

CITY OF APPLETON, WISCONSIN
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2016

Finance Department

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CITY OF APPLETON, WISCONSIN
December 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Common Council
City of Appleton
Outagamie County, 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 ("the City") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City'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 of 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 auditors consider internal control relevant to the City'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's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, 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 as of December 31, 2016, and the 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.

Change in Accounting Principle

As discussed in Note D.1 to the financial statements, in 2016 the City adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. 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 management's discussion and analysis on pages 4 through 19, the budgetary comparison information on page 82, and the schedules relating to pensions and other post-employment benefit plan on pages 83 through 85 be presented to supplement the basic financial statements. Such information, although not 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The financial information listed in the table of contents as supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, are also not a required part of the basic financial statements.

The supplementary information and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, the schedules of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2017, on our consideration of the City'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
June 22, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2016 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, 2016. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Appleton exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$638,208,818. Of this amount, \$67,297,766 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.
- At the close of the fiscal year, the City of Appleton's governmental funds reported combined ending fund balances of \$35,848,384, an increase of \$9,842,286 from the 2015 balance of \$26,006,098. The increase was attributable mainly to approximately \$6 million of debt proceeds being held at the end of the year in the Facilities Capital project fund awaiting the completion of improvements to Erb Park and pool. The project is scheduled to be completed and the pool opened in July, 2017. The remaining increase was due to an approximate \$1.7 million increase in fund balance in TIF 3 due to debt service obligations dropping off considerably while revenues remained stable, and \$2.06 million of debt proceeds received in 2016 to reimburse costs incurred in late 2015 for the cost of land purchased for the construction of the Fox Cities Exhibition Center.
- In accordance with GASB Statement No. 68 which require governmental entities participating in the Wisconsin Retirement System (WRS) to report their proportionate share of the plan's activity and net pension liability, \$5,803,784 has been recorded as a long-term obligation in 2015. As of the December 31, 2015 measurement date used for the 2016 financial statements, WRS reported total resources available to provide pension benefits of \$88.5 billion. They also reported a total liability for pensions of \$90.1 billion, resulting in a net pension liability of \$1.6 billion. The City's proportionate share of this liability is \$5,803,784.
- In order to take advantage of historically low municipal borrowing rates in 2016, the Water Utility issued \$23,830,000 of refunding bonds to refund outstanding revenue bonds from 2007. The refunding reduced total debt service payments over the next nine years by \$3,257,883 and obtained an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$2,229,465. The Stormwater Utility similarly refunded revenue bonds from 2006, 2008 and 2009. The Stormwater bond refunding reduced total debt service payments over the next thirteen years by \$1,585,462 and obtained an economic gain of \$1,226,814.
- The employment base in Appleton and the Fox Cities remains competitive and stable. Unemployment rates continue to drop (3.3% as of December, 2016) as the local economy continues to improve. The City's overall equalized value increased \$122 million (2.53%) from 2015 to \$4.9 billion as of January 1, 2016.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2016 UNAUDITED

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE STATEMENTS

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

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 20 to 22 of this report.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2016 UNAUDITED

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 39 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 the Facilities Capital Projects Fund, 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 23 to 26 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, 2016 UNAUDITED

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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 27 to 36 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 37 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 41 to 81 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 Facilities Capital Projects Fund, as well as a schedule of funding progress for the City's post-employment benefits plan and employer contributions to the plan, and schedules of the City's proportionate share of the Wisconsin Retirement System net pension liability and employer annual contributions to the plan. These schedules and the related notes can be found on pages 82 to 86 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 following the required supplementary information. Combining and individual statements and schedules can be found on pages 87 to 109 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

An analysis of the City's financial position begins with a review of the Statement of Net Position and the Statement of 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 and deferred outflows of resources exceeded liabilities and deferred inflows by \$638,208,818 as of December 31, 2016.

The largest portion of the City's net position (approximately 86%) 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, 2016

UNAUDITED

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

CITY OF APPLETON'S NET POSITION

| | <u>Governmental Activities 2016</u> | <u>Business- Type Activities 2016</u> | <u>Totals</u> |
|----------------------------------|---|---|------------------------------|
| Current and Other Assets | \$ 120,423,628 | \$ 79,302,163 | \$ 199,725,791 |
| Capital Assets | <u>357,955,621</u> | <u>313,818,531</u> | <u>671,774,152</u> |
| Total Assets | <u>478,379,249</u> | <u>393,120,694</u> | <u>871,499,943</u> |
| Deferred Outflows of Resources | <u>26,424,251</u> | <u>8,829,505</u> | <u>35,253,756</u> |
| Other Liabilities | 13,023,478 | 4,610,382 | 17,633,859 |
| Long-Term Liabilities | <u>62,188,582</u> | <u>131,537,412</u> | <u>193,725,994</u> |
| Total Liabilities | <u>75,212,060</u> | <u>136,147,794</u> | <u>211,359,853</u> |
| Deferred Inflows of Resources | <u>54,976,673</u> | <u>2,208,354</u> | <u>57,185,027</u> |
| Net Position: | | | |
| Net Investment in Capital Assets | 337,111,131 | 213,741,324 | 550,852,455 |
| Restricted | 10,875,022 | 9,183,575 | 20,058,597 |
| Unrestricted | <u>26,628,614</u> | <u>40,669,152</u> | <u>67,297,766</u> |
| Total Net Position | <u>\$ 374,614,767</u> | <u>\$ 263,594,051</u> | <u>\$ 638,208,818</u> |
| | | | |
| | <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 | 317,303,052 | 201,093,139 | 518,396,191 |
| Restricted | 16,722,531 | 10,372,275 | 27,094,806 |
| Unrestricted | <u>37,643,999</u> | <u>45,777,259</u> | <u>83,421,258</u> |
| Total Net Position | <u>\$ 371,669,582</u> | <u>\$ 257,242,673</u> | <u>\$ 628,912,255</u> |

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For the Year Ended December 31, 2016
UNAUDITED

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

An additional portion of the City's net position (approximately 3.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$67,297,766 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, 2016. Governmental activities increased the City of Appleton's net position by \$2,945,185 while business-type activities increased the City's net position by \$6,351,378.

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

| | Governmental Activities 2016 | Business- Type Activities 2016 | Totals |
|--|------------------------------------|---|----------------|
| Revenues: | | | |
| Program Revenues: | | | |
| Charges for services | \$ 10,707,541 | \$ 47,612,283 | \$ 58,319,824 |
| Operating grants and contributions | 5,544,498 | 6,443,052 | 11,987,550 |
| Capital grants and contributions | 756,451 | 1,063,521 | 1,819,972 |
| General Revenues: | | | |
| Property taxes | 42,580,102 | - | 42,580,102 |
| Other taxes | 2,843,219 | - | 2,843,219 |
| Intergovernmental | 11,403,088 | - | 11,403,088 |
| Investment income (loss) | 687,460 | 374,788 | 1,062,248 |
| Gain on sale of assets | 87,399 | - | 87,399 |
| Miscellaneous | 139,077 | 18,518 | 157,595 |
| Total Revenues | 74,748,835 | 55,512,162 | 130,260,997 |
| Expenses: | | | |
| General government | 8,555,458 | - | 8,555,458 |
| Public safety | 32,408,683 | - | 32,408,683 |
| Public works | 16,603,103 | - | 16,603,103 |
| Education and recreation | 9,045,104 | - | 9,045,104 |
| Community development | 7,183,902 | - | 7,183,902 |
| Interest and fiscal charges | 861,000 | - | 861,000 |
| Water Utility | - | 16,270,281 | 16,270,281 |
| Wastewater Utility | - | 10,387,814 | 10,387,814 |
| Valley Transit | - | 9,220,991 | 9,220,991 |
| Stormwater Utility | - | 7,771,485 | 7,771,485 |
| Other non-major proprietary funds | - | 2,656,613 | 2,656,613 |
| Total Expenses | 74,657,250 | 46,307,184 | 120,964,434 |
| Increases in net position before transfers | 91,585 | 9,204,978 | 9,296,563 |
| Transfers | 2,853,600 | (2,853,600) | - |
| Increase in net position | 2,945,185 | 6,351,378 | 9,296,563 |
| Net Position – January 1, 2016 | 371,669,582 | 257,242,673 | 628,912,255 |
| Net Position – December 31, 2016 | \$ 374,614,767 | \$ 263,594,051 | \$ 638,208,818 |

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For the Year Ended December 31, 2016
UNAUDITED

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

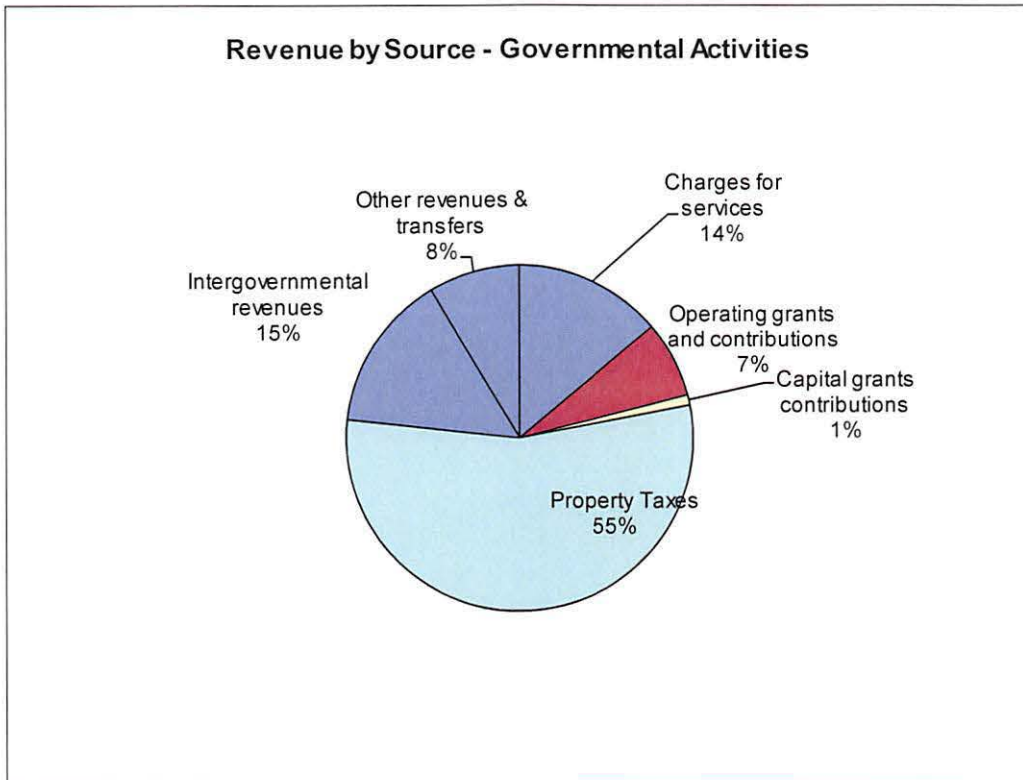
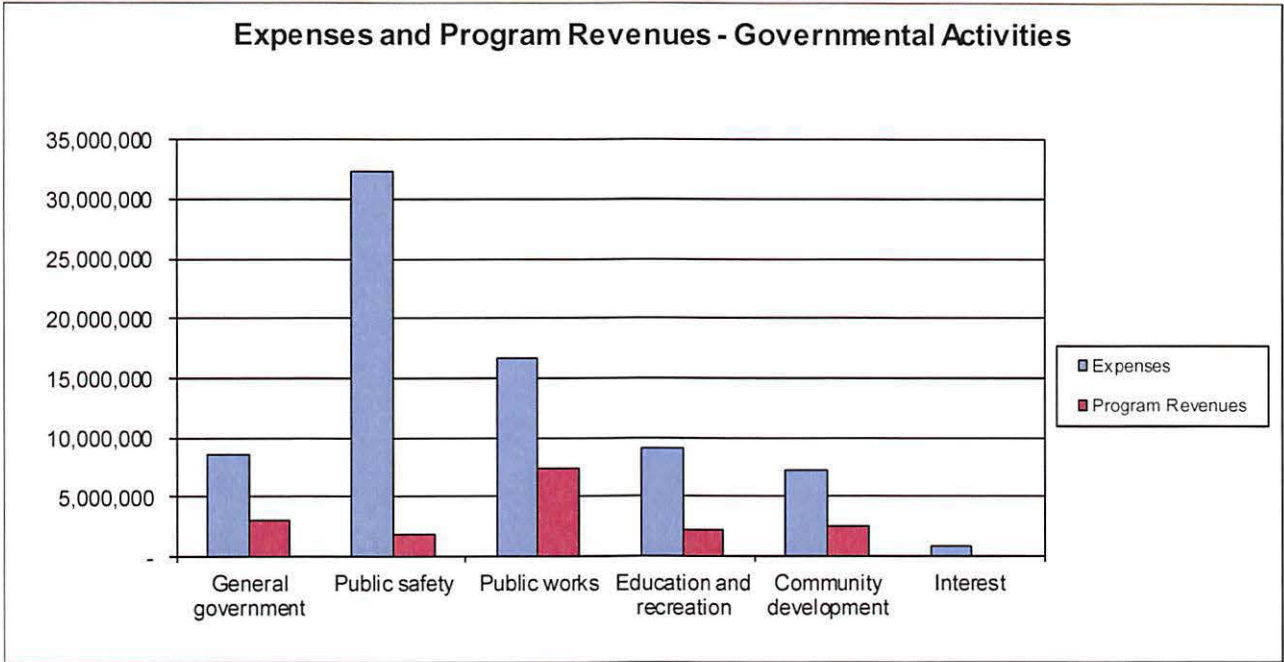
**CITY OF APPLETON
CONDENSED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION (cont.)**

| | Governmental Activities 2015 | Business- Type Activities 2015 | Totals |
|--|------------------------------------|---|-----------------------|
| Revenues: | | | |
| Program Revenues: | | | |
| 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 |
| General Revenues: | | | |
| 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 on sale of assets | 581,314 | 16,203 | 597,517 |
| Miscellaneous | 109,739 | 18,906 | 128,645 |
| Total Revenues | <u>75,646,423</u> | <u>54,819,193</u> | <u>130,465,616</u> |
| Expenses: | | | |
| 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 |
| Total Expenses | <u>72,489,077</u> | <u>45,676,556</u> | <u>118,165,633</u> |
| Increases in net position before transfers | 3,157,346 | 9,142,637 | 12,299,983 |
| Transfers | <u>2,761,647</u> | <u>(2,761,647)</u> | <u>-</u> |
| Increase in net position | 5,918,993 | 6,380,990 | 12,299,983 |
| Net Position – January 1, 2015 (as restated) | <u>365,750,589</u> | <u>250,861,683</u> | <u>616,612,272</u> |
| Net Position – December 31, 2015 | <u>\$ 371,669,582</u> | <u>\$ 257,242,673</u> | <u>\$ 628,912,255</u> |

