>2,029,866</u>	<u>405,034</u>	<u>190,926</u>	
-	-	-	-	-	-	-	-	7,709	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	1,933	-	-	-	-	-	
-	-	-	-	-	-	-	-	436,271	
-	-	-	-	-	-	1,987,515	48,560	-	
-	-	-	-	-	4,287,333	-	-	-	
-	-	-	-	-	913,675	-	-	-	
-	-	-	1,933	-	5,201,008	1,987,515	48,560	443,980	
<u>2,353</u>	<u>14</u>	<u>33</u>	<u>(1,923)</u>	<u>142</u>	<u>(2,381,569)</u>	<u>42,351</u>	<u>356,474</u>	<u>(253,054)</u>	
-	-	-	-	-	50,000	-	-	-	
-	-	-	-	-	222,457	-	-	-	
-	-	-	-	-	2,068,357	-	-	-	
-	-	-	-	-	-	-	-	(329,598)	
-	-	-	-	-	2,340,814	-	-	(329,598)	
2,353	14	33	(1,923)	142	(40,755)	42,351	356,474	(582,652)	
<u>315,486</u>	<u>2,505</u>	<u>5,891</u>	<u>2,281</u>	<u>25,548</u>	<u>404,099</u>	<u>1,622,087</u>	<u>1,399,285</u>	<u>582,652</u>	
<u>\$ 317,839</u>	<u>\$ 2,519</u>	<u>\$ 5,924</u>	<u>\$ 358</u>	<u>\$ 25,690</u>	<u>\$ 363,344</u>	<u>\$ 1,664,438</u>	<u>\$ 1,755,759</u>	<u>\$ -</u>	

**CITY OF APPLETON**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2015

	Capital Projects Funds				
	Tax	Tax	Tax	Tax	Tax
	Incremental District No. 6	Incremental District No. 7	Incremental District No. 8	Incremental District No. 9	Incremental District No. 10
<b>REVENUES</b>					
Taxes	\$ 2,203,729	\$ 320,373	\$ 236,264	\$ 30,965	\$ 33,247
Intergovernmental	65,677	43,179	1,755	68,133	3,102
Special assessments	-	-	-	-	-
Investment income (loss)	3,149	2,648	25,753	458	40
Charges for services	-	-	-	-	-
Other	6,174	-	-	-	-
Total Revenues	<u>2,278,729</u>	<u>366,200</u>	<u>263,772</u>	<u>99,556</u>	<u>36,389</u>
<b>EXPENDITURES</b>					
Current					
General government	1,659	1,659	1,659	1,659	1,659
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Education and recreation	-	-	-	-	-
Community development	500,817	-	191,935	-	-
Capital Outlay	30,200	305,412	10,000	-	-
Debt Service					
Principal	-	-	-	-	-
Interest and fiscal charges	141,094	-	43,614	6,666	-
Total Expenditures	<u>673,770</u>	<u>307,071</u>	<u>247,208</u>	<u>8,325</u>	<u>1,659</u>
Excess (deficiency) of revenues over expenditures	<u>1,604,959</u>	<u>59,129</u>	<u>16,564</u>	<u>91,231</u>	<u>34,730</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
General obligation debt issued	-	-	360,000	-	-
Premium on debt issued	-	-	-	-	-
Transfer in	-	-	-	-	-
Transfers out	(1,832,252)	(1,525)	(38,758)	-	-
Total Other Financing Sources (Uses)	<u>(1,832,252)</u>	<u>(1,525)</u>	<u>321,242</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(227,293)	57,604	337,806	91,231	34,730
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(2,478,652)</u>	<u>446,492</u>	<u>(915,477)</u>	<u>(129,519)</u>	<u>(2,669)</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (2,705,945)</u>	<u>\$ 504,096</u>	<u>\$ (577,671)</u>	<u>\$ (38,288)</u>	<u>\$ 32,061</u>

Capital Projects Funds							Total Nonmajor Governmental Funds
Public Safety Facilities	Public Works Equipment	CEA Replacement	Community Development	Facilities Capital Projects	Information Technology		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,036,294	
-	-	-	-	1,492	-	1,499,611	
-	-	-	-	-	-	843,242	
239	129	14,041	(317)	1,337	703	112,829	
-	-	-	-	-	-	1,464,821	
-	4,884	2,059,430	4,834	62,662	-	3,628,559	
<u>239</u>	<u>5,013</u>	<u>2,073,471</u>	<u>4,517</u>	<u>65,491</u>	<u>703</u>	<u>17,585,356</u>	
-	-	-	-	-	-	503,371	
-	-	-	-	-	-	381,998	
-	-	-	-	-	-	3,124,666	
-	-	-	-	-	-	1,933	
-	-	-	-	-	-	2,398,468	
210,365	2,416,739	3,205,733	2,410,000	2,274,114	340,734	13,292,522	
-	-	-	-	-	-	4,287,333	
-	-	-	-	-	-	1,105,049	
<u>210,365</u>	<u>2,416,739</u>	<u>3,205,733</u>	<u>2,410,000</u>	<u>2,274,114</u>	<u>340,734</u>	<u>25,095,340</u>	
<u>(210,126)</u>	<u>(2,411,726)</u>	<u>(1,132,262)</u>	<u>(2,405,483)</u>	<u>(2,208,623)</u>	<u>(340,031)</u>	<u>(7,509,984)</u>	
160,860	2,606,674	-	-	2,336,466	261,000	5,775,000	
-	-	-	-	-	-	222,457	
-	-	487,454	845,330	-	-	3,401,141	
-	-	-	(4,834)	-	-	(3,651,126)	
<u>160,860</u>	<u>2,606,674</u>	<u>487,454</u>	<u>840,496</u>	<u>2,336,466</u>	<u>261,000</u>	<u>5,747,472</u>	
(49,266)	194,948	(644,808)	(1,564,987)	127,843	(79,031)	(1,762,512)	
<u>60,005</u>	<u>195,895</u>	<u>2,663,590</u>	<u>1,516</u>	<u>723,582</u>	<u>186,981</u>	<u>6,899,865</u>	
<u>\$ 10,739</u>	<u>\$ 390,843</u>	<u>\$ 2,018,782</u>	<u>\$ (1,563,471)</u>	<u>\$ 851,425</u>	<u>\$ 107,950</u>	<u>\$ 5,137,353</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, 2015

	Enterprise Funds		Totals
	Parking Utility	Reid Municipal Golf Course	
<b>ASSETS</b>			
Current Assets			
Cash and investments	\$ 1,082,073	\$ 133,416	\$ 1,215,489
Other accounts receivable	27,023	2,080	29,103
Total Current Assets	<u>1,109,096</u>	<u>135,496</u>	<u>1,244,592</u>
Noncurrent Assets			
Restricted assets			
Net pension asset	56,839	22,363	79,202
Capital Assets			
Land	1,583,640	1,635,806	3,219,446
Building and improvements	23,001,668	1,149,065	24,150,733
Equipment, furniture and vehicles	371,960	81,952	453,912
Less: Accumulated depreciation	<u>(16,745,813)</u>	<u>(1,443,141)</u>	<u>(18,188,954)</u>
Total Noncurrent Assets	<u>8,268,294</u>	<u>1,446,045</u>	<u>9,714,339</u>
Total Assets	<u>9,377,390</u>	<u>1,581,541</u>	<u>10,958,931</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related amounts	<u>60,915</u>	<u>30,661</u>	<u>91,576</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	39,946	1,061	41,007
Compensated absences	38,766	4,752	43,518
Other accrued liabilities	10,786	8,068	18,854
Advance from other funds	-	5,000	5,000
Current portion of general obligation debt payable	<u>-</u>	<u>60,000</u>	<u>60,000</u>
Total Current Liabilities	<u>89,498</u>	<u>78,881</u>	<u>168,379</u>
Noncurrent Liabilities			
General obligation debt payable	-	575,000	575,000
Compensated absences	50,633	-	50,633
Advance from other funds	<u>-</u>	<u>155,000</u>	<u>155,000</u>
Total Noncurrent Liabilities	<u>50,633</u>	<u>730,000</u>	<u>780,633</u>
Total Liabilities	<u>140,131</u>	<u>808,881</u>	<u>949,012</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenues	<u>90,003</u>	<u>9,384</u>	<u>99,387</u>
<b>NET POSITION</b>			
Net investment in capital assets	8,211,455	788,682	9,000,137
Restricted for pensions	56,839	22,363	79,202
Unrestricted (deficit)	<u>939,877</u>	<u>(17,108)</u>	<u>922,769</u>
TOTAL NET POSITION	<u>\$ 9,208,171</u>	<u>\$ 793,937</u>	<u>\$ 10,002,108</u>

## CITY OF APPLETON

### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - NONMAJOR PROPRIETARY FUNDS For the Year Ended December 31, 2015

	Enterprise Funds		Totals
	Parking Utility	Reid Municipal Golf Course	
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,959,512	\$ 778,919	\$ 2,738,431
Other	486,816	74,750	561,566
Total Operating Revenues	2,446,328	853,669	3,299,997
<b>OPERATING EXPENSES</b>			
Operation and maintenance	1,482,307	686,009	2,168,316
Depreciation	479,911	67,707	547,618
Total Operating Expenses	1,962,218	753,716	2,715,934
Operating Income	484,110	99,953	584,063
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	8,432	171	8,603
Gain on sale of capital assets	16,203	-	16,203
Interest expense	-	(14,280)	(14,280)
Total Nonoperating Revenues (Expenses)	24,635	(14,109)	10,526
Income Before Transfers	508,745	85,844	594,589
Transfers out	(1,209,300)	(20,700)	(1,230,000)
Change in Net Position	(700,555)	65,144	(635,411)
TOTAL NET POSITION - Beginning of Year (As Restated)	9,908,726	728,793	10,637,519
TOTAL NET POSITION - END OF YEAR	\$ 9,208,171	\$ 793,937	\$ 10,002,108