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
 For the Year Ended December 31, 2016
 UNAUDITED

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

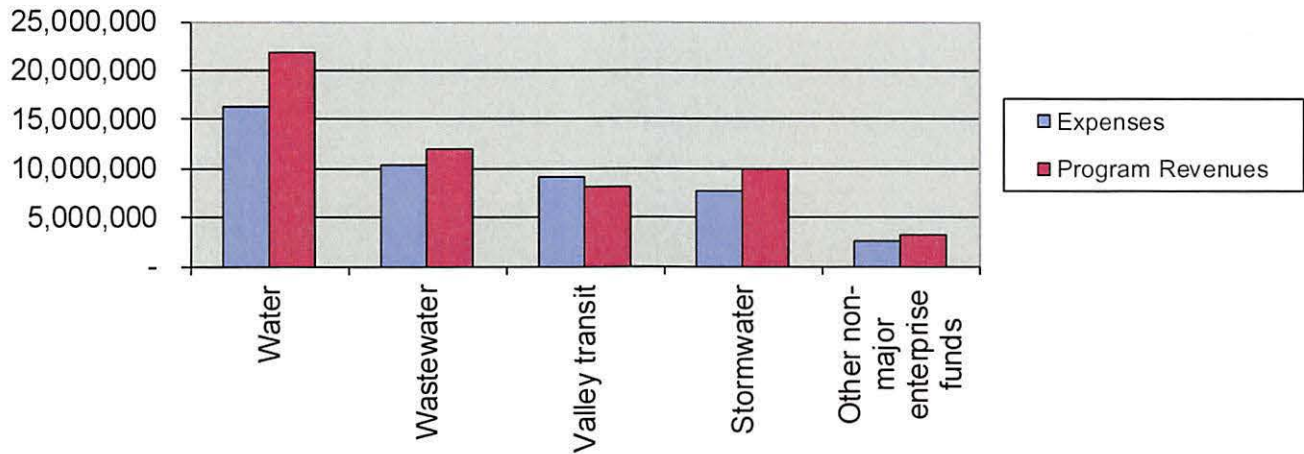


CITY OF APPLETON

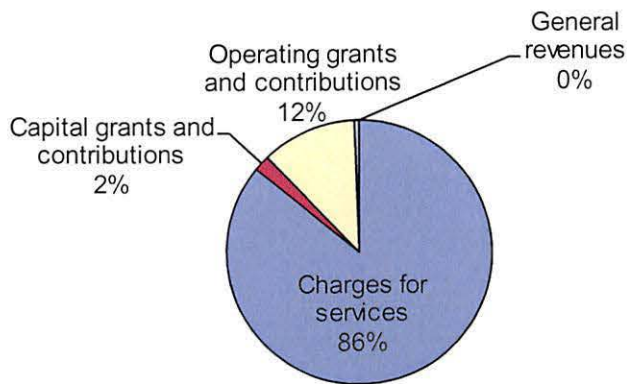
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
 For the Year Ended December 31, 2016
 UNAUDITED

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, 2016 UNAUDITED

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

GOVERNMENTAL FUNDS

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

At the end of current fiscal year, the City of Appleton's governmental funds reported combined ending fund balances of \$35,848,384. 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 \$9,084,808; 2) restricted \$11,424,576; 3) committed \$1,485,193; 4) assigned \$18,891,451; and 5) unassigned (\$5,037,644). 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 A.5.k of the financial statements.

The \$5,037,644 unassigned deficit noted above represents \$10,374,404 of positive unassigned general fund balance offset by a \$13,760,341 deficit in TIF funds, \$1,630,647 deficit in capital projects funds, and \$21,060 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 2017 debt issuance, and the grant deficit is related primarily to the timing of grant draws and is expected to be recovered in 2017.

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 17.77% of the limit and has a debt per capita of \$591.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2016 UNAUDITED

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

For the year ended December 31, 2016, general fund revenues and transfers in totaled \$59,830,386 while expenses and transfers out were \$59,848,944 resulting in a slight decrease of \$18,558 for the year. While the general fund balance remained practically unchanged in 2016, the City experienced significant increases in employee health care costs. However, these increased costs were offset by positive budget variances throughout the general fund departments as a result of savings in several areas including fuel costs, employee salary and benefit costs related to vacancies throughout the year, and delays in road and bridge reconstruction projects. General fund revenues were relatively consistent with budgeted amounts.

Facilities Capital Projects Fund: The Facilities Capital Projects Fund accounts for the financing and expenditures associated with the construction of and improvements to City-owned buildings, parks, pools, parking lots, trails and other real property. In 2016, \$5,405,053 was expended on improvements to such facilities and grounds. The largest project undertaken was the redesign of Erb Park and the replacement of the swimming pools within the park. The project, with a budget of \$10.5 million, was started in 2016 and is expected to be completed in July, 2017. The project was funded by an issue of general obligation notes which will be paid back over ten years. By the end of the year, approximately \$3,348,300 of the \$10.5 million borrowed for the project was expended leaving a balance of \$7,151,700. These unspent note proceeds make up the majority of the Facilities Capital Projects fund balance of \$7,642,417 at December 31, 2016.

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 \$8,315,981 in 2016, or a 6.33% rate of return on the net investment rate base. This compares to operating income of \$8,563,346 in 2015, or a 6.74% rate of return. While there was a slight increase in operating revenues, the increase was more than offset by an increase in operating expenses. Leading the increase in operating expenses was \$425,000 in costs to paint two softener basins along with an increase in post-employment benefit expenses related to the Utility's share of the State of Wisconsin's net pension liability. Additionally, the addition of the Glendale water tower and the continuation of the multi-year project to replace all water meters has increased depreciation expense by \$165,000 from 2015.

Wastewater Utility: The Wastewater Utility recorded operating income of \$1,787,799 in 2016 compared to operating income of \$1,133,558 in 2015. The main reason for the increase in operating revenue was a \$700,000 increase in fees generated from special hauled waste disposal due to an increase in the quantity of waste received in 2016. Additionally, depreciation expense decreased due to the 1970's plant expansion project becoming fully depreciated in 2016. Overall, the increase in operations and maintenance expense was less than 1% for the year.

Stormwater Utility: Stormwater Utility operating income was \$3,667,640 in 2016 compared to operating income of \$3,539,261 in 2015. Operating revenue increased due to an increase in the number of equivalent runoff unit (ERU's) due to new building additions within the City. Stormwater Utility charges are based on the number of ERU's. Depreciation expense decreased slightly due to four ponds becoming fully depreciated at the end of 2015. Operations and maintenance expenses increased slightly due to an increase in post-employment benefit costs.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2016 UNAUDITED

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

Valley Transit: Operating revenues increased \$18,861 in 2016, mainly due to an overall increase of \$32,686 in farebox revenue for fixed route services. That increase was partially offset by a reduction in non-transportation revenue. Valley Transit saw a decrease in fixed route ridership during 2016 (4.7%) and an overall decrease in the use of paratransit services (4.6%). Valley Transit raised some of the fixed route fares at the beginning of 2015 and saw an overall decline in ridership of 2.4%.

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, Valley Transit's net position decreased by \$512,784, approximately 86% of depreciation expense.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended General Fund budget had total appropriations (including transfers) of \$3,035,840 more than the original budget. The total original appropriations, including those for transfers out, were \$60,325,789, while the final appropriations were \$63,361,629. A large part of the increase, \$1,885,526, was related to contingency funds established in the past that were carried over from 2015 into 2016 to safeguard against uncertainties in the economy. This contingency fund consists of reserves for fuel costs (\$137,315) and wage increases (\$443,099), 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 (\$53,707) from a franchise fee settlement with a cable service provider.

The remaining increase in the 2016 Budget of \$1,150,314 was related to \$842,194 of unexpended 2015 budget funds carried over to pay for expenses that were incurred in 2016. Additionally, various budget increases were approved by the City Council throughout the year totaling \$308,120. The majority of these increases were related to contributions received by the library from local partners to fund certain operating expenditures.

CAPITAL ASSETS

By the end of 2016, the City had invested a total of \$671,774,152 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 \$2.4 million of expenses and will continue to be a focus due to an aging distribution system. The Glendale Water Tower was completed in 2016. The total cost of the multi-year project was \$2.6 million. Additionally, the multi-year meter system replacement project continued into 2016 and accounted for \$1.5 million of costs in 2016.

Wastewater: Additions included \$1.3 million in improvements to the wastewater collection system. Additionally, a \$280,000 project to upgrade the digesters and a \$140,000 project to upgrade electrical transformers were completed at the Wastewater Treatment Plant. A \$380,000 project to upgrade the Scarlet Oak lift station was also completed.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2016 UNAUDITED

CAPITAL ASSETS (cont.)

Stormwater: Improvements necessary to continue our efforts in the management of stormwater in the City accounted for \$2.2 million in capital outlay for additions to mains and infrastructure in order to comply with regulations. Additionally, \$374,000 was paid to the Wisconsin Department of Natural Resources for lost wetland mitigation related to the development of Northland Avenue NW and Lightning Drive ponds.

General: The largest general capital asset expenditures in 2016 were for the start of two large construction projects, the Fox Cities Exhibition Center (\$2,832,600 of expenditures) and the replacement of the Erb Park swimming pool (\$3,348,300 of expenditures). Both of these projects began in 2016 and will be completed in 2017. The City has also embarked on a project to replace existing legacy mainframe computer systems with an enterprise resource planning (ERP) system and a computer assisted mass appraisal (CAMA) system (\$436,171). This project will be done in phases over the next several years. These projects are recorded as construction in process and will be added to general capital assets upon completion.

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 City's municipal services building (MSB), repairs to the Library's atrium roof, and total replacement of roofs on several park pavilions (\$315,525), upgrades of the HVAC systems at the City's fire station four and at the MSB (\$432,101), completion of the project to replace a floor drain system at the MSB (\$88,031), and replacement and upgrade of the parking area around fire stations two and three (\$171,119).

Investments in equipment included replacement of the uninterruptible power supply system that helps ensure the reliability of the City's computer systems (\$34,259), upgrades to the telephone and data storage systems (\$28,372), addition of a burn simulator in the Fire Department's training tower (\$24,860), radiological detection equipment (\$34,484) for the HAZMAT team, and continuation of the project to replace the signal preemption system that allows approaching fire trucks to control the traffic signals at intersections (\$129,306).

Quality of life enhancements are another major area of City investment. Projects included a variety of park enhancements, some of which were replacement of tennis courts in one of the City's parks (\$118,326) and enhancements to the trail system within the City (\$26,043), in addition to the pavilion roof replacements and pool construction mentioned above.

Other general capital asset investments included an evidence storage unit for the Police Department (\$35,716), and the beginning of repairs to the parking deck attached to the police station (\$13,097).

Finally, maintaining existing infrastructure continues to remain a high priority of the City, with approximately \$11.3 million invested in various street, sidewalk, and bridge infrastructure projects throughout the City.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For the Year Ended December 31, 2016
UNAUDITED

CAPITAL ASSETS (cont.)

CAPITAL ASSETS AT YEAR-END NET OF ACCUMULATED DEPRECIATION

| | <u>Governmental Activities 2016</u> | <u>Business-Type Activities 2016</u> | <u>Totals</u> |
|-----------------------------------|---|--|------------------------------|
| Land | \$ 11,317,326 | \$ 11,346,847 | \$ 22,664,173 |
| Right-of-ways | 74,372,724 | - | 74,372,724 |
| Land improvements | 38,721,202 | - | 38,721,202 |
| Intangible assets | 270,418 | 1,202,234 | 1,472,652 |
| Improvements | 11,985,286 | - | 11,985,286 |
| Buildings | 47,556,222 | 434,841,047 | 482,397,269 |
| Equipment, furniture and fixtures | 34,319,859 | 77,722,743 | 112,042,602 |
| Streets | 177,979,475 | - | 177,979,475 |
| Sidewalks | 32,797,980 | - | 32,797,980 |
| Traffic signals | 5,874,830 | - | 5,874,830 |
| Bridges | 49,755,101 | - | 49,755,101 |
| Construction in progress | 9,579,486 | 2,158,172 | 11,737,658 |
| Accumulated depreciation | <u>(136,574,288)</u> | <u>(213,452,512)</u> | <u>(350,026,800)</u> |
| Totals | <u>\$ 357,955,621</u> | <u>\$ 313,818,531</u> | <u>\$ 671,774,152</u> |

| | <u>Governmental Activities 2015</u> | <u>Business-Type Activities 2015</u> | <u>Totals</u> |
|-----------------------------------|---|--|------------------------------|
| 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> |

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For the Year Ended December 31, 2016
UNAUDITED

LONG-TERM DEBT

During 2016, the City issued \$19,625,000 of general obligation debt and retired \$4,110,000 of general obligation bonds and notes, resulting in an outstanding balance of \$47,050,000 at December 31, 2016. Additionally, the City issued \$38,765,000 of revenue bonds while retiring \$46,165,000 of bonds. Included in the revenue bonds issued were \$35,860,000 of refunding debt to refund \$35,965,000 of existing revenue bonds, resulting in an economic gain of \$3,456,279.

Under Wisconsin State Statutes Chapter 67, the City of Appleton's aggregate indebtedness may not exceed 5% of the equalized value of taxable property located in the City. The net amount of debt that is applicable to the statutory limit is \$45,630,581 (\$47,050,000 less reserves on hand) which is 18.48% of the legal limit of \$246,936,265. Furthermore, City policy limits aggregate debt to 40% of the legal limit. The net debt outstanding at December 31, 2016 is 46.2% of the 40% policy limit.

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

| | Governmental Activity 2016 | Business-Type Activity 2016 | Totals |
|---|----------------------------------|-----------------------------------|-----------------------|
| General obligation bonds and notes payable | \$ 45,770,000 | \$ 1,280,000 | \$ 47,050,000 |
| Revenue bonds | - | 120,540,000 | 120,540,000 |
| Total Outstanding General Obligation and Revenue Bonds | <u>\$ 45,770,000</u> | <u>\$ 121,820,000</u> | <u>\$ 167,590,000</u> |
| | Governmental Activity 2015 | Business-Type Activity 2015 | Totals |
| General obligation bonds and notes payable | \$ 30,900,000 | \$ 635,000 | \$ 31,535,000 |
| Revenue bonds | - | 127,940,000 | 127,940,000 |
| Total Outstanding General Obligation and Revenue Bonds | <u>\$ 30,900,000</u> | <u>\$ 128,575,000</u> | <u>\$ 159,475,000</u> |

Additional information on the City of Appleton's long-term debt can be found in footnote D.7 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, 2016
UNAUDITED

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS (cont.)

The City's unemployment rate showed steady improvement over the year, dropping .3% from 3.6% in December, 2015 to 3.3% in December, 2016.

The City's equalized value increased by \$122 million to \$4.9 billion, which represents 27.3% 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.

REQUESTS FOR INFORMATION

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

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

BASIC FINANCIAL STATEMENTS

CITY OF APPLETON, WISCONSIN
Statement of Net Position
December 31, 2016

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|-----------------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Cash and investments | \$ 48,029,087 | \$ 42,109,164 | \$ 90,138,251 | \$ 379,097 |
| Receivables | | | | |
| Taxes | 46,445,470 | - | 46,445,470 | - |
| Accounts | 2,277,036 | 2,979,264 | 5,256,300 | - |
| Special assessments | 707,100 | 181,306 | 888,406 | - |
| Delinquent special assessment | 654 | - | 654 | - |
| Developer loans | 2,577,090 | - | 2,577,090 | - |
| Deferred loans | 6,487,184 | - | 6,487,184 | - |
| Notes receivable - component unit | 500,000 | - | 500,000 | - |
| Notes receivable - primary government | - | - | - | 275,000 |
| Accrued interest | 329,237 | - | 329,237 | - |
| Other | 286,340 | 5,949,006 | 6,235,346 | 71,746 |
| Due from other governments | 642,891 | 1,409,588 | 2,052,479 | - |
| Internal balances - interfund | 543,494 | (543,494) | - | - |
| Internal balances - advances | 155,000 | (155,000) | - | - |
| Inventories | 1,043,346 | 763,031 | 1,806,377 | - |
| Prepaid items | 32,445 | 26,556 | 59,001 | - |
| Restricted assets | | | | |
| Cash and investments | - | 26,415,857 | 26,415,857 | - |
| Accrued interest | - | 156,803 | 156,803 | - |
| Investment in WMIC | 2,020,950 | - | 2,020,950 | - |
| Land held for resale | 8,346,304 | 10,082 | 8,356,386 | 534,850 |
| Capital assets | | | | |
| Land | 124,411,252 | 11,346,847 | 135,758,099 | - |
| Construction in progress | 9,579,486 | 2,158,172 | 11,737,658 | - |
| Intangible assets | 181,735 | 1,202,234 | 1,383,969 | - |
| Other capital assets, net of accumulated depreciation | 223,783,148 | 299,111,278 | 522,894,426 | - |
| TOTAL ASSETS | 478,379,249 | 393,120,694 | 871,499,943 | 1,260,693 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Unamortized loss on refunding | - | 3,052,786 | 3,052,786 | - |
| Pension related amounts | 26,424,251 | 5,776,719 | 32,200,970 | - |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 26,424,251 | 8,829,505 | 35,253,756 | - |
| LIABILITIES | | | | |
| Accounts payable | 5,772,956 | 1,607,135 | 7,380,091 | 46,193 |
| Other accrued liabilities | 2,014,614 | 194,458 | 2,209,072 | - |
| Accrued interest | 323,813 | 714,236 | 1,038,049 | - |
| Claims payable | 4,837,000 | - | 4,837,000 | - |
| Due to other governments | - | 1,265,183 | 1,265,183 | - |
| Unearned revenues | - | 829,370 | 829,370 | - |
| Deposits | 75,095 | - | 75,095 | - |
| Long-term obligations | | | | |
| Due within one year | 9,273,244 | 4,293,043 | 13,566,287 | 515,000 |
| Due in more than one year | 47,145,562 | 126,204,633 | 173,350,195 | 260,000 |
| Net pension liability | 4,764,048 | 1,039,736 | 5,803,784 | - |
| Other post-employment benefits | 1,005,728 | - | 1,005,728 | - |
| TOTAL LIABILITIES | 75,212,060 | 136,147,794 | 211,359,854 | 821,193 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unearned revenue | 44,858,038 | - | 44,858,038 | 196,388 |
| Pension related amounts | 10,118,635 | 2,208,354 | 12,326,989 | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 54,976,673 | 2,208,354 | 57,185,027 | 196,388 |
| NET POSITION | | | | |
| Net investment in capital assets | 337,111,131 | 213,741,324 | 550,852,455 | - |
| Restricted for | | | | |
| Debt service | 1,243,184 | 2,962,293 | 4,205,477 | - |
| TIF development activity | 2,029,498 | - | 2,029,498 | - |
| Housing rehabilitation | 6,651,081 | - | 6,651,081 | - |
| DNR replacement fund | - | 3,613,372 | 3,613,372 | - |
| Capital replacement fund | - | 2,607,910 | 2,607,910 | - |
| Special purposes | 951,259 | - | 951,259 | - |
| Unrestricted | 26,628,614 | 40,669,152 | 67,297,766 | 243,112 |
| TOTAL NET POSITION | \$ 374,614,767 | \$ 263,594,051 | \$ 638,208,818 | \$ 243,112 |

The notes to the basic financial statements are an integral part of this statement.

CITY OF APPLETON, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2016

| Functions/Programs | Program Revenues | | | |
|---------------------------------------|-----------------------|----------------------|------------------------------------|----------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental Activities | | | | |
| General government | \$ 8,555,458 | \$ 2,968,162 | \$ 8,296 | \$ - |
| Public safety | 32,408,683 | 1,154,683 | 754,899 | - |
| Public works | 16,603,103 | 4,003,631 | 2,672,622 | 734,902 |
| Parks and recreation | 9,045,104 | 1,092,951 | 1,104,034 | 21,549 |
| Community development | 7,183,902 | 1,488,114 | 1,004,647 | - |
| Interest on debt | 861,000 | - | - | - |
| Total Governmental Activities | 74,657,250 | 10,707,541 | 5,544,498 | 756,451 |
| Business-type Activities | | | | |
| Water utility | 16,270,281 | 21,523,370 | - | 355,807 |
| Wastewater utility | 10,387,814 | 11,613,454 | - | 292,031 |
| Transit utility | 9,220,991 | 1,612,259 | 6,442,345 | - |
| Storm water utility | 7,771,485 | 9,608,937 | - | 415,683 |
| Other non-major enterprise funds | 2,656,613 | 3,254,263 | 707 | - |
| Total Business-type Activities | 46,307,184 | 47,612,283 | 6,443,052 | 1,063,521 |
| Total primary government | \$ 120,964,434 | \$ 58,319,824 | \$ 11,987,550 | \$ 1,819,972 |
| Component unit: | | | | |
| Business Improvement District | \$ 199,065 | \$ 193,125 | \$ - | \$ - |
| Appleton Redevelopment Authority | 3,050 | - | - | - |
| Total component units | \$ 202,115 | \$ 193,125 | \$ - | \$ - |

General revenues

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Property taxes, levied for capital projects
- Other taxes
- State and federal aids not restricted to specific functions
- Investment return
- Gain on sale of capital assets
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - January 1

Net position - December 31

The notes to the basic financial statements are an integral part of this statement.

| Net (Expense) Revenue and Changes in Net Position | | | |
|---|-----------------------------|-----------------------|--------------------|
| Primary Government | | | Component Units |
| Governmental Activities | Business-type Activities | Total | |
| \$ (5,579,000) | \$ - | \$ (5,579,000) | \$ - |
| (30,499,101) | - | (30,499,101) | - |
| (9,191,948) | - | (9,191,948) | - |
| (6,826,570) | - | (6,826,570) | - |
| (4,691,141) | - | (4,691,141) | - |
| (861,000) | - | (861,000) | - |
| <u>(57,648,760)</u> | <u>-</u> | <u>(57,648,760)</u> | <u>-</u> |
| - | 5,608,896 | 5,608,896 | - |
| - | 1,517,671 | 1,517,671 | - |
| - | (1,166,387) | (1,166,387) | - |
| - | 2,253,135 | 2,253,135 | - |
| - | 598,357 | 598,357 | - |
| - | <u>8,811,672</u> | <u>8,811,672</u> | <u>-</u> |
| <u>(57,648,760)</u> | <u>8,811,672</u> | <u>(48,837,088)</u> | <u>-</u> |
| - | - | - | (5,940) |
| - | - | - | <u>(3,050)</u> |
| - | - | - | <u>(8,990)</u> |
| 36,444,149 | - | 36,444,149 | - |
| 2,928,106 | - | 2,928,106 | - |
| 3,207,847 | - | 3,207,847 | - |
| 2,843,219 | - | 2,843,219 | - |
| 11,403,088 | - | 11,403,088 | - |
| 687,460 | 374,788 | 1,062,248 | 814 |
| 87,399 | - | 87,399 | - |
| 139,077 | 18,518 | 157,595 | - |
| 2,853,600 | (2,853,600) | - | - |
| <u>60,593,945</u> | <u>(2,460,294)</u> | <u>58,133,651</u> | <u>814</u> |
| 2,945,185 | 6,351,378 | 9,296,563 | (8,176) |
| <u>371,669,582</u> | <u>257,242,673</u> | <u>628,912,255</u> | <u>251,288</u> |
| <u>\$ 374,614,767</u> | <u>\$ 263,594,051</u> | <u>\$ 638,208,818</u> | <u>\$ 243,112</u> |

CITY OF APPLETON, WISCONSIN

Balance Sheet
Governmental Funds
December 31, 2016

| | General | Facilities Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|-----------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 23,897,203 | \$ 8,732,149 | \$ 13,357,911 | \$ 45,987,263 |
| Receivables | | | | |
| Taxes | 35,767,603 | - | 10,677,867 | 46,445,470 |
| Accounts | 515,180 | - | 410,909 | 926,089 |
| Special assessments | 191,388 | - | 515,712 | 707,100 |
| Delinquent special assessments | 654 | - | - | 654 |
| Developer loans | 977,090 | - | 1,600,000 | 2,577,090 |
| Deferred loans | - | - | 6,487,184 | 6,487,184 |
| Accrued interest | 329,237 | - | - | 329,237 |
| Other | 267 | - | 286,073 | 286,340 |
| Due from other governments | 199,020 | - | 425,981 | 625,001 |
| Due from other funds | 2,975,883 | - | 50,251 | 3,026,134 |
| Notes receivable - component unit | - | - | 500,000 | 500,000 |
| Inventories | 980,250 | - | - | 980,250 |
| Advances to other funds | 14,969,541 | - | - | 14,969,541 |
| TOTAL ASSETS | \$ 80,803,316 | \$ 8,732,149 | \$ 34,311,888 | \$ 123,847,353 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 852,205 | \$ 1,087,363 | \$ 2,768,113 | \$ 4,707,681 |
| Other accrued liabilities | 1,937,540 | 2,369 | 33,164 | 1,973,073 |
| Claims payable | 2,937,000 | - | - | 2,937,000 |
| Due to other funds | 1,092,323 | - | 214,420 | 1,306,743 |
| Deposits | 15,555 | - | 59,540 | 75,095 |
| Advance from other funds | - | - | 14,814,541 | 14,814,541 |
| Total Liabilities | 6,834,623 | 1,089,732 | 17,889,778 | 25,814,133 |
| Deferred Inflows of Resources | | | | |
| Unearned and unavailable revenue | 42,387,451 | - | 19,797,385 | 62,184,836 |
| Fund Balances | | | | |
| Nonspendable | 9,084,808 | - | - | 9,084,808 |
| Restricted | - | 7,632,077 | 3,792,499 | 11,424,576 |
| Committed | - | - | 1,485,193 | 1,485,193 |
| Assigned | 12,122,030 | 10,340 | 6,759,081 | 18,891,451 |
| Unassigned | 10,374,404 | - | (15,412,048) | (5,037,644) |
| Total Fund Balances (Deficit) | 31,581,242 | 7,642,417 | (3,375,275) | 35,848,384 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 80,803,316 | \$ 8,732,149 | \$ 34,311,888 | \$ 123,847,353 |

The notes to the basic financial statements are an integral part of this statement.