**CITY OF APPLETON**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
For the Year Ended December 31, 2015

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 2,468,471	\$ 862,083	\$ 3,330,554
Paid to suppliers for goods and services	(778,481)	(369,714)	(1,148,195)
Paid to employees for services	(691,290)	(333,400)	(1,024,690)
Net Cash Flows From Operating Activities	<u>998,700</u>	<u>158,969</u>	<u>1,157,669</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers out	<u>(1,209,300)</u>	<u>(20,700)</u>	<u>(1,230,000)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(1,209,300)</u>	<u>(20,700)</u>	<u>(1,230,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on long-term debt	-	(60,000)	(60,000)
Principal paid on advance	-	(5,000)	(5,000)
Acquisition and construction of capital assets	(17,852)	-	(17,852)
Interest paid on long-term debt	-	(14,280)	(14,280)
Net Cash Flows From Capital and Related Financing Activities	<u>(17,852)</u>	<u>(79,280)</u>	<u>(97,132)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income (loss)	<u>8,432</u>	<u>171</u>	<u>8,603</u>
Net Cash Flows From Investing Activities	<u>8,432</u>	<u>171</u>	<u>8,603</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(220,020)	59,160	(160,860)
<b>CASH AND CASH EQUIVALENTS -</b>			
Beginning of Year	<u>1,302,093</u>	<u>74,256</u>	<u>1,376,349</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,082,073</u>	<u>\$ 133,416</u>	<u>\$ 1,215,489</u>

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 484,110	\$ 99,953	\$ 584,063
Adjustments to reconcile operating income to net cash flows from operating activities			
Depreciation	479,911	67,707	547,618
Change in assets and liabilities			
Other accounts receivable	16,308	1,920	18,228
Accounts payable	14,682	(11,730)	2,952
Accrued liabilities	(13,075)	2,373	(10,702)
Unearned revenue	5,835	6,494	12,329
Pension related deferrals and liabilities	(2,678)	(7,748)	(10,426)
Compensated absences	13,607	-	13,607
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 \$ 998,700	 \$ 158,969	 \$ 1,157,669

**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 BENEFITS**

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, 2015

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Totals
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ 427,087	\$ -	\$ 168,099	\$ 1,464,245	\$ 2,059,431
Other receivables	4,395	311,533	-	-	315,928
Prepaid items	-	43,260	-	-	43,260
Due from other governments	10,875	-	-	-	10,875
Inventories	49,146	-	-	-	49,146
Total Current Assets	<u>491,503</u>	<u>354,793</u>	<u>168,099</u>	<u>1,464,245</u>	<u>2,478,640</u>
Noncurrent Assets					
Restricted assets					
Net pension asset	168,510	37,782	87,639	-	293,931
Investment in WMIC	-	2,020,950	-	-	2,020,950
Capital Assets					
Construction in progress	228,474	-	-	-	228,474
Equipment	329,345	-	-	-	329,345
Vehicles	26,362,938	-	-	-	26,362,938
Less: Accumulated depreciation	<u>(14,500,588)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,500,588)</u>
Total Noncurrent Assets	<u>12,588,679</u>	<u>2,058,732</u>	<u>87,639</u>	<u>-</u>	<u>14,735,050</u>
Total Assets	<u>13,080,182</u>	<u>2,413,525</u>	<u>255,738</u>	<u>1,464,245</u>	<u>17,213,690</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related amounts	<u>175,177</u>	<u>40,305</u>	<u>94,753</u>	<u>-</u>	<u>310,235</u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	58,837	72,818	41,174	-	172,829
Compensated absences	57,821	19,484	50,733	-	128,038
Other accrued liabilities	18,866	3,769	14,015	-	36,650
Claims payable	-	1,900,000	-	-	1,900,000
Due to other funds	-	346,181	-	-	346,181
Current portion of general obligation debt	18,917	-	-	-	18,917
Total Current Liabilities	<u>154,441</u>	<u>2,342,252</u>	<u>105,922</u>	<u>-</u>	<u>2,602,615</u>
Noncurrent Liabilities					
General obligation debt	161,753	-	-	-	161,753
Compensated absences	52,484	33,491	-	-	85,975
Other postemployment benefit liability	-	-	-	972,135	972,135
Total Noncurrent Liabilities	<u>214,237</u>	<u>33,491</u>	<u>-</u>	<u>972,135</u>	<u>1,219,863</u>
Total Liabilities	<u>368,678</u>	<u>2,375,743</u>	<u>105,922</u>	<u>972,135</u>	<u>3,822,478</u>
<b>NET POSITION</b>					
Net investment in capital assets	12,408,009	-	-	-	12,408,009
Restricted for pensions	168,510	37,782	87,639	-	293,931
Unrestricted	<u>310,162</u>	<u>40,305</u>	<u>156,930</u>	<u>492,110</u>	<u>999,507</u>
TOTAL NET POSITION	<u>\$ 12,886,681</u>	<u>\$ 78,087</u>	<u>\$ 244,569</u>	<u>\$ 492,110</u>	<u>\$ 13,701,447</u>

**CITY OF APPLETON**

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION -  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2015

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Totals
<b>OPERATING REVENUES</b>					
Charges for services	\$ 2,608,994	\$ 1,287,059	\$ 2,681,821	\$ -	\$ 6,577,874
Other	24,215	757,204	-	-	781,419
Total Operating Revenue	<u>2,633,209</u>	<u>2,044,263</u>	<u>2,681,821</u>	<u>-</u>	<u>7,359,293</u>
<b>OPERATING EXPENSES</b>					
Operation and maintenance	2,621,228	2,296,557	2,607,958	390,423	7,916,166
Depreciation	<u>2,228,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,228,048</u>
Total Operating Expenses	<u>4,849,276</u>	<u>2,296,557</u>	<u>2,607,958</u>	<u>390,423</u>	<u>10,144,214</u>
Operating Income (Loss)	<u>(2,216,067)</u>	<u>(252,294)</u>	<u>73,863</u>	<u>(390,423)</u>	<u>(2,784,921)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income (loss)	2,232	82	(52)	-	2,262
Interest expense	(4,087)	-	-	-	(4,087)
Gain on the sale of capital assets	322,152	-	-	-	322,152
Other	<u>-</u>	<u>-</u>	<u>5,603</u>	<u>-</u>	<u>5,603</u>
Total Nonoperating Revenues	<u>320,297</u>	<u>82</u>	<u>5,551</u>	<u>-</u>	<u>325,930</u>
Income (Loss) Before Transfers and Contributions	(1,895,770)	(252,212)	79,414	(390,423)	(2,458,991)
Capital contributions	3,242,144	-	-	-	3,242,144
Transfers out	<u>(295,561)</u>	<u>-</u>	<u>(13,000)</u>	<u>-</u>	<u>(308,561)</u>
Change in Net Position	1,050,813	(252,212)	66,414	(390,423)	474,592
TOTAL NET POSITION - Beginning (As Restated)	<u>11,835,868</u>	<u>330,299</u>	<u>178,155</u>	<u>882,533</u>	<u>13,226,855</u>
TOTAL NET POSITION - ENDING	<u>\$ 12,886,681</u>	<u>\$ 78,087</u>	<u>\$ 244,569</u>	<u>\$ 492,110</u>	<u>\$ 13,701,447</u>

**CITY OF APPLETON**

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2015

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 2,599,949	\$ 1,762,352	\$ 2,687,424	\$ -	\$ 7,049,725
Paid to suppliers for goods and services	(1,501,913)	(1,979,724)	(1,813,109)	-	(5,294,746)
Paid to employees for services	(1,131,540)	(324,753)	(825,201)	-	(2,281,494)
Net Cash Flows From Operating Activities	<u>(33,504)</u>	<u>(542,125)</u>	<u>49,114</u>	<u>-</u>	<u>(526,515)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Negative cash implicitly financed	-	346,181	-	-	346,181
Transfers out	(295,561)	-	(13,000)	-	(308,561)
Net Cash Flows From Noncapital Financing Activities	<u>(295,561)</u>	<u>346,181</u>	<u>(13,000)</u>	<u>-</u>	<u>37,620</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from the sale of capital assets	295,561	-	-	-	295,561
Debt retired	(7,667)	-	-	-	(7,667)
Interest paid	(4,087)	-	-	-	(4,087)
Net Cash Flows From Capital and Related Financing Activities	<u>283,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,807</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income (loss)	2,232	82	(52)	-	2,262
Net Cash Flows From Investing Activities	<u>2,232</u>	<u>82</u>	<u>(52)</u>	<u>-</u>	<u>2,262</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(43,026)	(195,862)	36,062	-	(202,826)
CASH AND CASH EQUIVALENTS - Beginning of Year	470,113	195,862	132,037	1,464,245	2,262,257
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 427,087</u>	<u>\$ -</u>	<u>\$ 168,099</u>	<u>\$ 1,464,245</u>	<u>\$ 2,059,431</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (2,216,067)	\$ (252,294)	\$ 73,863	\$ (390,423)	\$ (2,784,921)
Adjustments to reconcile income (loss) to net cash flows from operating activities:					
Nonoperating income	-	-	5,603	-	5,603
Depreciation	2,228,048	-	-	-	2,228,048
Change in assets and liabilities:					
Other accounts receivable	3,622	(281,911)	-	-	(278,289)
Due from other governments	(10,875)	-	-	-	(10,875)
Inventories	27,040	-	-	-	27,040
Prepays	-	(43,260)	-	-	(43,260)
Accounts payable	(61,306)	44,125	11,521	-	(5,660)
Accrued liabilities	(28,676)	(6,457)	(14,112)	-	(49,245)
Accrued compensated absences	27,236	(734)	(22,800)	-	3,702
Pension related deferrals and liabilities	(2,526)	(1,594)	(4,961)	-	(9,081)
Postemployment benefits liability	-	-	-	390,423	390,423
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (33,504)</u>	<u>\$ (542,125)</u>	<u>\$ 49,114</u>	<u>\$ -</u>	<u>\$ (526,515)</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Contributed property and equipment	<u>\$ 3,242,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,242,144</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 As of December 31, 2015

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	<u>Balance 1-1-15</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12-31-15</u>
<b>TAX COLLECTIONS</b>				
<b>Assets</b>				
Cash and investments	\$ 53,779,792	\$ 53,966,225	\$ 53,779,792	\$ 53,966,225
Property taxes receivable	<u>17,002,709</u>	<u>18,758,353</u>	<u>17,002,709</u>	<u>18,758,353</u>
TOTAL ASSETS	<u>\$ 70,782,501</u>	<u>\$ 72,724,578</u>	<u>\$ 70,782,501</u>	<u>\$ 72,724,578</u>
<b>Liabilities</b>				
Due to other taxing authorities	\$ 70,706,283	\$ 72,655,037	\$ 70,706,283	\$ 72,655,037
Accounts payable	<u>76,218</u>	<u>69,541</u>	<u>76,218</u>	<u>69,541</u>
TOTAL LIABILITIES	<u>\$ 70,782,501</u>	<u>\$ 72,724,578</u>	<u>\$ 70,782,501</u>	<u>\$ 72,724,578</u>