CITY OF APPLETON, WISCONSIN
 Balance Sheet (Continued)
 Governmental Funds
 December 31, 2016

Reconciliation to the Statement of Net Position

Total Fund Balance - Total Governmental Funds \$ 35,848,384

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

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds. 345,618,394

Land held for resale is reported in the funds as expenditures and revenues. However, in the statement of net position, the costs of these assets are capitalized 8,346,304

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 17,326,798

Internal service funds are used by management to charge the costs of certain activities, such as risk management to individual funds. The assets and liabilities of the internal services funds are included in governmental activities in the statement of net position. 12,766,377

The City's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements:

| | | | |
|--------------------------------|----|-------------|------------|
| Net pension asset (liability) | \$ | (4,566,557) | |
| Deferred outflows of resources | | 25,323,731 | |
| Deferred inflows of resources | | (9,699,173) | |
| | | (9,699,173) | 11,058,001 |

Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the funds. The details of this difference are as follows:

| | | | |
|---|----|--------------|--------------|
| Bonds and notes payable | \$ | (45,883,248) | |
| Premium on debt issued | | (1,856,142) | |
| Compensated absences | | (6,508,229) | |
| Employee benefits | | (68,970) | |
| Post-closure care costs liability | | (1,710,000) | |
| Accrued interest on long-term obligations | | (322,902) | |
| | | (322,902) | (56,349,491) |

Net Position of Governmental Activities \$ 374,614,767

The notes to the basic financial statements are an integral part of this statement.

CITY OF APPLETON, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

| | General | Facilities Capital Projects | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|-----------------------------------|--------------------------------|--------------------------------|
| Revenues | | | | |
| Taxes | \$ 33,909,483 | \$ - | \$ 11,513,838 | \$ 45,423,321 |
| Intergovernmental | 15,268,615 | 300 | 4,212,649 | 19,481,564 |
| Licenses and permits | 1,145,640 | - | - | 1,145,640 |
| Fines and forfeitures | 264,084 | - | - | 264,084 |
| Special assessments | 337,210 | - | 694,751 | 1,031,961 |
| Investment income (loss) | 2,359,223 | (54,688) | 84,239 | 2,388,774 |
| Public charges for services | 1,311,212 | - | 1,462,954 | 2,774,166 |
| Miscellaneous | 1,784,648 | - | 2,761,828 | 4,546,476 |
| Total Revenues | 56,380,115 | (54,388) | 20,730,259 | 77,055,986 |
| Expenditures | | | | |
| Current | | | | |
| General government | 6,816,633 | - | 1,022,425 | 7,839,058 |
| Public safety | 29,282,606 | - | 489,941 | 29,772,547 |
| Public works | 13,321,730 | - | 3,301,330 | 16,623,060 |
| Education and recreation | 8,031,974 | - | 11,860 | 8,043,834 |
| Community development | 1,755,615 | - | 1,957,493 | 3,713,108 |
| Capital outlay | - | 5,405,053 | 14,055,579 | 19,460,632 |
| Debt service | | | | |
| Principal | - | - | 4,046,082 | 4,046,082 |
| Interest and fiscal charges | - | - | 1,757,116 | 1,757,116 |
| Total Expenditures | 59,208,558 | 5,405,053 | 26,641,826 | 91,255,437 |
| Excess of Revenues Under Expenditures | (2,828,443) | (5,459,441) | (5,911,567) | (14,199,451) |
| Other Financing Sources (Uses) | | | | |
| Sale of City properties | 2,709 | - | 409,177 | 411,886 |
| Long-term debt issued | - | 12,250,433 | 6,669,567 | 18,920,000 |
| Premium on debt issued | - | - | 1,527,653 | 1,527,653 |
| Transfers in | 3,447,562 | - | 3,363,937 | 6,811,499 |
| Transfers out | (640,386) | - | (2,988,915) | (3,629,301) |
| Total Other Financing Sources (Uses) | 2,809,885 | 12,250,433 | 8,981,419 | 24,041,737 |
| Net Change in Fund Balances | (18,558) | 6,790,992 | 3,069,852 | 9,842,286 |
| Fund Balances (Deficit) - January 1 | 31,599,800 | 851,425 | (6,445,127) | 26,006,098 |
| Fund Balances (Deficit) - December 31 | \$ 31,581,242 | \$ 7,642,417 | \$ (3,375,275) | \$ 35,848,384 |

The notes to the basic financial statements are an integral part of this statement.

CITY OF APPLETON, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2016

Reconciliation of the Statement of Activities

Net Change in Fund Balances - Total Governmental Funds \$ 9,842,286

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | | |
|---|--------------------|------------|
| Capital outlay reported in governmental fund statements | \$ 22,286,276 | |
| Net book value of capital assets disposed | (654,063) | |
| Depreciation expense reported in the statement of activities | <u>(7,629,936)</u> | |
| Amount by which capital outlays are greater than depreciation in current period | | 14,002,277 |

Change in the net pension asset, net pension liability, deferred inflows of resources and deferred outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plan. (2,930,422)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. (446,831)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,226,094)

Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits increased by: 36,077

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items, detailed as follows:

| | | |
|---------------------------------------|-----------------|--------------|
| Issuance of general obligation debt | \$ (18,920,000) | |
| Net change in premiums on debt issued | (1,441,215) | |
| Principal paid on long-term debt | 4,046,082 | |
| Reduction of landfill liability | <u>90,000</u> | |
| Net adjustment | | (16,225,133) |

Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid, in the statement of activities interest is reported as it accrues. This year the accrual of interest increased by: (106,975)

Change in Net Position of Governmental Activities \$ 2,945,185

The notes to the basic financial statements are an integral part of this statement.

CITY OF APPLETON, WISCONSIN

Statement of Net Position

Proprietary Funds

December 31, 2016

| | Enterprise Funds | | |
|---|--------------------|-----------------------|-------------------|
| | Water Utility | Wastewater Utility | Valley Transit |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 11,366,925 | \$ 14,478,724 | \$ 839,504 |
| Receivables | | | |
| Accounts | 1,164,010 | 811,569 | 264,935 |
| Special assessments | - | 155,838 | - |
| Other | 3,595,702 | 1,334,873 | - |
| Due from other governments | | | |
| Federal government | - | 2,578 | 481,508 |
| State of Wisconsin | - | - | 696,849 |
| Local government | 703 | - | 171,960 |
| Due from other funds | 466,307 | 384,983 | - |
| Inventories | 368,661 | 128,178 | 266,192 |
| Prepaid items | - | - | 26,556 |
| Restricted assets | | | |
| Cash, cash equivalents and investments | - | 669,049 | - |
| Total Current Assets | <u>16,962,308</u> | <u>17,965,792</u> | <u>2,747,504</u> |
| Noncurrent Assets | | | |
| Restricted assets | | | |
| Investments | 9,487,257 | 8,096,900 | 1,607,910 |
| Accrued interest | 57,952 | 61,981 | - |
| Investment in WMIC | - | - | - |
| Land held for resale | 10,082 | - | - |
| Capital Assets | | | |
| Land | 1,205,687 | 359,924 | 891,831 |
| Construction in progress | 720,033 | 124,263 | - |
| Intangible assets | 248,767 | 309,212 | - |
| Building and land improvements | 144,370,498 | 141,782,898 | 3,887,924 |
| Equipment, furniture and vehicles | 32,134,190 | 36,335,539 | 8,690,964 |
| Less: Accumulated depreciation | (55,477,970) | (95,209,822) | (10,563,199) |
| Total Noncurrent Assets | <u>132,756,496</u> | <u>91,860,895</u> | <u>4,515,430</u> |
| TOTAL ASSETS | <u>149,718,804</u> | <u>109,826,687</u> | <u>7,262,934</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Unamortized loss on refunding | 1,787,371 | - | - |
| Pension related amounts | 1,180,456 | 1,756,001 | 1,619,410 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>2,967,827</u> | <u>1,756,001</u> | <u>1,619,410</u> |

(Continued)

| Enterprise Funds (Continued) | | | Internal Service Funds |
|------------------------------|---------------------------------|----------------------|------------------------------|
| Stormwater Utility | Nonmajor Enterprise Funds | Total | |
| \$ 14,009,166 | \$ 1,414,845 | \$ 42,109,164 | \$ 2,041,824 |
| 719,959 | 18,791 | 2,979,264 | 1,350,947 |
| 25,468 | - | 181,306 | - |
| 1,018,431 | - | 5,949,006 | - |
| - | - | 484,086 | - |
| - | - | 696,849 | 17,890 |
| 55,990 | - | 228,653 | - |
| 190,782 | - | 1,042,072 | - |
| - | - | 763,031 | 63,096 |
| - | - | 26,556 | 32,445 |
| 2,876,326 | - | 3,545,375 | - |
| <u>18,896,122</u> | <u>1,433,636</u> | <u>58,005,362</u> | <u>3,506,202</u> |
| 3,678,415 | - | 22,870,482 | - |
| 36,870 | - | 156,803 | - |
| - | - | - | 2,020,950 |
| - | - | 10,082 | - |
| 6,915,002 | 1,974,403 | 11,346,847 | - |
| 1,312,224 | 1,652 | 2,158,172 | 114,364 |
| 644,255 | - | 1,202,234 | - |
| 118,995,000 | 25,804,727 | 434,841,047 | - |
| 28,000 | 534,050 | 77,722,743 | 27,081,048 |
| <u>(33,578,828)</u> | <u>(18,622,693)</u> | <u>(213,452,512)</u> | <u>(14,858,185)</u> |
| <u>98,030,938</u> | <u>9,692,139</u> | <u>336,855,898</u> | <u>14,358,177</u> |
| <u>116,927,060</u> | <u>11,125,775</u> | <u>394,861,260</u> | <u>17,864,379</u> |
| 1,265,415 | - | 3,052,786 | - |
| 889,339 | 331,513 | 5,776,719 | 1,100,520 |
| <u>2,154,754</u> | <u>331,513</u> | <u>8,829,505</u> | <u>1,100,520</u> |

CITY OF APPLETON, WISCONSIN
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2016

| | Enterprise Funds | | |
|--|----------------------|-----------------------|---------------------|
| | Water Utility | Wastewater Utility | Valley Transit |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | 365,633 | 352,714 | 745,586 |
| Other accrued liabilities | 60,600 | 34,288 | 60,487 |
| Accrued interest | - | - | - |
| Compensated absences | 248,362 | 162,146 | 154,544 |
| Claims payable | - | - | - |
| Due to other governments | - | - | 1,265,183 |
| Due to other funds | 1,911,136 | - | - |
| Unearned revenues | - | - | 375,457 |
| Current portion of general obligation debt | - | - | - |
| Current portion of advance from other funds | - | - | - |
| Current liabilities payable from restricted assets | | | |
| Revenue bonds payable | - | 860,000 | - |
| Accrued interest | 199,014 | 95,716 | - |
| Total Current Liabilities | <u>2,784,745</u> | <u>1,504,864</u> | <u>2,601,257</u> |
| Noncurrent Liabilities | | | |
| General obligation debt payable | - | - | - |
| Revenue bonds and notes payable | 61,470,000 | 12,925,000 | - |
| Advance from other funds | - | - | - |
| Net pension liability | 211,896 | 316,027 | 292,873 |
| Compensated absences | 80,314 | 77,344 | 124,897 |
| Other postemployment benefit liability | - | - | - |
| Unamortized premium of debt issuance | 4,114,021 | 149,111 | - |
| Total Noncurrent Liabilities | <u>65,876,231</u> | <u>13,467,482</u> | <u>417,770</u> |
| TOTAL LIABILITIES | <u>68,660,976</u> | <u>14,972,346</u> | <u>3,019,027</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension related amounts | <u>450,057</u> | <u>671,227</u> | <u>622,050</u> |
| NET POSITION | | | |
| Net investment in capital assets | 74,126,795 | 73,570,703 | 2,907,520 |
| Restricted | | | |
| Debt service | - | 614,264 | - |
| DNR replacement fund | - | 3,613,372 | - |
| Capital replacement fund | - | 1,000,000 | 1,607,910 |
| Unrestricted | <u>9,448,803</u> | <u>17,140,776</u> | <u>725,837</u> |
| TOTAL NET POSITION | <u>\$ 83,575,598</u> | <u>\$ 95,939,115</u> | <u>\$ 5,241,267</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

The notes to the basic financial statements are an integral part of this statement.

| Enterprise Funds (Continued) | | | Internal Service Funds |
|------------------------------|---------------------------------|--------------------|------------------------------|
| Stormwater Utility | Nonmajor Enterprise Funds | Total | |
| 80,430 | 62,772 | 1,607,135 | 1,065,275 |
| 26,274 | 12,809 | 194,458 | 41,541 |
| - | 8,173 | 8,173 | 911 |
| 78,891 | 49,100 | 693,043 | 203,028 |
| - | - | - | 1,900,000 |
| - | - | 1,265,183 | - |
| - | - | 1,911,136 | 850,327 |
| - | 453,913 | 829,370 | - |
| - | 120,000 | 120,000 | 27,376 |
| - | 5,000 | 5,000 | - |
| 2,620,000 | - | 3,480,000 | - |
| 411,333 | - | 706,063 | - |
| <u>3,216,928</u> | <u>711,767</u> | <u>10,819,561</u> | <u>4,088,458</u> |
| - | 1,160,000 | 1,160,000 | 134,376 |
| 42,665,000 | - | 117,060,000 | - |
| - | 150,000 | 150,000 | - |
| 159,260 | 59,680 | 1,039,736 | 197,491 |
| 86,381 | 63,205 | 432,141 | 27,437 |
| - | - | - | 1,005,728 |
| 3,289,360 | - | 7,552,492 | - |
| <u>46,200,001</u> | <u>1,432,885</u> | <u>127,394,369</u> | <u>1,365,032</u> |
| <u>49,416,929</u> | <u>2,144,652</u> | <u>138,213,930</u> | <u>5,453,490</u> |
| <u>338,262</u> | <u>126,758</u> | <u>2,208,354</u> | <u>419,462</u> |
| 54,733,013 | 8,403,293 | 213,741,324 | 12,175,475 |
| 2,348,029 | - | 2,962,293 | - |
| - | - | 3,613,372 | - |
| - | - | 2,607,910 | - |
| 12,245,581 | 782,585 | 40,343,582 | 916,472 |
| <u>\$ 69,326,623</u> | <u>\$ 9,185,878</u> | <u>263,268,481</u> | <u>\$ 13,091,947</u> |

325,570
\$ 263,594,051

CITY OF APPLETON, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016

| | Enterprise Funds | | |
|--|----------------------|-----------------------|---------------------|
| | Water Utility | Wastewater Utility | Valley Transit |
| Operating Revenues | | | |
| Public charges for services | \$ 20,627,276 | \$ 9,358,103 | \$ 1,519,267 |
| Other revenues | 576,651 | 2,236,578 | 92,992 |
| Total Operating Revenues | <u>21,203,927</u> | <u>11,594,681</u> | <u>1,612,259</u> |
| Operating Expenses | | | |
| Operating and maintenance | 8,370,020 | 6,878,487 | 8,592,747 |
| Depreciation and amortization | 4,517,926 | 2,928,395 | 597,166 |
| Total Operating Expenses | <u>12,887,946</u> | <u>9,806,882</u> | <u>9,189,913</u> |
| Operating Income (Loss) | <u>8,315,981</u> | <u>1,787,799</u> | <u>(7,577,654)</u> |
| Nonoperating Revenues (Expenses) | | | |
| Investment income (loss) | 132,722 | 157,141 | (9,161) |
| Interest and fiscal charges | (2,861,629) | (541,150) | - |
| Debt issuance costs | (286,749) | - | - |
| Gain (loss) on sale of capital assets | - | (57,030) | - |
| Amortization of prior losses on refunding of bonds | (209,558) | - | - |
| Amortization of premium of debt issuance | 319,443 | 18,773 | - |
| Intergovernmental revenues | - | - | - |
| Subsidies from other government units | - | - | 6,442,345 |
| Other | 18,518 | - | - |
| Total Nonoperating Revenues (Expenses) | <u>(2,887,253)</u> | <u>(422,266)</u> | <u>6,433,184</u> |
| Income (Loss) Before Contributions and Transfers | 5,428,728 | 1,365,533 | (1,144,470) |
| Capital contributions | 355,807 | 292,031 | - |
| Transfers in | - | - | 631,686 |
| Transfer out - tax equivalent | (1,911,136) | - | - |
| Transfers out | <u>(13,800)</u> | <u>(117,450)</u> | <u>-</u> |
| Change in Net Position | 3,859,599 | 1,540,114 | (512,784) |
| Net Position - January 1 | <u>79,715,999</u> | <u>94,399,001</u> | <u>5,754,051</u> |
| Net Position - December 31 | <u>\$ 83,575,598</u> | <u>\$ 95,939,115</u> | <u>\$ 5,241,267</u> |

Change in Net Position reported above

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

Change in Net Position Business-Type Activities

The notes to the basic financial statements are an integral part of this statement.

| Enterprise Funds (Continued) | | | Internal Service Funds |
|------------------------------|---------------------------------|-----------------------|------------------------------|
| Stormwater Utility | Nonmajor Enterprise Funds | Total | |
| \$ 9,339,293 | \$ 2,771,785 | \$ 43,615,724 | \$ 6,679,910 |
| 93,435 | 482,980 | 3,482,636 | 1,722,555 |
| <u>9,432,728</u> | <u>3,254,765</u> | <u>47,098,360</u> | <u>8,402,465</u> |
| 3,291,148 | 2,023,141 | 29,155,543 | 8,932,332 |
| 2,473,940 | 592,210 | 11,109,637 | 2,305,308 |
| <u>5,765,088</u> | <u>2,615,351</u> | <u>40,265,180</u> | <u>11,237,640</u> |
| <u>3,667,640</u> | <u>639,414</u> | <u>6,833,180</u> | <u>(2,835,175)</u> |
| 84,919 | 9,167 | 374,788 | 1,265 |
| (1,641,736) | (18,550) | (5,063,065) | (3,738) |
| (198,317) | - | (485,066) | - |
| - | (15,861) | (72,891) | 329,146 |
| (48,550) | - | (258,108) | - |
| 176,209 | - | 514,425 | - |
| - | - | - | 1,000 |
| - | - | 6,442,345 | - |
| - | - | 18,518 | 3,892 |
| <u>(1,627,475)</u> | <u>(25,244)</u> | <u>1,470,946</u> | <u>331,565</u> |
| 2,040,165 | 614,170 | 8,304,126 | (2,503,610) |
| 415,683 | - | 1,063,521 | 2,222,708 |
| - | - | 631,686 | - |
| - | - | (1,911,136) | - |
| <u>(12,500)</u> | <u>(1,430,400)</u> | <u>(1,574,150)</u> | <u>(328,598)</u> |
| 2,443,348 | (816,230) | 6,514,047 | (609,500) |
| <u>66,883,275</u> | <u>10,002,108</u> | <u>256,754,434</u> | <u>13,701,447</u> |
| <u>\$ 69,326,623</u> | <u>\$ 9,185,878</u> | <u>\$ 263,268,481</u> | <u>\$ 13,091,947</u> |
| | | \$ 6,514,047 | |
| | | <u>(162,669)</u> | |
| | | <u>\$ 6,351,378</u> | |

CITY OF APPLETON, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

| | Enterprise Funds | | |
|---|----------------------|-----------------------|---------------------|
| | Water Utility | Wastewater Utility | Valley Transit |
| Cash Flows from Operating Activities | | | |
| Cash received from customers | \$ 21,158,814 | \$ 11,546,390 | \$ 1,558,453 |
| Cash payments to suppliers | (6,066,838) | (4,082,767) | (4,242,821) |
| Cash payments to employees | (2,615,580) | (2,298,581) | (3,875,802) |
| Net Cash Provided (Used) by Operating Activities | <u>12,476,396</u> | <u>5,165,042</u> | <u>(6,560,170)</u> |
| Cash Flows from Non-Capital Financing Activities | | | |
| Tax equivalent paid to municipality | (1,911,136) | - | - |
| Negative cash implicitly financed | - | - | - |
| Transfer out | (13,800) | (117,450) | - |
| Change in due to other funds | (39,010) | - | - |
| Operating subsidies received from other governmental units | - | - | 7,530,443 |
| Net Cash Provided (Used) by Non-Capital Financing Activities | <u>(1,963,946)</u> | <u>(117,450)</u> | <u>7,530,443</u> |
| Cash Flows from Capital and Related Financing Activities | | | |
| Acquisition of capital assets | (5,794,392) | (2,255,104) | (34,243) |
| Proceeds from sale of capital assets | 14,591 | 24,811 | (2,254) |
| Debt issued | 23,830,000 | - | - |
| Premium received on debt issued | 1,959,262 | - | - |
| Costs of issuing debt | (286,749) | - | - |
| Principal paid on long-term debt | (29,170,000) | (830,000) | - |
| Payment to escrow agent | - | - | - |
| Interest paid on long-term debt | (2,662,615) | (545,769) | - |
| Principal paid on advance | - | - | - |
| Special assessments billed | - | (122,246) | - |
| Special assessments received | - | 216,288 | - |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(12,109,903)</u> | <u>(3,512,020)</u> | <u>(36,497)</u> |
| Cash Flows from Investing Activities | | | |
| Interest received on special assessments | - | 14,688 | - |
| Investment income | 449,904 | 421,740 | (9,161) |
| Investment sold and matured | 10,585,098 | 8,322,707 | - |
| Purchases of investments | (11,219,107) | (8,812,691) | - |
| Net Cash Provided (Used) by Investing Activities | <u>(184,105)</u> | <u>(53,556)</u> | <u>(9,161)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | <u>(1,781,558)</u> | <u>1,482,016</u> | <u>924,615</u> |
| Cash and Cash Equivalents - January 1 | <u>13,567,976</u> | <u>13,042,122</u> | <u>1,522,799</u> |
| Cash and Cash Equivalents - December 31 | <u>\$ 11,786,418</u> | <u>\$ 14,524,138</u> | <u>\$ 2,447,414</u> |
| Reconciliation of Cash and Cash Equivalents to Statement of New Position - Proprietary Funds | | | |
| Cash and cash equivalents | \$ 11,366,925 | \$ 14,478,724 | \$ 839,504 |
| Restricted cash and investments | | | |
| Current | - | 669,049 | - |
| Non-current | 9,487,257 | 8,096,900 | 1,607,910 |
| Less: Non-cash investments | (9,067,764) | (8,720,535) | - |
| Cash and cash equivalents - December 31, 2016 | <u>\$ 11,786,418</u> | <u>\$ 14,524,138</u> | <u>\$ 2,447,414</u> |

(Continued)

| Enterprise Funds (Continued) | | | Internal Service Funds |
|------------------------------|---------------------------------|----------------------|------------------------------|
| Stormwater Utility | Nonmajor Enterprise Funds | Total | |
| \$ 9,438,031 | \$ 3,616,389 | \$ 47,318,077 | \$ 7,365,323 |
| (2,197,095) | (923,047) | (17,512,568) | (5,720,381) |
| (1,440,054) | (1,033,759) | (11,263,776) | (2,146,194) |
| <u>5,800,882</u> | <u>1,659,583</u> | <u>18,541,733</u> | <u>(501,252)</u> |
| - | - | (1,911,136) | - |
| - | - | - | 504,146 |
| (12,500) | (1,430,400) | (1,574,150) | (328,598) |
| - | - | (39,010) | - |
| - | - | 7,530,443 | - |
| <u>(12,500)</u> | <u>(1,430,400)</u> | <u>4,006,147</u> | <u>175,548</u> |
| (2,844,530) | (665,284) | (11,593,553) | - |
| - | 211 | 37,359 | 329,488 |
| 14,935,000 | 705,000 | 39,470,000 | - |
| 2,031,543 | - | 3,990,805 | - |
| (198,317) | - | (485,066) | - |
| (2,795,000) | (60,000) | (32,855,000) | (18,918) |
| (14,264,819) | - | (14,264,819) | - |
| (1,646,403) | (13,921) | (4,868,708) | (3,738) |
| - | (5,000) | (5,000) | - |
| (121,565) | - | (243,811) | - |
| <u>124,772</u> | <u>-</u> | <u>341,060</u> | <u>-</u> |
| <u>(4,779,319)</u> | <u>(38,994)</u> | <u>(20,476,733)</u> | <u>306,832</u> |
| 1,791 | - | 16,479 | - |
| 319,895 | 9,167 | 1,191,545 | 1,265 |
| 7,344,820 | - | 26,252,625 | - |
| (7,759,234) | - | (27,791,032) | - |
| <u>(92,728)</u> | <u>9,167</u> | <u>(330,383)</u> | <u>1,265</u> |
| 916,335 | 199,356 | 1,740,764 | (17,607) |
| <u>13,281,399</u> | <u>1,215,489</u> | <u>42,629,785</u> | <u>2,059,431</u> |
| <u>\$ 14,197,734</u> | <u>\$ 1,414,845</u> | <u>\$ 44,370,549</u> | <u>\$ 2,041,824</u> |
| | | | |
| \$ 14,009,166 | \$ 1,414,845 | \$ 42,109,164 | \$ 2,041,824 |
| 2,876,326 | - | 3,545,375 | - |
| 3,678,415 | - | 22,870,482 | - |
| (6,366,173) | - | (24,154,472) | - |
| <u>\$ 14,197,734</u> | <u>\$ 1,414,845</u> | <u>\$ 44,370,549</u> | <u>\$ 2,041,824</u> |