# **STATISTICAL SECTION**

**STATISTICAL  
SECTION**

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental Activities</b>										
Invested in Capital Assets, net of related debt	\$ 251,427,513	\$ 256,159,970	\$ 275,565,973	\$ 292,088,865	\$ 301,042,119	\$ 304,733,210	\$ 306,228,924	\$ 309,789,370	\$ 311,002,481	\$ 317,294,433
Restricted	6,868,633	6,825,544	6,874,327	6,778,453	7,014,412	8,193,931	10,030,642	8,784,010	10,320,311	16,722,531
Unrestricted	5,749,677	13,282,781	13,815,530	20,215,128	15,672,956	23,726,812	29,431,129	29,867,808	30,042,223	37,652,618
<b>Total Governmental Activities Net Position</b>	<b>264,045,823</b>	<b>276,268,295</b>	<b>296,255,830</b>	<b>319,082,446</b>	<b>323,729,487</b>	<b>336,653,953</b>	<b>345,690,695</b>	<b>348,441,188</b>	<b>351,365,015</b>	<b>371,669,582</b>
<b>Business-type Activities</b>										
Invested in Capital Assets, net of related debt	178,165,977	172,857,282	175,623,218	181,388,463	181,147,366	184,841,387	183,532,977	184,439,245	202,937,976	201,093,139
Restricted	9,249,057	11,781,325	14,167,468	14,656,581	11,541,965	9,893,897	12,373,494	11,061,314	9,391,974	10,372,275
Unrestricted	11,951,190	21,546,219	23,317,930	19,762,345	28,025,987	33,541,714	39,547,284	43,996,538	35,428,417	45,777,259
<b>Total Business-type Activities Net Position</b>	<b>199,366,224</b>	<b>206,184,826</b>	<b>213,108,616</b>	<b>215,807,389</b>	<b>220,715,318</b>	<b>228,276,998</b>	<b>235,453,755</b>	<b>239,497,097</b>	<b>247,758,367</b>	<b>257,242,673</b>
<b>Primary Government</b>										
Invested in Capital Assets, net of related debt	425,890,500	426,736,257	448,610,849	471,187,897	480,204,886	487,906,774	488,423,709	493,234,053	513,303,524	518,126,723
Restricted	16,117,690	18,606,869	21,041,795	21,435,034	18,556,377	18,087,828	22,404,136	19,845,324	19,712,285	27,094,806
Unrestricted	21,403,857	37,109,995	39,711,802	42,266,904	45,683,542	58,936,349	70,316,605	74,858,908	66,107,573	83,690,726
<b>Total Primary Government Net Position</b>	<b>\$ 463,412,047</b>	<b>\$ 482,453,121</b>	<b>\$ 509,364,446</b>	<b>\$ 534,889,835</b>	<b>\$ 544,444,805</b>	<b>\$ 564,930,951</b>	<b>\$ 581,144,450</b>	<b>\$ 587,938,285</b>	<b>\$ 599,123,382</b>	<b>\$ 628,912,255</b>



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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 6,791,974	\$ 8,800,555	\$ 9,034,711	\$ 9,803,592	\$ 13,706,195	\$ 9,109,045	\$ 8,716,117	\$ 8,408,466	\$ 12,886,169	\$ 9,888,959
Public Safety	24,478,781	25,981,454	26,734,234	26,793,172	28,042,633	27,370,398	27,503,588	31,862,833	29,125,321	29,359,348
Public Works	16,394,553	15,318,805	18,453,713	15,845,722	16,995,311	21,159,672	19,736,896	22,586,195	19,683,637	19,143,986
Education & Recreation	8,827,228	8,977,181	9,568,936	9,505,050	9,215,036	7,337,247	7,327,066	7,936,225	8,284,600	8,367,690
Community Development	2,300,154	1,982,044	1,893,734	2,362,625	3,647,803	3,525,353	2,272,772	2,743,623	3,569,399	4,126,206
Interest	4,731,390	2,790,898	2,537,817	2,624,393	2,428,491	2,201,902	1,996,256	2,014,417	1,719,014	1,602,888
Total Governmental Activities	63,524,080	63,850,937	68,213,145	66,934,554	74,035,469	70,703,617	67,552,695	75,551,769	75,288,140	72,489,077
Business-type Activities										
Water	13,734,286	14,431,806	13,794,313	14,218,376	14,456,132	14,960,496	15,311,621	16,302,030	15,118,304	15,713,959
Wastewater	10,527,573	10,919,223	11,193,807	11,004,780	11,039,780	10,792,194	9,915,016	10,244,112	10,323,873	10,578,004
Valley Transit	6,884,932	7,367,991	8,194,083	7,869,264	8,237,666	8,292,425	8,189,269	8,773,289	9,355,275	9,121,137
Stormwater	4,711,912	5,036,135	5,504,427	5,754,175	6,322,301	6,042,858	6,472,284	6,811,514	7,182,067	7,533,937
Other non-major enterprise funds	2,482,848	2,534,889	2,751,205	2,190,096	2,295,987	1,919,267	2,171,030	2,242,132	2,297,108	2,729,519
Total Business-type Activities	38,341,551	40,290,044	41,437,835	41,036,691	42,351,866	42,007,240	42,059,220	44,373,077	44,276,627	45,676,556
Total - Primary Government	\$ 101,865,631	\$ 104,140,981	\$ 109,650,980	\$ 107,971,245	\$ 116,387,335	\$ 112,710,857	\$ 109,611,915	\$ 119,924,846	\$ 119,544,767	\$ 118,165,633
Program Revenues										
Governmental Activities:										
Charges for Service	\$ 4,629,519	\$ 4,192,537	\$ 4,256,826	\$ 5,736,414	\$ 5,229,374	\$ 5,561,599	\$ 5,569,874	\$ 6,483,565	\$ 11,465,846	\$ 8,178,939
Operating Grants & Contributions	2,986,715	2,734,921	5,734,618	6,242,490	6,666,648	6,440,559	5,221,263	5,148,710	5,176,021	4,759,479
Capital Grants & Contributions	6,332,043	5,922,608	14,461,771	15,244,780	6,432,635	10,254,959	6,130,651	9,124,671	2,136,172	3,732,097
Total Governmental Activities	13,948,277	12,850,066	24,453,215	27,223,684	18,328,657	22,257,117	16,921,888	20,756,946	18,778,039	16,670,515
Business-type Activities										
Charges for Service	14,373,765	17,773,481	17,444,729	18,483,569	18,155,384	20,334,751	20,932,453	20,316,037	20,374,553	20,994,942
Water	9,684,273	9,737,880	9,299,844	8,705,216	8,439,730	9,687,803	10,601,634	10,486,298	10,942,593	11,163,377
Valley Transit	1,136,722	1,163,950	1,310,187	1,452,588	1,383,740	1,512,804	1,485,517	1,547,558	1,563,356	1,593,398
Stormwater	5,713,662	6,151,417	6,336,084	6,291,673	6,776,766	7,196,739	7,251,853	8,146,867	9,067,717	9,207,428
Other non-major enterprise funds	2,847,392	2,863,151	2,830,333	2,716,563	2,480,431	2,820,305	2,878,553	2,835,778	3,140,100	3,299,997
Operating Grants & Contributions	4,599,362	5,006,545	5,525,780	5,499,174	5,856,887	5,911,742	5,815,980	6,204,695	6,645,898	6,423,200
Capital Grants & Contributions	4,094,711	2,398,543	3,388,620	2,290,162	3,923,537	2,383,154	1,773,549	1,296,144	2,114,336	1,614,633
Total Business-type Activities	42,449,887	45,094,967	46,136,577	45,438,945	47,016,475	49,847,298	50,739,539	50,833,377	53,848,553	54,296,975
Total - Primary Government	\$ 56,398,154	\$ 57,945,033	\$ 70,589,792	\$ 72,662,629	\$ 65,345,132	\$ 72,104,415	\$ 67,661,427	\$ 71,590,323	\$ 72,626,592	\$ 70,967,490
Net (Expense)/Revenue										
Governmental Activities	(49,575,803)	(51,000,871)	(43,759,930)	(39,710,870)	(55,706,812)	(48,446,500)	(50,630,807)	(54,794,823)	(56,490,101)	(55,818,562)
Business-Type Activities	4,108,336	4,804,923	4,698,742	4,402,254	4,664,609	7,840,058	8,680,319	6,460,300	9,571,926	8,620,419
Total Primary Government Net Position	\$ (45,467,467)	\$ (46,195,948)	\$ (39,061,188)	\$ (35,308,616)	\$ (51,042,203)	\$ (40,606,442)	\$ (41,950,488)	\$ (48,334,523)	\$ (46,918,175)	\$ (47,198,143)

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>General Revenues &amp; Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
<b>Taxes</b>										
Property Taxes	36,843,733	38,745,650	41,461,893	41,920,273	40,296,877	40,724,725	41,605,012	41,155,010	41,592,801	42,370,280
Other Taxes	790,509	989,071	869,514	743,076	862,279	840,215	801,134	838,567	879,474	2,221,892
<b>Intergovernmental revenues not restricted to specific programs</b>	16,833,670	17,219,716	14,866,313	14,309,349	13,916,622	13,873,673	12,320,048	12,207,975	12,194,949	12,128,645
Investment income	5,470,655	4,877,181	4,634,775	1,562,496	2,703,110	2,936,126	1,997,644	1,041,540	1,956,537	1,564,038
Gain(Loss) on the sale of assets	532,942	432,440	275,699	298,632	208,401	297,709	358,693	128,766	163,000	581,314
Miscellaneous	-	51,861	130,482	116,175	190,944	92,842	94,767	93,731	93,078	109,739
Transfers	836,691	907,424	1,508,789	2,178,788	2,175,620	2,605,676	2,490,251	2,079,727	2,534,089	2,761,647
<b>Total general revenues and transfers</b>	<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>	<u>57,545,316</u>	<u>59,413,928</u>	<u>61,737,555</u>
<b>Business-type Activities</b>										
Investment income	1,452,672	3,098,764	3,726,367	475,003	2,412,385	2,310,471	977,420	(350,702)	1,211,173	487,109
Gain(Loss) on the sale of assets	-	338,957	1,251	255	-	-	4,100	(3,362)	-	16,203
Miscellaneous	68,918	159,557	6,219	49	6,555	16,827	5,169	16,833	12,260	18,906
Transfers	(836,691)	(907,424)	(1,508,789)	(2,178,788)	(2,175,620)	(2,605,676)	(2,490,251)	(2,079,727)	(2,534,089)	(2,761,647)
<b>Total Business-type Activities</b>	<u>684,899</u>	<u>2,689,854</u>	<u>2,225,048</u>	<u>(1,703,481)</u>	<u>2,43,320</u>	<u>(278,378)</u>	<u>(1,503,562)</u>	<u>(2,416,958)</u>	<u>(1,310,656)</u>	<u>(2,239,429)</u>
<b>Total Primary Government</b>	<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>	<u>\$ 55,128,358</u>	<u>\$ 58,103,272</u>	<u>\$ 59,498,126</u>
<b>Change in Net Position</b>	\$ 11,732,397	\$ 12,222,472	\$ 19,987,535	\$ 21,417,919	\$ 4,647,041	\$ 12,924,466	\$ 9,036,742	\$ 2,750,493	\$ 2,923,827	\$ 5,918,993
<b>Governmental Activities:</b>	4,793,235	7,494,777	6,923,790	2,698,773	4,907,929	7,561,680	7,176,757	4,043,342	8,261,270	6,380,990
<b>Business-type Activities</b>	16,525,632	19,717,249	26,911,325	24,116,692	9,554,970	20,486,146	16,213,499	6,793,835	11,185,097	12,299,983
<b>Total Primary Government</b>	<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>	<u>\$ 6,793,835</u>	<u>\$ 11,185,097</u>	<u>\$ 12,299,983</u>

**Schedule 3**  
**City of Appleton**  
**Program Revenues by Function/Program**  
(accrual basis of accounting)

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental Activities:</b>										
General Government	\$ 922,350	\$ 719,464	\$ 513,367	\$ 1,199,330	\$ 1,154,822	\$ 1,507,939	\$ 1,380,517	\$ 1,001,379	\$ 6,018,321	\$ 1,310,772
Public Safety	2,020,978	1,912,579	2,159,092	1,758,084	2,043,891	2,056,640	1,973,360	4,411,076	1,922,914	1,964,252
Public Works	7,513,891	6,787,697	18,966,301	20,838,101	10,788,829	14,847,671	9,916,370	11,115,128	7,454,868	10,321,293
Education & Recreation	1,623,161	2,087,549	1,710,864	1,699,207	1,916,289	2,105,605	1,770,440	1,794,015	1,749,595	2,081,152
Community Development	1,867,897	1,342,777	1,103,591	1,728,962	2,425,026	1,739,262	1,881,201	2,435,348	1,632,341	993,046
<b>Total Governmental Activities</b>	<b>13,948,277</b>	<b>12,850,066</b>	<b>24,453,215</b>	<b>27,223,684</b>	<b>18,328,657</b>	<b>22,257,117</b>	<b>16,921,888</b>	<b>20,756,946</b>	<b>18,778,039</b>	<b>16,670,515</b>
<b>Business-type Activities</b>										
Water	14,865,848	17,808,923	18,310,360	18,696,899	19,117,632	20,461,743	21,014,274	20,344,681	20,554,177	21,494,126
Wastewater	10,907,330	10,265,003	10,484,298	9,123,831	9,456,505	10,599,946	11,381,389	10,814,267	11,458,660	11,772,261
Valley Transit	6,192,470	6,317,752	6,985,997	7,243,607	7,876,370	8,030,058	7,569,660	7,878,741	8,248,739	8,016,598
Stormwater	7,636,847	7,814,638	7,525,589	7,658,045	8,085,537	7,935,246	7,895,663	8,736,897	10,426,877	9,713,993
Other non-major enterprise funds	2,847,392	2,888,651	2,830,333	2,716,563	2,480,430	2,820,305	2,878,553	3,058,791	3,160,100	3,299,997
<b>Total Business-type Activities</b>	<b>42,449,887</b>	<b>45,094,967</b>	<b>46,136,577</b>	<b>45,438,945</b>	<b>47,016,474</b>	<b>49,847,298</b>	<b>50,739,539</b>	<b>50,833,377</b>	<b>53,848,553</b>	<b>54,296,975</b>
<b>Total - Primary Government</b>	<b>\$ 56,398,164</b>	<b>\$ 57,945,033</b>	<b>\$ 70,589,792</b>	<b>\$ 72,662,629</b>	<b>\$ 65,345,131</b>	<b>\$ 72,104,415</b>	<b>\$ 67,661,427</b>	<b>\$ 71,590,323</b>	<b>\$ 72,626,592</b>	<b>\$ 70,967,490</b>

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

	2006	2007	2008	2009	2010	2011 <sup>(1)</sup>	2012	2013	2014	2015
<b>General Fund</b>										
Reserved for:										
Inventories	\$ 598,994	\$ 512,923	\$ 575,485	\$ 684,658	\$ 890,237	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	9,792	4,475	1,856	7,155	34,111	-	-	-	-	-
Noncurrent receivables/advances	10,609,275	11,545,439	10,040,207	8,935,430	10,479,175	-	-	-	-	-
Encumbrances	2,071,583	2,612,921	1,997,140	2,257,554	2,031,468	-	-	-	-	-
Unreserved	20,150,224	20,276,004	20,782,786	19,321,315	19,362,624	-	-	-	-	-
<b>Nonspendable</b>										
Restricted	-	-	-	-	-	12,268,106	12,568,872	11,255,209	9,384,163	8,342,254
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	107,259	9,921,339	10,983,149	10,792,122	11,828,526
Unassigned (Deficit)	-	-	-	-	-	10,027,784	14,328,372	11,261,464	11,272,648	11,429,020
<b>Total General Fund</b>	<b>\$ 33,439,868</b>	<b>\$ 34,951,762</b>	<b>\$ 33,397,474</b>	<b>\$ 31,206,112</b>	<b>\$ 32,797,615</b>	<b>\$ 34,981,225</b>	<b>\$ 36,818,583</b>	<b>\$ 33,499,822</b>	<b>\$ 31,448,933</b>	<b>\$ 31,599,800</b>
<b>All Other Governmental Funds</b>										
Reserved for:										
Prepaid items	\$ 313,569	\$ 16,588	\$ 539,196	\$ 52,860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	986,156	808,953	584,586	391,516	184,868	-	-	-	-	-
Encumbrances	2,686,620	4,801,361	4,721,695	3,187,167	2,195,894	-	-	-	-	-
Trust purposes	16,364	32,093	33,746	34,043	33,652	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	(10,447,261)	(7,623,548)	(3,480,930)	1,248,662	(10,485,197)	-	-	-	-	-
Capital projects funds	8,186,649	6,872,235	9,420,766	5,136,208	6,552,711	-	-	-	-	-
<b>Nonspendable</b>										
Restricted	-	-	-	-	-	33,655	34,221	34,755	-	-
Committed	-	-	-	-	-	1,868,147	3,165,793	2,282,659	3,495,290	3,478,831
Assigned	-	-	-	-	-	928,906	980,818	1,087,732	1,026,519	1,276,478
Unassigned (Deficit)	-	-	-	-	-	6,342,088	10,497,302	6,337,120	5,916,918	5,652,454
<b>Total All Other Governmental Funds</b>	<b>1,742,097</b>	<b>4,907,682</b>	<b>11,819,059</b>	<b>10,050,456</b>	<b>(1,518,072)</b>	<b>(5,501,994)</b>	<b>(1,262,030)</b>	<b>(7,189,996)</b>	<b>(5,361,292)</b>	<b>(5,593,702)</b>
<b>Total Governmental Funds</b>	<b>\$ 35,181,965</b>	<b>\$ 39,859,444</b>	<b>\$ 45,216,533</b>	<b>\$ 41,256,568</b>	<b>\$ 31,279,543</b>	<b>\$ 29,479,231</b>	<b>\$ 35,556,553</b>	<b>\$ 26,309,826</b>	<b>\$ 26,087,641</b>	<b>\$ 26,006,098</b>