CITY OF APPLETON, WISCONSIN
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2016

| | Enterprise Funds | | |
|--|----------------------|-----------------------|-----------------------|
| | Water Utility | Wastewater Utility | Valley Transit |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating income (loss) | \$ 8,315,981 | \$ 1,787,799 | \$ (7,577,654) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | |
| Nonoperating income | 18,518 | - | - |
| Depreciation expense | 4,517,926 | 2,928,395 | 597,166 |
| Depreciation charged to (from) other funds/accounts | 169,339 | - | - |
| Changes in assets and liabilities | | | |
| Customer accounts receivable | (95,792) | 31,729 | (100,922) |
| Other accounts receivable | 3,170 | (96,879) | - |
| Due from other governments | - | (2,578) | - |
| Due from other funds | 28,991 | 19,437 | - |
| Inventories | (26,722) | 27,654 | (106,444) |
| Prepaid items | - | - | (1,798) |
| Accounts payable | (621,450) | 246,376 | 389,763 |
| Accrued liabilities | 18,404 | 7,965 | 2,091 |
| Accrued compensated absences | 20,589 | 7,736 | 6,695 |
| Pension related deferrals and assets | 127,442 | 207,408 | 183,817 |
| Postemployment benefits liability | - | - | - |
| Unearned revenues | - | - | 47,116 |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 12,476,396</u> | <u>\$ 5,165,042</u> | <u>\$ (6,560,170)</u> |
| Non-cash activities | | | |
| Contributed capital assets | \$ 355,807 | \$ 292,031 | \$ - |
| Unrealized losses on investments | (229,185) | (218,024) | - |

The notes to the basic financial statements are an integral part of this statement.

| Enterprise Funds (Continued) | | | Internal Service Funds |
|------------------------------|---------------------------------|-------|------------------------------|
| Stormwater Utility | Nonmajor Enterprise Funds | Total | |

\$ 3,667,640 \$ 639,414 \$ 6,833,180 \$ (2,835,175)

| | | | |
|---------------------|---------------------|----------------------|---------------------|
| - | - | 18,518 | 4,892 |
| 2,473,940 | 592,210 | 11,109,637 | 2,305,308 |
| - | - | 169,339 | - |
| 51,258 | - | (113,727) | - |
| 419 | 10,312 | (82,978) | (1,035,019) |
| (55,990) | - | (58,568) | (7,015) |
| 9,616 | - | 58,044 | - |
| - | - | (105,512) | (13,950) |
| - | - | (1,798) | 10,815 |
| (492,717) | 21,765 | (456,263) | 892,446 |
| 8,840 | 713 | 38,013 | 5,802 |
| 48,067 | 18,154 | 101,241 | 16,452 |
| 89,809 | 25,703 | 634,179 | 120,599 |
| - | - | - | 33,593 |
| - | 351,312 | 398,428 | - |
| <u>\$ 5,800,882</u> | <u>\$ 1,659,583</u> | <u>\$ 18,541,733</u> | <u>\$ (501,252)</u> |

\$ 415,683 \$ - \$ 1,063,521 \$ 2,222,708
 (173,632) - (620,841) -

CITY OF APPLETON, WISCONSIN
Statement of Net Position
Agency Fund
December 31, 2016

| | Tax Collection Fund |
|---------------------------|------------------------|
| ASSETS | |
| Cash and investments | \$ 57,764,133 |
| Property taxes receivable | 14,047,344 |
| Total Assets | \$ 71,811,477 |
| LIABILITIES | |
| Accounts payable | \$ 77,423 |
| Due to other governments | 71,734,054 |
| Total Liabilities | \$ 71,811,477 |

The notes to the basic financial statements are an integral part of this statement.

CITY OF APPLETON, WISCONSIN
Statement of Net Position
Component Units
December 31, 2016

| | Business Improvement District | Appleton Redevelopment Authority | Total Component Units |
|--------------------------------------|-------------------------------------|--|-----------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and investments | \$ 172,041 | \$ 207,056 | \$ 379,097 |
| Other accounts receivables | 71,746 | - | 71,746 |
| Land held for resale | - | 534,850 | 534,850 |
| Total Current Assets | <u>243,787</u> | <u>741,906</u> | <u>985,693</u> |
| Note receivable - primary government | - | 275,000 | 275,000 |
| TOTAL ASSETS | <u>243,787</u> | <u>1,016,906</u> | <u>1,260,693</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | 46,193 | - | 46,193 |
| Note payable - primary government | - | 500,000 | 500,000 |
| Note payable | - | 15,000 | 15,000 |
| Total Current Liabilities | <u>46,193</u> | <u>515,000</u> | <u>561,193</u> |
| Noncurrent Liabilities | | | |
| Note payable | - | 260,000 | 260,000 |
| TOTAL LIABILITIES | <u>46,193</u> | <u>775,000</u> | <u>821,193</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unearned revenue | 196,388 | - | 196,388 |
| NET POSITION | | | |
| Unrestricted | <u>1,206</u> | <u>241,906</u> | <u>243,112</u> |
| TOTAL NET POSITION | <u>\$ 1,206</u> | <u>\$ 241,906</u> | <u>\$ 243,112</u> |

The notes to the basic financial statements are an integral part of this statement.

CITY OF APPLETON, WISCONSIN
Statement of Activities
Component Units
For the Year Ended December 31, 2016

| <u>Functions/Programs</u> | Program Revenues | | | |
|----------------------------------|-------------------|----------------------|------------------------------------|----------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Major Component Unites | | | | |
| Business Improvement District | \$ 199,065 | \$ 193,125 | \$ - | \$ - |
| Appleton Redevelopment Authority | 3,050 | - | - | - |
| Total Component Unites | \$ 202,115 | \$ 193,125 | \$ - | \$ - |

General revenues
Investment income (loss)

Change in net position

Net position - January 1

Net position - December 31

The notes to the basic financial statements are an integral part of this statement.

| Net (Expense) Revenue and Changes in Net Position | | |
|--|--|-------------------|
| Business Improvement District | Appleton Redevelopment Authority | Total |
| \$ (5,940) | \$ - | \$ (5,940) |
| - | (3,050) | (3,050) |
| <u>(5,940)</u> | <u>(3,050)</u> | <u>(8,990)</u> |
| (54) | 868 | 814 |
| <u>(5,994)</u> | <u>(2,182)</u> | <u>(8,176)</u> |
| 7,200 | 244,088 | 251,288 |
| <u>\$ 1,206</u> | <u>\$ 241,906</u> | <u>\$ 243,112</u> |

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Appleton, Wisconsin ("the City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

1. Reporting Entity

The City of Appleton is a municipal corporation governed by an elected Mayor and fifteen-member council. In accordance with GAAP, the basic financial statements are required to include the City (the primary government) and any separate component units that have a significant operational or financial relationship with the City.

2. Individual Component Unit Disclosures

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (a) it is able to impose its will on that organization, or (b) there is potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

Included within the reporting entity:

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 D.10. 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, 2016. Separately issued financial statements of the Business Improvement District of the City of Appleton may be obtained from Appleton Downtown Incorporated which is located at 116 North Appleton Street, Appleton, WI 54912.

Redevelopment Authority of the City of Appleton

The government-wide financial statements include the Redevelopment Authority of the City of Appleton ("Redevelopment Authority") as a component unit. The Redevelopment Authority is a legally separate organization. The board of the Redevelopment Authority is appointed by the mayor of Appleton and approved by 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 D.10. 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, 2016. Separately issued financial statements of the Redevelopment Authority of the City of Appleton may be obtained from Redevelopment Authority's office, which is located at 100 North Appleton Street, Appleton, WI 54911.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for 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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise and internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

GENERAL FUND

This is the City's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

FACILITIES CAPITAL PROJECTS FUND

This fund accounts for the financing and expenditures associated with the construction of and capital improvements to City owned facilities.

The City reports the following major enterprise funds:

WATER UTILITY

This fund accounts for all activities necessary to provide water service to residents and businesses of the City.

WASTEWATER UTILITY

This fund accounts for all activities necessary to provide wastewater treatment services to residents and businesses of the City.

VALLEY TRANSIT UTILITY

This fund accounts for all activities necessary to provide bus transit service to residents and businesses of the City and surrounding communities.

STORM WATER UTILITY

This fund accounts for all activities necessary to provide storm water management services to residents and businesses of the City.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the government reports the following fund type:

Internal service funds account for central equipment acquisition, operation, and maintenance, insurance and risk protection services, facilities management and post-employment benefits provided to other departments or agencies of the City on a cost reimbursement basis.

Agency funds account for assets held by the City in a trustee capacity.

4. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are recorded as revenues in the year for which they are levied. Only the portion of special assessments receivable collected during the current year are recorded as revenue. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met and they are collected within 60 days of the end of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, city ordinance forfeitures, public charges for services and interest. Other revenues such as licenses and permits, other fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 City's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of 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, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

5. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

b. Accounts Receivable

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. An allowance for doubtful accounts has been established for certain deferred housing loans in the amount of \$258,002. Allowance for doubtful accounts have also been established for the Risk Management Fund receivables in the amount of \$33,131. Valley Transit has established an allowance in the amount of \$105,275 related to operating aids from the State of Wisconsin.

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Noncurrent portions of the interfund receivables for the governmental funds are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental activities and business-type activities.

d. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by nonspendable fund balance amounts to indicate that they do not represent spendable available financial resources.

e. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items using the consumption method.

Prepaid items of governmental funds in the fund financial statements are offset by nonspendable fund balance amounts to indicate that they do not represent spendable available financial resources.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$10,000 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|---|--------------|
| Buildings and improvements, including parking ramps | 15 - 70 |
| Equipment, furniture, and vehicles | 3 - 25 |
| Utility systems | 10 - 77 |
| Infrastructure | 40 - 100 |
| Intangibles | 10 |

Annual depreciation expense for the enterprise funds reported on the statement of cash flows may exceed depreciation expense reported on the statement of revenues, expenses and changes in net position. The difference results from depreciation expense applicable to transportation and certain other operating equipment of the water utility enterprise fund being charged to operating expense accounts other than the depreciation expense account. This accounting procedure is required by the Public Service Commission of the State of Wisconsin.

g. 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.

h. 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 vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements, or if they represent additional amounts the City has funded.

i. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category in the government-wide statement of net position. The first is the deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is related to the City's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category in the government-wide statement of net position. The first is unearned revenue, which consists of property taxes, which will be recognized as an inflow of resources in the subsequent year for which it was levied and grant drawdowns prior to meeting all eligibility requirements. The second is related to the City's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants. The City also has an additional type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources, delinquent property taxes, special assessments and notes and loans receivable which are not expected to be currently repaid. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

j. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the current period.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

k. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance - Amounts that are constrained for specific purposes by ordinance of the City Council. The constraints can only be removed or changed by the City Council using the same action that was used to create them.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Assigned fund balance - Amounts that are constrained for specific purposes by action of City management. The City Council has authorized, through the adoption of a fund balance policy, the City's finance director to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- Unassigned fund balance - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The City has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted net position - Amount of net position that is subject to restrictions that are imposed 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.
- Unrestricted net position - Net position that is neither classified as restricted nor as net investment in capital assets.

I. Pensions

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.

m. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE B - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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 uses 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 | \$ 124,411,252 |
| Construction in progress | 9,579,486 |
| Intangible assets | 181,735 |
| Depreciable capital assets, net of depreciation | 223,783,148 |
| Sub-total | 357,955,621 |
| Less: Internal service fund capital assets | (12,337,227) |
| Net Adjustment for Capital Assets | \$ 345,618,394 |

NOTE C - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the basic 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.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE C - STEWARDSHIP AND COMPLIANCE (Continued)

- 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.

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2016.

2. Excess of Expenditures over Budget Appropriations

For the year ended December 31, 2016, no expenditure accounts of the general, special revenue, debt service or capital projects funds had actual expenditures in excess of budget appropriations.