**Notes:**  
i. 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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>REVENUES</b>										
Taxes	\$ 37,634,241	\$ 39,734,722	\$ 42,331,407	\$ 42,663,349	\$ 41,159,156	\$ 41,564,939	\$ 42,406,146	\$ 41,993,577	\$ 42,472,273	\$ 44,592,173
Intergovernmental	19,671,713	19,661,932	19,544,970	19,880,980	20,322,514	19,681,477	17,625,603	19,542,869	16,527,661	16,970,682
Licenses and permits	938,603	858,761	809,009	823,787	990,827	895,927	1,018,228	1,086,494	1,035,280	1,147,980
Fines and forfeitures	271,530	315,809	346,338	342,923	356,971	359,662	384,340	334,540	310,674	273,814
Special assessments	2,667,675	2,096,649	1,811,687	2,340,813	1,668,528	2,618,990	1,843,227	2,069,839	2,294,899	1,314,048
Investment income	4,541,476	5,837,658	6,219,416	1,198,520	2,175,324	2,263,766	1,471,859	200,720	1,150,497	1,806,564
Charges for services	2,019,299	1,934,088	2,022,981	1,850,129	1,847,220	2,264,612	2,459,518	2,552,360	2,764,761	2,775,829
Other	3,393,516	3,306,896	4,280,040	5,496,329	4,987,458	3,768,553	4,618,445	5,260,163	4,254,825	5,694,327
<b>Total Revenues</b>	<b>71,138,053</b>	<b>73,746,515</b>	<b>77,365,848</b>	<b>74,596,830</b>	<b>73,507,998</b>	<b>73,417,926</b>	<b>71,827,366</b>	<b>73,040,562</b>	<b>70,810,870</b>	<b>74,575,417</b>
<b>EXPENDITURES</b>										
Current:										
General government	6,573,075	6,763,061	7,337,745	7,244,850	13,102,235	8,143,213	7,643,472	7,297,364	7,057,221	7,501,218
Public safety	23,884,518	25,106,325	26,172,339	26,365,040	27,285,984	27,073,709	27,169,713	27,941,935	28,507,562	28,919,211
Public works	13,236,170	13,922,268	16,059,000	14,513,842	15,656,093	16,323,554	14,951,964	17,373,663	17,290,491	16,170,161
Education and recreation	8,442,800	8,465,184	9,031,230	8,871,494	8,910,684	7,146,178	7,181,076	7,375,059	7,605,818	7,806,647
Community development	2,507,602	2,302,683	2,214,341	2,635,858	3,348,654	3,052,110	2,607,382	2,981,128	3,997,318	4,098,287
Capital Outlay	10,762,860	9,342,876	15,824,263	18,061,037	8,380,704	7,595,439	6,974,759	14,281,748	9,972,321	13,292,522
Debt Service:										
Principal retirement	9,333,847	7,121,471	5,944,027	6,578,288	6,755,336	7,021,625	8,761,870	6,057,333	4,112,332	4,287,333
Interest and fiscal charges	4,646,345	2,785,191	2,553,619	2,604,636	2,527,447	2,304,241	2,235,391	1,924,256	1,767,037	1,676,117
<b>Total Expenditures</b>	<b>79,387,217</b>	<b>75,809,059</b>	<b>85,136,564</b>	<b>86,875,045</b>	<b>85,987,137</b>	<b>78,660,069</b>	<b>77,525,627</b>	<b>85,232,486</b>	<b>80,310,100</b>	<b>83,751,496</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(8,249,164)</b>	<b>(2,062,544)</b>	<b>(7,770,716)</b>	<b>(12,278,215)</b>	<b>(12,459,139)</b>	<b>(5,242,143)</b>	<b>(5,698,261)</b>	<b>(12,191,924)</b>	<b>(9,499,230)</b>	<b>(9,176,079)</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Debt issued	5,180,387	5,165,000	11,195,000	5,735,000	-	-	8,380,000	-	6,375,000	5,775,000
Premium on debt issued	886	21,395	19,785	57,086	-	-	267,514	-	46,266	222,457
Refunding debt issued	-	-	(126,196)	-	-	-	-	-	-	-
Payments to escrow agents	-	-	-	-	-	-	-	-	-	-
Promissory note issued	-	-	-	-	-	500,000	300,000	-	-	-
Sale of city properties	605,603	214,675	362,631	93,404	34,854	11,962	102,799	10,714	7,702	21,139
Transfers in	10,713,616	8,863,513	11,630,997	9,752,946	16,929,723	9,727,630	9,073,938	9,285,409	6,056,499	8,314,715
Transfers out	(8,995,875)	(7,524,560)	(9,954,412)	(7,320,186)	(14,482,463)	(6,797,761)	(6,348,668)	(6,350,926)	(3,208,422)	(5,238,775)
<b>Total Other Financing Sources (Uses)</b>	<b>7,504,617</b>	<b>6,740,023</b>	<b>13,127,805</b>	<b>8,318,250</b>	<b>2,482,114</b>	<b>3,441,831</b>	<b>11,775,583</b>	<b>2,945,197</b>	<b>9,277,045</b>	<b>9,094,536</b>
<b>Net Change in Fund Balances</b>	<b>(744,547)</b>	<b>4,677,479</b>	<b>5,357,089</b>	<b>(3,959,965)</b>	<b>(9,977,025)</b>	<b>(1,800,312)</b>	<b>6,077,322</b>	<b>(9,246,727)</b>	<b>(222,185)</b>	<b>(81,543)</b>
<b>FUND BALANCES - BEGINNING</b>	<b>35,926,512</b>	<b>35,181,965</b>	<b>39,859,444</b>	<b>45,216,533</b>	<b>41,256,568</b>	<b>31,279,543</b>	<b>29,479,231</b>	<b>35,556,553</b>	<b>26,309,826</b>	<b>26,087,641</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 35,181,965</b>	<b>\$ 39,859,444</b>	<b>\$ 45,216,533</b>	<b>\$ 41,256,568</b>	<b>\$ 31,279,543</b>	<b>\$ 29,479,231</b>	<b>\$ 35,556,553</b>	<b>\$ 26,309,826</b>	<b>\$ 26,087,641</b>	<b>\$ 26,006,098</b>
Debt service as a percent of non-capital expenditures	27.1%	18.6%	15.0%	19.2%	17.5%	17.8%	18.9%	12.2%	10.5%	9.9%

**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<sup>A</sup></u>	<u>Total Direct Tax Rate<sup>B</sup></u>	<u>Estimated Actual Taxable Value<sup>C</sup></u>	<u>Assessed as Percent of Estimated Actual Value<sup>D</sup></u>
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%
2013	2014	3,384,096,700	1,137,054,900	150,106,100	855,800	146,345,800	4,818,459,300	8.1358	4,622,312,200	104.24%
2014	2015	3,333,822,100	1,158,307,200	139,909,000	1,482,600	135,839,800	4,769,360,700	8.3495	4,696,660,500	101.55%
2015	2016	3,359,819,300	1,167,546,000	138,362,500	1,480,400	124,635,400	4,791,843,600	8.3950	4,816,754,800	99.48%

**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
2006	2007	\$ 6.95	\$ 0.73	\$ 7.68	\$ 7.95	\$ 1.65	\$ 4.25	\$ 0.17	\$ 25.97	\$ 1.18	\$ 20.52
2007	2008	7.13	0.80	7.93	7.96	1.69	4.33	0.17	26.55	1.28	20.79 *
2008	2009	7.20	0.76	7.96	8.13	1.71	4.37	0.17	26.54	1.36	20.98
2009	2010	7.18	0.77	7.95	8.50	1.73	4.41	0.17	24.14	1.30	21.46
2010	2011	7.21	0.84	8.05	9.29	1.82	4.53	0.17	23.90	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 *
2013	2014	7.53	0.61	8.14	9.01	1.89	4.52	0.16	23.72	1.43	22.29
2014	2015	7.76	0.59	8.35	9.41	1.11	4.67	0.17	23.71	1.44	22.26 *
2015	2016	7.77	0.63	8.40	9.65	1.12	4.72	0.17	24.06	1.64	22.43 *

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
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 *
2013	2014	7.53	0.61	8.14	9.94	1.89	4.52	0.16	24.65	1.43	23.22
2014	2015	7.76	0.59	8.35	10.93	1.11	4.67	0.17	25.23	1.44	23.78 *
2015	2016	7.77	0.63	8.40	11.29	1.12	4.72	0.17	25.70	1.64	24.07 *

\* 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
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 *
2013	2014	7.53	0.61	8.14	9.23	1.89	4.52	0.16	23.94	1.43	22.51
2014	2015	7.76	0.59	8.35	8.90	1.11	4.67	0.17	23.20	1.44	21.75 *
2015	2016	7.77	0.63	8.40	8.74	1.12	4.72	0.17	23.15	1.64	21.52 *

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
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 *
2013	2014	7.53	0.61	8.14	8.96	1.89	4.52	0.16	23.67	1.43	22.24
2014	2015	7.76	0.59	8.35	9.84	1.11	4.67	0.17	24.14	1.44	22.69 *
2015	2016	7.77	0.63	8.40	9.85	1.12	4.72	0.17	24.26	1.64	22.63 *

\* 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
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
2013	2014	7.51	0.60	8.11	8.98	1.89	4.40	0.16	23.54	1.25	22.29
2014	2015	7.76	0.59	8.35	9.45	1.11	4.51	0.17	23.59	1.26	22.33
2015	2016	7.76	0.63	8.39	9.65	1.12	4.46	0.17	23.79	1.43	22.37 *

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
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
2013	2014	7.51	0.60	8.11	9.88	1.89	4.40	0.16	24.44	1.25	23.19
2014	2015	7.76	0.59	8.35	9.21	1.11	4.51	0.17	23.35	1.26	22.09 *
2015	2016	7.76	0.63	8.39	9.76	1.12	4.46	0.17	23.90	1.43	22.48 *

\* 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
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
2013	2014	7.83	0.63	8.46	9.37	1.97	5.40	0.17	25.37	1.36	24.02 *
2014	2015	7.76	0.59	8.35	10.31	1.11	5.34	0.17	25.28	1.37	23.91
2015	2016	7.74	0.63	8.37	9.62	1.12	5.28	0.17	24.56	1.59	22.97

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
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 *
2013	2014	7.83	0.63	8.46	10.34	1.97	5.40	0.17	26.34	1.36	24.98
2014	2015	7.76	0.59	8.35	10.79	1.11	5.34	0.17	25.76	1.37	24.39
2015	2016	7.74	0.63	8.37	11.30	1.12	5.28	0.17	26.24	1.59	24.64 *

\* 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 levy 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

	2015			2006		
	Taxable Assessed Value (A)	Percent of Total Assessed Value (B)	Rank	Taxable Assessed Value (A)	Percent of Total Assessed Value (B)	Rank
<b>Name</b>						
Pfeifferle/Hoffman/Evans et al PtsHps	\$ 46,947,900	0.98	1	\$ 22,787,300	0.52	4
Thomas Wright et al	46,915,400	0.98	2	25,473,900	0.58	2
Winters Properties et al	46,333,700	0.97	3	33,843,000	0.77	1
Plank Inv/Eisenhower /Kensington Prop	41,919,600	0.87	4			
North Appleton Ambulatory Care Ctr	30,108,400	0.63	5			
LHPT Appleton	22,764,600	0.48	6			
Parkside Luxury Apartments LP/Vandeyacht	21,381,300	0.45	7			
Appvion, Inc. (Appleton Papers)	19,857,200	0.41	8	22,222,400	0.50	6
Appleton Holdings (Paper Valley Hotel)	16,988,900	0.35	9	17,351,500	0.39	7
Thrivent/North Meadows	16,832,300	0.35	10	22,706,800	0.52	5
PRDC Corp.				23,238,000	0.53	3
Voith Inc./Voith Fabrics				16,242,400	0.37	8
Eisenhower Properties				15,621,300	0.35	9
Walmart				13,710,500	0.31	10
<b>TOTAL</b>	<b>\$ 310,049,300</b>	<b>6.47</b>		<b>\$ 213,197,100</b>	<b>4.84</b>	

(A) Per City Assessor's records.

(B) Based on the city's total January 1, 2015 and 2006 assessed valuation of \$4,791,843,600 and \$4,403,595,800, respectively, including personal property.

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

Schedule 9  
CITY OF APPLETON  
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Collection Year	Total Tax Levy	Collections Prior to Transfer of Roll on		Percent of Levy Collected	Total Tax Collections as of December 31	Total Collections as Percent of Current Levy		Outstanding Delinquent Taxes <sup>(A)</sup>	Outstanding Delinquent Taxes as Percent of Current Levy
		August 1	August 1			Levy	Levy		
2006	\$ 30,359,156	\$ 29,744,663	\$ 29,744,663	97.98 %	\$ 30,344,594	\$ 30,344,594	99.95 %	\$ 14,562	0.05 %
2007	31,260,387	30,601,198	30,601,198	97.89	31,260,370	31,260,370	100.00	17	0.00
2008	32,807,841	32,085,754	32,085,754	97.80	32,786,569	32,786,569	99.94	21,272	0.06
2009	34,150,080	33,354,943	33,354,943	97.67	34,125,979	34,125,979	99.93	24,101	0.07
2010	36,354,678	35,694,813	35,694,813	98.18	36,331,377	36,331,377	99.94	23,301	0.06
2011	37,004,526	36,382,944	36,382,944	98.32	36,984,655	36,984,655	99.95	19,871	0.05
2012	37,611,289	37,047,927	37,047,927	98.50	37,581,982	37,581,982	99.92	29,307	0.08
2013	37,260,671	36,807,857	36,807,857	98.78	37,233,502	37,233,502	99.93	27,169	0.07
2014	37,998,938	37,566,534	37,566,534	98.86	37,977,139	37,977,139	99.94	21,799	0.06
2015	38,418,146	38,049,056	38,049,056	99.04	38,395,772	38,395,772	99.94	22,374	0.06

<sup>(A)</sup> The amount of outstanding taxes represents uncollected personal property taxes at the end of the year. The portion of the delinquent taxes attributable to overlapping jurisdictions is charged back to those jurisdictions in the subsequent year. 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>
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
2013	0.0	0.0	0.0	0.0	5.0
2014	0.0	0.0	0.0	0.0	5.0
2015	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	Water Revenue Bonds	Wastewater Revenue Bonds	Stormwater Revenue Bonds					
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	6.75%	2,156		
2013	27,005,000	725,000	-	68,910,000	16,195,000	43,810,000	-	-	-	156,645,000	6.32%	2,141		
2014	29,415,000	695,000	-	67,210,000	15,410,000	45,040,000	-	-	-	157,770,000	6.13%	2,148		
2015	30,900,000	635,000	-	66,810,000	14,615,000	46,515,000	-	-	-	159,475,000	N/A	2,163		

\* N/A = Not Available.

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u> <sup>(1)</sup>	<u>Less Assets Restricted for Debt Service</u>	<u>Total Net Debt</u>	<u>Percentage of Actual Taxable Value of Property</u> <sup>(2)</sup>	<u>Per Capita</u> <sup>(3)</sup>
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
2013	27,730,000	(1,503,052)	26,226,948	0.57	359
2014	30,110,000	(1,703,173)	28,406,827	0.60	387
2015	31,535,000	(1,695,673)	29,839,327	0.62	405

- (1) Includes general obligation debt for business-type activities (see table 11). Details on the City's outstanding debt can be found in the notes to the financial statements.
- (2) See Schedule 6 for property value data.
- (3) See Schedule 16 for population data.

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

Jurisdiction	Net Debt Outstanding	Percentage Applicable to City of Appleton	Amount Applicable to City of Appleton
City of Appleton <sup>(A)</sup>	\$ 29,839,327	100.0000 %	\$ 29,839,327
<u>Overlapping Debt</u>			
Appleton Area School District	45,415,627	63.0000	28,611,845
Menasha Joint School District	46,757,500	4.3600	2,038,627
Kimberly Area School District	26,470,000	2.2400	592,928
Freedom Area School District	2,150,000	9.6700	207,905
Hortonville Area School District	34,290,000	0.0004	137
Fox Valley Technical College	88,096,948	13.7400	12,104,521
Outagamie County	39,479,991	29.7600	11,749,245
Calumet County	12,355,269	17.0400	2,105,338
Winnebago County	29,474,589	0.5745	169,332
Total Overlapping Debt			<u>57,579,878</u>
<b>Total Direct And Overlapping Debt</b>			<b>\$ 87,419,205</b>

<sup>(A)</sup> Debt is shown net of amounts available for debt service.



Schedule 14  
City of Appleton  
Legal Debt Margin Calculation

<b>Legal Debt Margin Calculation for Fiscal Year 2015:</b>	
Equalized Value of Real & Personal Property	\$ 4,816,754,800
Outagamie County	4,062,172,400
Calumet County	674,855,800
Winnebago County	79,726,600
Legal Debt Limit (5% of equalized value)	<u>\$ 240,837,740</u>
Amount of Debt Applicable to Debt Limitation:	
Total General Obligation Bonds and Notes Outstanding at December 31, 2015	\$ 31,535,000
Less: Assets in Government Fund Types Available for Debt Service	<u>(1,695,673)</u>
Amount of Debt Applicable to Debt Limit	<u>29,839,327</u>
Remaining Legal Debt Margin	<u>\$ 210,998,413</u>

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 217,509,320	\$ 228,782,100	\$ 235,550,375	\$ 239,453,145	\$ 242,579,815	\$ 239,855,175	\$ 232,570,430	\$ 231,115,610	\$ 234,833,025	\$ 240,837,740
Total net debt applicable to limit	<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>	<u>26,226,948</u>	<u>28,406,827</u>	<u>29,839,327</u>
Legal Debt Margin	<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>	<u>\$ 204,888,662</u>	<u>\$ 206,426,198</u>	<u>\$ 210,998,413</u>
Total net debt applicable to limit as a percentage of debt limit	19.01%	17.06%	19.39%	18.75%	15.81%	13.21%	13.32%	11.35%	12.10%	12.39%

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

Fiscal Year	Gross Revenues <sup>(1)</sup>	Direct Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Maximum Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2013	20,195,484	8,250,694	11,944,790	5,465,000	3,316,279	8,781,279	1.36
2014	20,822,216	7,950,595	12,871,621	6,250,000	2,686,056	8,936,056	1.44
2015	21,151,756	8,078,526	13,073,230	6,575,000	2,587,434	9,162,434	1.43

(Continued)

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

<sup>(2)</sup> Includes total operating expenses less depreciation and payment in lieu of taxes.

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

Fiscal Year	Gross Revenues <sup>(1)</sup>	Direct Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Maximum Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2013	10,344,862	6,282,545	4,062,317	785,000	640,826	1,425,826	2.85
2014	11,384,987	6,504,506	4,880,481	860,000	559,084	1,419,084	3.44
2015	11,364,104	6,781,627	4,582,477	860,000	559,084	1,419,084	3.23

(Continued)

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

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

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

Fiscal Year	Last Ten Fiscal Years									
	Gross Revenues <sup>(1)</sup>	Direct Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Maximum Debt Service Requirements			Coverage			
				Principal	Interest	Total				
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			
2013	8,066,016	2,706,960	5,359,056	3,055,000	1,102,066	4,157,066	1.29			
2014	9,367,104	3,008,023	6,359,081	2,960,000	2,072,771	5,032,771	1.26			
2015	9,325,369	3,155,156	6,170,213	3,105,000	1,694,558	4,799,558	1.29			

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

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

**Schedule 16  
CITY OF APPLETON  
DEMOGRAPHIC STATISTICS**

Fiscal Year	Last Ten Fiscal Years							Annual Average Unemployment Rate <sup>(5)</sup>
	Appleton Population <sup>(1)</sup>	Personal Income <sup>(2)</sup>	AGI Per Return <sup>(3)</sup>	School System Enrollment <sup>(4)</sup>	Total Employment <sup>(5)</sup>			
2006	72,004	\$ 2,132,152,832	\$ 48,635	15,166	36,814		6.0	
2007	72,158	2,193,539,875	49,473	15,143	36,967		5.9	
2008	72,297	2,203,834,342	50,501	15,148	37,215		5.9	
2009	72,400	2,117,485,336	48,751	15,002	36,154		10.8	
2010	72,623	2,229,079,843	50,653	14,953	36,667		10.4	
2011	72,715	2,229,979,390	50,030	14,983	36,930		9.0	
2012	72,810	2,325,748,850	51,600	15,087	37,052		8.3	
2013	73,150	2,480,000,000	53,720	16,042	37,245		7.9	
2014	73,463	2,571,979,850	55,550	16,231	37,965		4.9	
2015	73,737	N/A *	N/A *	16,300	38,424		4.1	

(1) Wisconsin Dept. of Administration estimates.  
(2) Wisconsin Department of Revenue. Adjusted Gross Income for all returns filed for Appleton residents.  
(3) Wisconsin Department of Revenue. Adjusted Gross Income per return.  
(4) Wisconsin Department of Public Instruction.  
(5) Wisconsin Department of Workforce Development; unemployment rates are annual rates for City of Appleton, not seasonally adjusted.