3. Deficit Fund Equity

The following funds had deficit fund equity as of December 31, 2016:

| | |
|--------------------------------|--------------|
| Special Revenue Funds | |
| Tax Incremental District No. 3 | \$ 8,970,942 |
| Health Grants | 5,439 |
| Police Grants | 10,178 |
| Emergency Shelter | 5,443 |
| Capital Projects Funds | |
| Tax Incremental District No. 6 | 4,101,343 |
| Tax Incremental District No. 8 | 671,750 |
| Tax Incremental District No. 9 | 16,306 |
| Exhibition Center | 1,510,069 |

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 Health Grants, Emergency Shelter, and Police Grants fund deficits are anticipated to be funded with grant revenues. The Exhibition Center deficit is anticipated to be funded through future Room Tax revenues.

NOTE D - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The City maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and investments."

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

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

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

The carrying amount of the City's cash and investments totaled \$174,318,241 on December 31, 2016 as summarized below:

| | |
|--------------------------------------|------------------------------|
| Petty cash funds | \$ 53,335 |
| Deposits with financial institutions | 28,834,820 |
| Investments | <u>145,430,086</u> |
| | <u><u>\$ 174,318,241</u></u> |

Reconciliation to the basic financial statements:

| | |
|---|------------------------------|
| Government-wide Statement of Net Position | |
| Cash and investments | \$ 90,138,251 |
| Restricted cash and investments | 26,415,857 |
| Fiduciary Funds Statement of Net Position | |
| Agency fund | <u>57,764,133</u> |
| | <u><u>\$ 174,318,241</u></u> |

Fair Value Measurements

The City implemented GASB Statement No. 72, *Fair Value Measurement and Application*, for the year ending December 31, 2016. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following fair value measurements as of December 31, 2016:

| | Fair Value Measurements Using: | | |
|---------------------------------------|--------------------------------|----------------------|-------------|
| | Level 1 | Level 2 | Level 3 |
| Investments | | | |
| Money market mutual funds | \$ 393,973 | \$ - | \$ - |
| U.S. treasuries | - | 13,372,748 | - |
| FNMA | - | 23,321,638 | - |
| FHLMC | - | 21,097,056 | - |
| FFCB | - | 5,455,372 | - |
| FHLB | - | 10,958,117 | - |
| GNMA | - | 57,256 | - |
| Total investments by fair value level | <u>\$ 393,973</u> | <u>\$ 74,262,187</u> | <u>\$ -</u> |

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and investments of the City are subject to various risks. Presented below is a discussion of the specific risks and the City's policy related to the risk.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The City requires all deposits to be either insured or collateralized.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and non-interest bearing demand deposits per official custodian per insured depository institution. Deposits with financial institution located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2016, none of the City's deposits with financial institutions were in excess of federal and state depository insurance limits and uncollateralized.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The City's investment policy requires a custody agreement 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. Presented below is the actual rating as of year end for each investment type.

| Investment Type | Amount | Exempt From Disclosure | Ratings as of Year End | | |
|-----------------|-----------------------|------------------------------|------------------------|----------------------|----------------------|
| | | | AAA | AA+ | Not Rated |
| LGIP | \$ 70,390,475 | \$ - | \$ - | \$ - | \$ 70,390,475 |
| FNMA | 23,321,638 | - | - | 20,058,558 | 3,263,080 |
| FHLMC | 21,097,056 | - | - | 19,737,760 | 1,359,296 |
| FFCB | 5,455,372 | - | - | 5,455,372 | - |
| FHLB | 10,958,117 | - | - | 10,958,117 | - |
| GNMA | 57,256 | - | - | - | 57,256 |
| | <u>\$ 131,279,914</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 56,209,807</u> | <u>\$ 75,070,107</u> |

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

Concentration of Credit Risk

The investment policy of the City recommends that no single issuer, with the exception of the U.S. Government and its agencies, shall constitute more than 5% of the value of the fund; in addition, no single corporate industry group shall constitute more than 15% of the value of the fund. At December 31, 2016, the City had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy requires investment in shorter-term securities, money market mutual funds, or similar investment pools as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

| Investment Type | Amount | Remaining Maturity (in Months) | | | |
|-----------------|-----------------------|--------------------------------|---------------------|----------------------|------------------------|
| | | 12 months or Less | 13 to 24 Months | 25 to 60 Months | More Than 60 Months |
| U.S. treasuries | \$ 13,372,748 | \$ 4,891,744 | \$ 1,379,616 | \$ 6,277,818 | \$ 823,570 |
| LGIP | 70,390,475 | 70,390,475 | - | - | - |
| FNMA | 23,321,638 | 672,131 | 3,152,515 | 14,195,836 | 5,301,156 |
| FHLMC | 21,097,056 | 260,388 | 77,423 | 15,438,484 | 5,320,761 |
| FFCB | 5,455,372 | 258,200 | 179,022 | 5,018,150 | - |
| FHLB | 10,958,117 | 500,435 | 3,650,543 | 5,832,937 | 974,202 |
| GNMA | 57,256 | - | 2,083 | - | 55,173 |
| Totals | \$ 144,652,662 | \$ 76,973,373 | \$ 8,441,202 | \$ 46,763,225 | \$ 12,474,862 |

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$70,390,475 at year-end. 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, 2016, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

2. Property Taxes

Property taxes consist of taxes on real estate and personal property. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in four equal installments on or before January 31, March 31, May 31 and July 31. Real estate taxes not paid by July 31 are purchased by the County as part of the August tax settlement. Delinquent personal property taxes remain the collection responsibility of the City.

The City bills and collects its own property taxes and also collects taxes levied by the Appleton School District, Freedom Area School District, Hortonville Area School District, Kimberly Area School District, Menasha Area School District, Outagamie County, Calumet County, Winnebago County, Fox Valley Technical College, and the State of Wisconsin. Collection and remittances of taxes for other entities are accounted for in the tax collection agency fund.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

3. Restricted Assets

Restricted assets on December 31, 2016 totaled \$26,572,660 and consisted of cash and investments of \$26,415,857 and accrued interest of \$156,803 held for the following purposes:

| | Cash and Investments | Accrued Interest | Total Restricted Assets |
|--------------------------------|-------------------------|---------------------|-------------------------------|
| Water Utility | | | |
| Bond reserve fund | \$ 9,101,659 | \$ 57,952 | \$ 9,159,611 |
| Construction account | 385,598 | - | 385,598 |
| | 9,487,257 | 57,952 | 9,545,209 |
| Sewer Utility | | | |
| Bond reserve account | 3,504,578 | - | 3,504,578 |
| Bond redemption fund | 669,049 | 40,931 | 709,980 |
| Depreciation fund | 1,000,000 | - | 1,000,000 |
| DNR replacement fund | 3,592,322 | 21,050 | 3,613,372 |
| | 8,765,949 | 61,981 | 8,827,930 |
| Storm Water Utility | | | |
| Bond reserve account | 3,678,415 | - | 3,678,415 |
| Bond redemption fund | 2,722,492 | 36,870 | 2,759,362 |
| Construction account | 153,834 | - | 153,834 |
| | 6,554,741 | 36,870 | 6,591,611 |
| Valley Transit | | | |
| Capital equipment replacement | 1,607,910 | - | 1,607,910 |
| | 1,607,910 | - | 1,607,910 |
| Total Restricted Assets | \$ 26,415,857 | \$ 156,803 | \$ 26,572,660 |

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

4. Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

| | Primary Government | | | |
|---|-----------------------|----------------------|---------------------|------------------------------|
| | Beginning Balance | Increases | Decreases | Ending Balance |
| Governmental activities: | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 11,317,326 | \$ - | \$ - | \$ 11,317,326 |
| Right of ways | 73,699,164 | 673,560 | - | 74,372,724 |
| Land improvements | 38,712,539 | 8,663 | - | 38,721,202 |
| Intangible assets | 179,110 | 2,625 | - | 181,735 |
| Construction in progress | 5,864,273 | 8,387,059 | 4,671,846 | 9,579,486 |
| Total capital assets not being depreciated | 129,772,412 | 9,071,907 | 4,671,846 | 134,172,473 |
| Capital assets being depreciated | | | | |
| Intangible assets | 98,076 | 29,475 | 38,868 | 88,683 |
| Improvements | 11,559,319 | 425,967 | - | 11,985,286 |
| Buildings | 46,485,449 | 1,130,591 | 59,818 | 47,556,222 |
| Equipment, furniture and fixtures | 33,979,430 | 2,745,381 | 2,404,952 | 34,319,859 |
| Streets | 172,642,175 | 6,997,538 | 1,660,238 | 177,979,475 |
| Sidewalk | 31,809,409 | 1,675,703 | 687,132 | 32,797,980 |
| Traffic signals | 5,804,999 | 108,706 | 38,875 | 5,874,830 |
| Bridges | 43,878,746 | 6,135,478 | 259,123 | 49,755,101 |
| Total assets being depreciated | 346,257,603 | 19,248,839 | 5,149,006 | 360,357,436 |
| Less accumulated depreciation for: | | | | |
| Intangible assets | 18,680 | 9,807 | 22,566 | 5,921 |
| Improvements | 3,760,561 | 369,346 | - | 4,129,907 |
| Buildings | 15,055,188 | 907,557 | 21,322 | 15,941,423 |
| Equipment, furniture and fixtures | 18,589,000 | 2,756,644 | 2,315,016 | 19,030,628 |
| Streets | 72,078,370 | 4,437,364 | 1,646,476 | 74,869,258 |
| Sidewalk | 11,749,710 | 815,690 | 354,229 | 12,211,171 |
| Traffic signals | 1,819,967 | 141,286 | 27,701 | 1,933,552 |
| Bridges | 8,062,169 | 497,550 | 107,291 | 8,452,428 |
| Total accumulated depreciation | 131,133,645 | 9,935,244 | 4,494,601 | 136,574,288 |
| Total capital assets being depreciated, net | 215,123,958 | 9,313,595 | 654,405 | 223,783,148 |
| Governmental activities capital assets, net | \$ 344,896,370 | \$ 18,385,502 | \$ 5,326,251 | 357,955,621 |
| Less long-term debt, deferred outflows, and premium on debt outstanding | | | | <u>20,844,490</u> |
| Net investment in capital assets | | | | <u>\$ 337,111,131</u> |

Depreciation expense was charged to functions of the City as follows:

Depreciation expense was charged to functions of the primary government as follows:

| | |
|--|----------------------------|
| Governmental activities: | |
| General government | \$ 388,550 |
| Public safety | 562,769 |
| Public works | 6,045,184 |
| Education and recreation | <u>633,433</u> |
| Capital assets held by internal service funds charged to the various functions based on their usage of the assets | <u>2,305,308</u> |
| Total depreciation expense - governmental activities | <u>\$ 9,935,244</u> |

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

| | Primary Government | | | |
|---|-----------------------|---------------------|---------------------|-----------------------|
| | Beginning Balance | Increases | Decreases | Ending Balance |
| Business-type activities: | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 11,350,585 | \$ 7,045 | \$ 10,783 | \$ 11,346,847 |
| Intangible assets | 1,171,004 | 31,230 | - | 1,202,234 |
| Construction in progress | 4,269,083 | 1,494,456 | 3,605,367 | 2,158,172 |
| Total capital assets not being depreciated | <u>16,790,672</u> | <u>1,532,731</u> | <u>3,616,150</u> | <u>14,707,253</u> |
| Capital assets being depreciated | | | | |
| Buildings and land improvements | 423,582,918 | 14,141,522 | 2,883,393 | 434,841,047 |
| Machinery and equipment | 77,316,999 | 588,188 | 182,444 | 77,722,743 |
| Total assets being depreciated | <u>500,899,917</u> | <u>14,729,710</u> | <u>3,065,837</u> | <u>512,563,790</u> |
| Less accumulated depreciation for: | | | | |
| Buildings, systems, land improvements | 149,087,439 | 8,469,639 | 2,773,530 | 154,783,548 |
| Machinery and equipment | 56,042,385 | 2,816,113 | 189,534 | 58,668,964 |
| Total accumulated depreciation | <u>205,129,824</u> | <u>11,285,752</u> | <u>2,963,064</u> | <u>213,452,512</u> |
| Total capital assets being depreciated, net | <u>295,770,093</u> | <u>3,443,958</u> | <u>102,773</u> | <u>299,111,278</u> |
| Business-type activities capital assets, net | <u>\$ 312,560,765</u> | <u>\$ 4,976,689</u> | <u>\$ 3,718,923</u> | 313,818,531 |
| Less long-term debt, deferred outflows, and premium on debt outstanding | | | | <u>100,077,207</u> |
| Net investment in capital assets | | | | <u>\$ 213,741,324</u> |

Depreciation expense was charged to functions of the City as follows:

| | |
|--|----------------------|
| Business-type activities: | |
| Water | \$ 4,517,926 |
| Wastewater utility | 2,928,395 |
| Valley Transit | 597,166 |
| Stormwater | 2,473,940 |
| Parking | 524,503 |
| Reid Municipal Golf Course | <u>67,707</u> |
| Total depreciation expense - business-type activities | 11,109,637 |
| Depreciation charged to other functions and costs of removal | <u>176,115</u> |
| Total | <u>\$ 11,285,752</u> |

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

5. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2016 are detailed below:

| | Interfund Receivables | Interfund Payables |
|---|--------------------------|-----------------------|
| General fund | \$ 2,975,883 | \$ 1,092,323 |
| Special Revenue Funds | | |
| Sanitation & recycling program | 50,251 | - |
| Community development block grant | - | 1,354 |
| Police grants | - | 18,131 |
| Wheel tax fund | - | 182,373 |
| Emergency Shelter Grant | - | 12,562 |
| Internal Service Funds | | |
| Risk Management | - | 850,327 |
| Enterprise Funds | | |
| Water utility fund | 466,307 | 1,911,136 |
| Wastewater utility fund | 384,983 | - |
| Storm water utility | 190,782 | - |
| Subtotal | <u>\$ 4,068,206</u> | <u>4,068,206</u> |
| Government-wide Adjustments | | |
| Fund eliminations | | (3,199,142) |
| Internal service fund allocation | | (325,570) |
| Internal Balances - Government-wide Statement of Net Position | | <u>\$ 543,494</u> |

The outstanding balances between funds result mainly 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.