\* N/A = Not Available

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

	2015			2006				
	<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>
	Affinity Health Sys./ St. Elizabeth Hosp	Medical & Health Care Facility	5,744	1	14.9 %	1,030	7	2.8 %
	Thrivent Investment Management, Inc.	Insurance	1,800	2	4.7	1,893	1	5.1
	Appleton Area School District	Education	1,668	3	4.3	1,649	2	4.4
	Miller Electric Manufacturing	Electric Arc Welders	1,575	4	4.1	1,200	6	3.2
	Appleton Medical Center	Medical & Health Care Facility	1,500	5	3.9	1,230	5	3.3
	The Boldt Company	Nonresidential Construction	1,300	6	3.4			
	Outagamie County	Government	1,200	7	3.1	1,262	4	3.4
	Appvion, Inc. (Appleton Papers)	NCR Paper Products	1,000	8	2.6	1,321	3	3.5
	West Business Services	Communications Services	1,000	9	2.6			
	Valley Packaging Industries, Inc.	Hi-speed Packager	750	10	2.0	750	8	2.0
	The Guardian Insurance Company	Insurance				725	9	1.9
	City of Appleton	Government				680	10	1.8
	<b>Total</b>		<b>11,793</b>		<b>30.7 %</b>	<b>10,710</b>		<b>28.6 %</b>
	<b>Total Employment</b>		<b>38,424</b>			<b>36,814</b>		

\* Includes Full- and Part-Time employees

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

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

DEPARTMENT	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Government</b>										
Legal Services (1)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Finance Department	15.00	15.70	15.80	16.00	16.00	15.00	15.00	14.50	14.50	14.50
Human Resources	8.60	8.60	8.60	8.60	8.80	8.80	8.80	8.80	8.80	8.80
Information Technology	15.40	15.40	15.40	15.00	15.00	12.00	12.00	12.00	11.00	11.00
Mayor's Office	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00	3.00	3.00
Facilities Management	-	8.00	8.00	8.00	8.00	10.62	10.98	10.62	10.62	10.65
<b>Total - General Government</b>	52.00	60.70	60.80	60.60	60.80	58.42	58.77	57.92	57.92	57.95
<b>Community Development</b> (2)	17.00	17.00	17.00	17.00	16.63	19.88	19.13	19.13	19.13	19.13
<b>Recreation/Library/Transit</b>										
Parks & Recreation (3)	36.17	36.17	36.17	35.87	33.87	16.25	16.22	16.73	16.88	18.93
Library	45.50	45.50	45.50	45.50	45.50	45.00	44.50	45.00	45.50	46.50
Valley Transit	55.93	55.43	53.03	53.03	52.65	52.65	51.83	54.13	54.13	54.50
<b>Total - Recreation/Library/Transit</b>	137.60	137.10	134.70	134.40	132.02	113.90	112.55	115.86	116.50	119.93
<b>Public Works</b>	153.00	153.00	153.00	153.00	150.50	156.50	154.53	153.53	154.13	154.13
<b>Public Health &amp; Safety</b>										
Health Department	17.60	17.40	17.20	16.20	16.15	15.95	14.20	14.00	14.20	14.20
Fire Department										
Firefighters and Officers	90.00	89.00	89.00	89.00	89.00	88.00	88.00	88.00	88.00	89.00
Civilian & Administrative	12.00	12.00	12.00	12.00	9.50	9.00	8.00	8.00	8.00	8.00
Police Department										
Sworn	102.00	105.00	105.00	106.00	106.00	105.00	105.00	105.00	106.00	106.00
Civilian	31.00	30.00	30.00	30.00	29.50	29.00	29.00	29.00	30.00	30.00
<b>Total - Public Health &amp; Safety</b>	252.60	253.40	253.20	253.20	250.15	246.95	244.20	244.00	246.20	247.20
<b>Water &amp; Sewer Utilities</b>	41.00	35.00	35.00	35.00	35.00	34.00	34.00	34.00	34.00	34.00
<b>Total Regular Employees</b>	653.20	656.20	653.70	653.20	645.10	629.64	623.19	624.43	627.88	632.34

**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.  
 (1) The City Clerk's Office and the City Attorney's Office were merged in 2012 and are under the direction of the City Attorney. Prior periods have been restated for comparison.  
 (2) The Assessor's Office was merged with Community Development in 2013. Prior periods have been restated for comparison.  
 (3) 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 was moved to the Facilities department and the forestry function, much of which takes place in the public right of way, was moved to Public Works. Similarly, creation of the Facilities department in 2006 entailed moving a number of maintenance staff positions from the Water and Sewer utilities.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Government</b>										
Building permits issued	712	705	577	552	560	572	511	537	478	524
Est. construction value (\$000)	91,707.3	88,629.5	102,632.9	101,957.4	58,369.2	46,054.4	49,084.3	88,486.7	68,559.8	140,806.5
School aged children vaccinated	99.4%	99.5%	99.5%	99.5%	94.8%	97.1%	99.1%	98.8%	99.0%	99.7%
Accurate weights & measures devices	95.0%	91.7%	93.5%	92.0%	94.4%	96.5%	96.6%	96.9%	96.7%	94.2%
Food-borne disease outbreaks	0	0	1	1	0	0	0	0	0	0
<b>Police</b>										
Calls for service	55,947	54,956	54,494	50,796	51,183	50,163	52,309	51,003	48,809	47,694
Reported Group A crimes (1)	2,547	2,561	2,824	4,370	4,194	4,046	4,603	4,469	4,229	4,125
Reported Group B crimes (1)	11,764	11,758	14,515	7,650	7,213	7,025	7,096	6,401	5,939	5,664
<b>Fire</b>										
Emergency response < 4 min.	62%	72.0%	67.0%	66.1%	61.0%	64.0%	65.0%	63.0%	64.0%	63.0%
Fire loss (\$000)	1,284.0	953.8	1,580.5	2,196.8	1,177.1	846.7	740.8	744.4	919.5	1,187.6
Fire-related deaths	0	0	0	0	0	0	0	0	0	0
Emergency calls	2,439	2,739	2,991	2,721	3,524	3,516	3,701	3,930	4,273	4,414
<b>Public Works</b>										
Tons of refuse collected (4)	30,600	30,300	29,301	22,126	22,214	22,085	20,987	20,236	19,555	19,934
Tons of recycling collected	6,962	7,024	6,704	6,046	5,368	4,405	5,416	6,250	6,492	6,626
Cu. Yds. of debris - street sweeping	2,722	2,161	3,351	3,368	3,130	2,995	3,884	4,124	3,920	5,565
Cost/ton - residential auto pickup	\$ 57.67	\$ 61.38	\$ 67.47	\$ 71.21	\$ 83.34	\$ 83.34	\$ 85.81	\$ 86.01	\$ 87.50	\$ 86.82
Miles of street reconstructed	3.39	1.68	3.37	7.24	2.89	4.25	1.48	2.45	2.90	2.31
% of trees < 6" dia. pruned annually	50	50	50	60	60	50	50	60	50	50
Average pruning cycle, trees > 6" dia.	7.0 yrs	7.5 yrs	7.9 yrs	7.5 yrs	7.5 yrs	7.5 yrs	8.0 yrs	8.5 yrs	8.5 yrs	9.0 yrs
<b>Parks &amp; Recreation</b>										
Sports league participants (5)	6,675	5,824	5,425	5,538	2,284	2,207	2,109	1,826	2,010	2,937
Aquatics program participants (2),(3)	2,218	2,616	2,750	2,616	2,950	3,087	3,475	3,240	3,399	3,294
Open swim attendance (3)	86,315	83,616	75,846	64,372	72,086	81,282	81,949	65,930	64,512	73,071
Rounds of golf played (7)	35,595	34,870	34,666	35,545	31,530	29,044	32,305	18,037	30,720	33,247
<b>Public Library</b>										
Titles in collection (6)	299,295	303,929	307,777	316,182	298,221	273,951	282,677	276,609	281,743	291,739
Materials circulated	1,231,738	1,392,057	1,445,373	1,564,890	1,528,776	1,511,715	1,449,140	1,376,833	1,274,136	1,166,697
Annual door count	537,057	533,291	554,125	590,528	586,677	569,898	570,743	556,874	510,874	459,780
<b>Water</b>										
Avg. daily consumption (000 gal.)	8,096	7,937	7,593	7,515	8,456	8,875	9,020	8,618	8,715	8,924
Peak daily consumption (000 gal.)	13,765	13,941	11,659	11,636	10,419	11,718	14,775	11,651	11,534	12,641
Number of invoices per quarter	26,963	27,101	27,257	27,336	27,507	27,650	27,725	27,897	28,192	28,316
<b>Wastewater</b>										
Avg. daily sewage treatment (000 gal.)	10,301	10,852	13,122	11,120	12,300	13,000	10,800	10,117	12,293	11,600
<b>Valley Transit</b>										
Total route miles	880,219	893,218	895,168	869,611	876,760	915,688	933,924	949,830	938,471	939,354
Passengers	937,297	958,359	1,001,325	909,109	956,086	1,073,655	1,095,650	1,093,202	1,081,882	1,055,544
Cost per trip	\$ 4.20	\$ 4.54	\$ 4.72	\$ 4.86	\$ 5.50	\$ 4.92	\$ 4.75	\$ 5.04	\$ 5.42	\$ 5.42

\* 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) Decrease due to discontinuation of commercial refuse collection in 2009  
(5) Decrease due to transition of softball program to outside organization in 2010.  
(6) Decrease in 2010 due to above average rate of culling associated with installation of RFID tags.  
(7) Decrease in 2013 due to construction on course that limited it to 9 holes.



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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	83	83	83	83	83	84	84	84	85	85
<b>Fire</b>										
Stations	6	6	6	6	6	6	6	6	6	6
Fire suppression units	12	11	11	10	10	10	10	10	10	10
<b>Public Works</b>										
Miles of streets	339.4	334.2	337.9	339.5	340.3	342.2	342.2	343.0	343.0	343.0
Refuse packers	14	14	13	12	12	12	12	12	12	12
Single- and tri-axle dump trucks	24	23	23	25	25	24	26	26	26	26
Other heavy vehicles	19	20	20	21	21	21	25	25	25	25
<b>Parks &amp; Recreation</b>										
Parks	32	32	32	32	32	32	32	32	34	34
Acresage	495.3	495.3	495.3	495.3	495.9	495.9	495.9	495.9	500.3	500.3
Swimming pools (1)	2	2	2	2	2	2	2	2	2	2
Golf courses	1	1	1	1	1	1	1	1	1	1
<b>Water</b>										
Miles of mains	361.9	362.9	366.6	372.3	374.5	378.2	378.3	376.7	376.8	376.8
Storage capacity (000 gallons)	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300
<b>Wastewater</b>										
Miles of mains	303.0	303.8	307.3	309.4	309.6	310.0	308.3	310.3	308.4	302.3
<b>Stormwater</b>										
Miles of mains	286.5	289.1	293.5	297.6	298.3	301.6	302.7	304.0	304.8	306.8

(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, 2015 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 27, 2016.

**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 audit 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.

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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 are 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.

A handwritten signature in black ink that reads "Baker Tilly Virchow Krause, LLP". The signature is written in a cursive, flowing style.

Madison, Wisconsin  
May 27, 2016

REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL AND THE MAJOR STATE PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE;

Independent Auditors' Report

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

**Report on Compliance for the Major Federal and the Major State Program**

We have audited the City of Appleton, Wisconsin's compliance with the types of compliance requirements described in the *OMB Compliance Supplement and the State Single Audit Guidelines* that could have a direct and material effect on the City of Appleton's major federal and major state program for the year ended December, 31, 2015. The City of Appleton's major federal and major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the City of Appleton's major federal and major state program 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *State Single Audit Guidelines*. Those standards, the Uniform Guidance, 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 the major federal and the major state program. However, our audit does not provide a legal determination of the City of Appleton's compliance.

### ***Opinion on the Major Federal and the Major State Program***

In our opinion, the City of Appleton complied, in all material respects, with the types of 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, 2015.

### **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 each 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 the Uniform Guidance 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 a 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 a 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 in internal control over compliance, 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 the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Madison, Wisconsin  
May 27, 2016

**CITY OF APPLETON**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Passed Through Agency	Total Expenditures	Passed Through to Other Agencies
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Urban and Community Forestry Program	10.675	DNR	\$ 25,000	\$ -
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Community Development Block Grant/Entitlement Program (CDBG)				
Entitlement Program	14.218	Direct	470,646	264,909
Program Income	14.218	Direct	<u>274,249</u>	<u>-</u>
Total Community Development Block Grant/Entitlement Program (CDBG)			744,895	264,909
Emergency Solutions Grant Program (ESG)	14.231	DOA	269,963	257,175
Supportive Housing Program (SHP)	14.235	DOA	<u>254,587</u>	<u>239,358</u>
Total U.S. Department of Housing and Urban Development			<u>1,269,445</u>	<u>761,442</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
Bulletproof Vest Partnership Program	16.607	Direct	9,292	-
Edward Byrne Memorial Justice Assistance Grant 2013	16.738	Direct	11,611	11,611
Edward Byrne Memorial Justice Assistance Grant 2015	16.738	Direct	<u>12,273</u>	<u>1,495</u>
Total Edward Byrne Justice Assistance Grant			23,884	13,106
Total U.S. Department of Justice			<u>33,176</u>	<u>13,106</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Federal Transit Formula Grants 2014	20.507	Direct	317,583	-
Federal Transit Formula Grants 2015	20.507	Direct	<u>2,095,426</u>	<u>-</u>
Total Federal Transit Formula Grants			2,413,009	-
State Planning and Research	20.515	DOT	379	-
Section 5310 - Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	Direct	68,315	-
State and Community Highway Safety				
Speed Enforcement 2015	20.600	DOT	10,000	-
Bicycle Enforcement 2015	20.600	DOT	2,000	-
Pedestrian Enforcement 2015	20.600	DOT	<u>2,000</u>	<u>-</u>
Total State and Community Highway Safety			14,000	-
Total U.S. Department of Transportation			<u>2,495,703</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Refugee and Entrant Assistance	93.566	DCF	13,482	-
ARRA Immunizations and Vaccines	93.712	DHS	27,272	-
Preventative Health and Health Services Block Grant	93.991	DHS	7,139	-
Maternal and Child Health Services Block Grant	93.994	DHS	39,632	-
Hospital Preparedness Program (HPP) and Public Health Emergency				
Preparedness (PHEP) Aligned Cooperative Agreement	93.074	DHS	59,569	-
Project Grants Cooperative Agreement for Tuberculosis for				
Control Programs	93.116	DHS	<u>25</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>147,119</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
Office of Justice Assistance				
Assistance to Firefighters Grant Program - EMW - 2014	97.044	DOA	<u>14,027</u>	<u>-</u>
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 3,984,470</b>	<b>\$ 774,548</b>

See accompanying notes to schedules of federal and state awards.

**CITY OF APPLETON**

SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Year Ended December 31, 2015

State Grantor/Program Title	State I.D. Number	Total Expenditures	Passed Through to Other Agencies
<b>WISCONSIN DEPARTMENT OF TRANSPORTATION</b>			
Transit Operating Aids	395.104	\$ 2,490,364	\$ -
Paratransit Aids Through 85.205	395.104	<u>108,584</u>	<u>-</u>
Total Wisconsin Department of Transportation		<u>2,598,948</u>	<u>-</u>
<b>WISCONSIN DEPARTMENT OF HEALTH SERVICES</b>			
Lead Poisoning	435.157720	<u>9,414</u>	<u>-</u>
<b>WISCONSIN DEPARTMENT OF MILITARY AFFAIRS</b>			
Regional Emergency Response Team 1/1/15-12/31/15	465.306	22,538	-
Radiological Field Team Services	465.306	<u>24,999</u>	<u>-</u>
Total Wisconsin Department of Military Affairs		<u>47,537</u>	<u>-</u>
<b>WISCONSIN DEPARTMENT OF ADMINISTRATION</b>			
Uniform BEAT Patrol Officers	505.620	<u>121,434</u>	<u>-</u>
<b>WISCONSIN DEPARTMENT OF JUSTICE</b>			
Law Enforcement Training Fund - Local Assistance Program	455.231	<u>2,056</u>	<u>-</u>
<b>TOTAL STATE AWARDS</b>		<u>\$ 2,779,389</u>	<u>\$ -</u>

See accompanying notes to schedules of federal and state awards.



# CITY OF APPLETON

## NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2015

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### NOTE 1 – BASIS OF PRESENTATION

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The accompanying schedule of expenditures of federal and state awards (the “schedule”) includes the federal and state award activity of the City of Appleton under programs of the federal and state government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of the City of Appleton, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Appleton.

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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Expenditures reported on the schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The underlying 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.

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### NOTE 3 – PASS-THROUGH AGENCIES

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The City of Appleton received federal awards from the following pass-through agencies:

DHS	Department of Health Services
DCF	Department of Children and Families
DOA	Department of Administration
DOT	Department of Transportation
DNR	Department of Natural Resources

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### NOTE 4 – CARS REPORT DATES

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The Schedule of Expenditures of Federal and State Awards includes adjustments through the following Community Aids Reporting System (CARS) reports:

<u>Agency Number</u>	<u>Date</u>
449983	3-1-2016

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### NOTE 5 – INDIRECT COST RATE

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The City of Appleton has elected to use the 10% de minimis indirect cost rate of the Uniform Guidance.

**CITY OF APPLETON**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2015

**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:

- |  | Federal Programs                             | State Programs                               |
|--|--|--|
| > Material weakness(es) identified?  | <u>      </u> yes <u>  x  </u> no            | <u>      </u> yes <u>  x  </u> no            |
| > Significant deficiencies identified that are not considered to be material weakness(es)? | <u>      </u> yes <u>  x  </u> none reported | <u>      </u> yes <u>  x  </u> 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 516(a) of the Uniform Guidance?                           yes              X   no

	Federal Programs	State Programs
Auditee qualified as low-risk auditee?	<u>  X  </u> yes <u>      </u> no	<u>  X  </u> yes <u>      </u> no

Identification of major federal programs:

CFDA Number

20.507

Name of Federal Program or Cluster

Federal Transit Formula Grants

Federal	State
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Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000	\$ 250,000
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**CITY OF APPLETON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2015**

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

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*FEDERAL OR STATE AWARDS (cont.)*

Identification of major state programs:

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

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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No findings were reported.

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

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No findings were reported.

**CITY OF APPLETON**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended December 31, 2015

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**SECTION IV – OTHER ISSUES**

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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	_____	Yes	_____	<u>  X  </u>	no
Department of Administration	_____	Yes	_____	<u>  X  </u>	no
Department of Transportation	_____	Yes	_____	<u>  X  </u>	no
Department of Justice	_____	Yes	_____	<u>  X  </u>	no
Department of Military Affairs	_____	Yes	_____	<u>  X  </u>	no

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? \_\_\_\_\_ Yes      X   no

4. Name and signature of partner

  
\_\_\_\_\_  
Carla A. Gogin, CPA, Partner

5. Date of report May 27, 2016

**CITY OF APPLETON**

SETTLEMENT OF DHS COST REIMBURSEMENT AWARD  
For the Year Ended December 31, 2015

	Childhood Lead	Immunization
DHS identification number	CARS profile 157720	CARS profile 155020
Award amount	9,414	27,408
Award period	1/1/15 - 12/31/15	1/1/15 - 12/31/15
Period of award within audit period	1/1/15 - 12/31/15	1/1/15 - 12/31/15
Expenditures reported to DHS for payment	\$ 9,414	\$ 27,272
Actual allowable cost of reward		
Program expenses		
Grants and other assistance to individuals in the US	\$ -	\$ 2,642
Other salaries and wages	9,287	17,008
Other program expenses (supplies, training, etc.)	127	7,622
Total Program Expenses	9,414	27,272
Less: Program revenue and other offsets to costs*	-	-
Total Allowable Costs	\$ 9,414	\$ 27,272

\* - Other offsets to costs consist of revenues related to the cost of services provided by the City of Appleton to other municipalities and counties for administration of the bioterrorism grants.

Maternal Child Health	Preventative Health	Bioterrorism			Total
CARS profile 159320	CARS profile 159220	CARS profile 155050	CARS profile 155015	CARS profile 155015	Bioterrorism
40,976	7,139	1,325	56,327	56,768	
1/1/15 - 12/31/15	10/01/13-9/30/15	7/1/14 - 6/30/15	7/1/14 - 6/30/15	7/1/15-6/30/16	
1/1/15 - 12/31/15	1/1/15-9/30/15	1/1/15-6/30/15	1/1/15-6/30/15	7/1/15-12/31/15	
<u>\$ 39,632</u>	<u>\$ 7,139</u>	<u>\$ 976</u>	<u>\$ 42,244</u>	<u>\$ 28,384</u>	<u>\$ 71,604</u>
\$ 1,175	\$ 943	\$ -	\$ -	\$ -	\$ -
36,972	-	-	59,075	45,596	104,671
<u>1,485</u>	<u>6,196</u>	<u>976</u>	<u>1,035</u>	<u>5,047</u>	<u>7,058</u>
39,632	7,139	976	60,110	50,643	111,729
-	-	-	(30,026)	(22,134)	(52,160)
<u>\$ 39,632</u>	<u>\$ 7,139</u>	<u>\$ 976</u>	<u>\$ 30,084</u>	<u>\$ 28,509</u>	<u>\$ 59,569</u>