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 this analysis, the following allowance has been established:

| Receivable Fund | Payable Fund | Principal | Interest | Total Allowance |
|-----------------|--|---------------|--------------|----------------------|
| Parking Utility | Special Revenue - Tax Incremental District No. 3 | \$ 21,482,496 | \$ 2,727,923 | <u>\$ 24,210,419</u> |

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

Interfund advances for the year ended December 31, 2016 were as follows:

| Receivable Fund | Payable Fund | Principal | Interest | Total Allowance | Amount Not Due Within One Year |
|---------------------------------------|---|---------------------|---------------------|---------------------|--------------------------------|
| General | Special Revenue - Tax Incremental District No. 3 | \$ 1,955,862 | \$ 7,036,565 | \$ 8,992,427 | \$ 8,992,427 |
| General | Capital Project - Tax Incremental District No. 6 | 4,134,952 | 681,268 | 4,816,220 | 4,816,220 |
| General | Capital Project - Tax Incremental District No. 8 | 800,000 | 115,902 | 915,902 | 915,902 |
| General | Capital Project - Tax Incremental District No. 9 | 81,000 | 8,992 | 89,992 | 89,992 |
| General | Enterprise - Reid Municipal Golf Course | 155,000 | - | 155,000 | 150,000 |
| Sub-Total - Fund Financial Statements | | <u>\$ 7,126,814</u> | <u>\$ 7,842,727</u> | 14,969,541 | <u>\$ 14,964,541</u> |
| Less: Fund eliminations | | | | <u>(14,814,541)</u> | |
| Total - Government-wide Statements | | | | <u>\$ 155,000</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.

| Years | General Fund Advance to Reid Golf Course |
|--------|--|
| 2017 | \$ 5,000 |
| 2018 | 5,000 |
| 2019 | 5,000 |
| 2025 | 60,000 |
| 2026 | 80,000 |
| Totals | <u>\$ 155,000</u> |

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

Interfund transfers for the year ended December 31, 2016 were as follows:

| Transfers from | Transfer to | | | | | Total |
|------------------------------------|---------------------|---------------------|--------------------------------|-----------------------------|--|---------------------|
| | General Fund | Debt Service | Tax Incremental District No. 3 | Nonmajor Governmental Funds | Valley Transit | |
| Governmental activities: | | | | | | |
| General fund | \$ - | \$ - | \$ - | \$ 8,700 | \$ 631,686 | \$ 640,386 |
| Nonmajor governmental funds | 1,365,476 | 1,588,134 | - | 35,305 | - | 2,988,915 |
| Business-type activities: | | | | | | |
| Water utility enterprise fund | 1,924,936 | - | - | - | - | 1,924,936 |
| Wastewater utility enterprise fund | 117,450 | - | - | - | - | 117,450 |
| Stormwater utility enterprise fund | 12,500 | - | - | - | - | 12,500 |
| Parking utility enterprise fund | 9,300 | - | 1,400,000 | - | - | 1,409,300 |
| Reid golf course enterprise fund | 17,900 | - | - | 3,200 | - | 21,100 |
| Internal Service Funds | - | - | - | 328,598 | - | 328,598 |
| Total transfers to: | \$ 3,447,562 | \$ 1,588,134 | \$ 1,400,000 | \$ 375,803 | \$ 631,686 | \$ 7,443,185 |
| | | | | | Less Government-wide elimination | (4,589,585) |
| | | | | | Total - Government-wide State of Activities | \$ 2,853,600 |

Transfers are used to: (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

6. Deferred Inflows of Resources

Governmental activities and governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds also report defer revenue recognition in connection with receivables for resources that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue were as follows:

| | Unearned | Unavailable | Total |
|---|----------------------|-------------------|----------------------|
| Property taxes receivable | \$ 44,765,483 | \$ - | \$ 44,765,483 |
| Interest on advances | - | 7,842,727 | 7,842,727 |
| Interest income | - | 5,712 | 5,712 |
| Developer loans | - | 2,246,667 | 2,246,667 |
| Rehabilitation loans | - | 6,487,184 | 6,487,184 |
| Accounts receivable | - | 32,590 | 32,590 |
| Special assessments not yet due | - | 711,918 | 711,918 |
| Grant drawdowns prior to meeting all eligibility requirements | 92,555 | - | 92,555 |
| Total | \$ 44,858,038 | 17,326,798 | \$ 62,184,836 |
| Reconciliation to Government-wide financial statements | | (17,326,798) | |
| Total Government-wide unearned revenue | | \$ - | |

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

7. Long-term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2016:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|-----------------------|----------------------|----------------------|-----------------------|---------------------|
| Governmental activities: | | | | | |
| General obligation bonds and notes | | | | | |
| General | \$ 30,719,330 | \$ 18,920,000 | \$ 4,031,082 | \$ 45,608,248 | \$ 5,567,624 |
| Internal service | 180,670 | - | 18,918 | 161,752 | 27,376 |
| Total | 30,900,000 | 18,920,000 | 4,050,000 | 45,770,000 | 5,595,000 |
| Promissory note | 290,000 | - | 15,000 | 275,000 | 15,000 |
| Premium on debt issued | 414,927 | 1,527,653 | 86,438 | 1,856,142 | - |
| Total bonds and notes payable | 31,604,927 | 20,447,653 | 4,151,438 | 47,901,142 | 5,610,000 |
| Other liabilities | | | | | |
| Vested compensated absences | | | | | |
| General | 6,482,348 | 3,308,229 | 3,282,348 | 6,508,229 | 3,355,934 |
| Internal service | 214,013 | 144,490 | 128,038 | 230,465 | 203,029 |
| Landfill liability | 1,800,000 | - | 90,000 | 1,710,000 | 90,000 |
| Disability benefits | 74,255 | - | 5,285 | 68,970 | 14,281 |
| Pension liability | 56,673 | - | 56,673 | - | - |
| Total other liabilities | 8,627,289 | 3,452,719 | 3,562,344 | 8,517,664 | 3,663,244 |
| Total governmental activities long-term obligations | \$ 40,232,216 | \$ 23,900,372 | \$ 7,713,782 | \$ 56,418,806 | \$ 9,273,244 |
| Business-type activities: | | | | | |
| Bonds and notes payable | | | | | |
| General obligation debt | \$ 635,000 | \$ 705,000 | \$ 60,000 | \$ 1,280,000 | \$ 120,000 |
| Revenue bonds | 127,940,000 | 38,765,000 | 46,165,000 | 120,540,000 | 3,480,000 |
| Premium on debt issued | 4,121,080 | 3,990,805 | 559,393 | 7,552,492 | - |
| Total bonds and notes payable | 132,696,080 | 43,460,805 | 46,784,393 | 129,372,492 | 3,600,000 |
| Other liabilities | | | | | |
| Vested compensated absences | 1,037,235 | 647,862 | 559,913 | 1,125,184 | 693,043 |
| Total business-type activities long-term obligations | \$ 133,733,315 | \$ 44,108,667 | \$ 47,344,306 | \$ 130,497,676 | \$ 4,293,043 |

Interest paid during the year on long-term debt totaled \$5,868,532.

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.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

| | Date of Issue | Final Maturity | Interest Rate | Original Amount | Balance Outstanding December 31, 2016 |
|--|---------------|----------------|---------------|-----------------|---------------------------------------|
| Governmental Activities | | | | | |
| General Obligation Bonds | | | | | |
| General Obligation Notes, Series 2007 | 8/1/2007 | 4/1/2017 | 4.25% | \$ 5,165,000 | \$ 795,000 |
| General Obligation Notes, Series 2008A | 8/5/2008 | 4/1/2018 | 3.00-4.00% | 3,980,000 | 970,000 |
| General Obligation Bonds, Series 2008B | 11/26/2008 | 4/1/2028 | 3.75-5.00% | 7,325,000 | 5,595,000 |
| General Obligation Notes, Series 2009A | 11/5/2009 | 4/1/2019 | 2.50-3.125% | 5,735,000 | 2,580,000 |
| General Obligation Notes, Series 2012A | 11/7/2012 | 4/1/2022 | 2.00-3.00% | 5,460,000 | 4,015,000 |
| General Obligation Refunding Notes, Series 2012B | 8/30/2012 | 4/1/2020 | 0.40-3.00% | 2,920,000 | 1,155,000 |
| General Obligation Notes, Series 2014A | 9/10/2014 | 10/1/2024 | 1.50-2.375% | 6,525,000 | 6,075,000 |
| General Obligation Notes, Series 2015A | 10/28/2015 | 10/1/2025 | 2.00-3.00% | 5,775,000 | 5,665,000 |
| General Obligation Notes, Series 2016 | 10/4/2016 | 4/1/2026 | 2.00-4.00% | 18,920,000 | <u>18,920,000</u> |
| Total Governmental Activities - General Obligation Debt | | | | | <u>\$ 45,770,000</u> |
| Business-type Activities | | | | | |
| General Obligation Bonds | | | | | |
| General Obligation Refunding Notes, Series 2012B | 8/30/2012 | 4/1/2020 | 0.40-3.00% | \$ 735,000 | \$ 575,000 |
| General Obligation Notes, Series 2016 | 10/4/2016 | 4/1/2026 | 2.00-4.00% | 705,000 | <u>705,000</u> |
| Total Business-type Activities General Obligation Debt | | | | | <u>\$ 1,280,000</u> |

Annual principal and interest maturities of the outstanding general obligation debt of \$45,770,000 on December 31, 2016 are detailed below:

| Year Ended December 31, | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------|-------------------------|---------------------|--------------------------|-------------------|----------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2017 | \$ 5,595,000 | \$ 1,234,269 | \$ 120,000 | \$ 31,909 | \$ 5,715,000 | \$ 1,266,178 |
| 2018 | 6,100,000 | 1,092,743 | 120,000 | 30,105 | 6,220,000 | 1,122,848 |
| 2019 | 5,525,000 | 956,120 | 125,000 | 27,925 | 5,650,000 | 984,045 |
| 2020 | 4,305,000 | 838,723 | 140,000 | 25,383 | 4,445,000 | 864,106 |
| 2021 | 4,295,000 | 725,914 | 145,000 | 21,825 | 4,440,000 | 747,739 |
| 2022-2026 | 18,745,000 | 1,726,151 | 630,000 | 42,675 | 19,375,000 | 1,768,826 |
| 2027-2028 | 1,205,000 | 61,126 | - | - | 1,205,000 | 61,126 |
| | <u>\$ 45,770,000</u> | <u>\$ 6,635,046</u> | <u>\$ 1,280,000</u> | <u>\$ 179,822</u> | <u>\$ 47,050,000</u> | <u>\$ 6,814,868</u> |

For governmental activities, the other long-term liabilities are generally funded by the general fund.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

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 | \$ 1,753,609 |
| General Fund - compensated absences | 4,928,582 |
| Debt Service Fund - general obligation debt | 1,419,419 |
| Special Revenue Fund - Tuchscherer disability | <u>30,380</u> |
| Total available | <u><u>\$ 8,131,990</u></u> |

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2016 as \$201,305,684 as follows:

| | | |
|---|------------------|----------------------------------|
| Equalized valuation | | <u>\$ 4,938,725,300</u> |
| Margin of indebtedness: | | |
| 5% of equalized valuation | | \$ 246,936,265 |
| Less outstanding general obligation debt | \$ 47,050,000 | |
| Deduct Debt Service Funds available for debt retirement | <u>1,419,419</u> | <u>45,630,581</u> |
| Margin of indebtedness | | <u><u>\$ 201,305,684</u></u> |

In addition to the debt service fund, the City has assigned fund balance in the general fund of \$1,753,609 which may be used for debt service requirements.

Enterprise Funds - Revenue Bonds

Revenue bonds are payable only from revenues derived from the operation of the water, wastewater, and stormwater utilities and do not constitute debt which with faith and credit or taxing powers of the City are pledged. The utilities have pledged future utility revenues, net of specified operating expenses, to repay the revenue bonds through 2036, 2031, and 2036, respectively. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used by the utilities. A summary of net customer revenues and remaining principal and interest due on revenue bonds follows:

| | Water Utility | Wastewater Utility | Storm Water Utility |
|--------------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Net Customer Revenues | | | |
| Operating revenues | \$ 21,203,927 | \$ 11,594,681 | \$ 9,432,728 |
| Other income | 151,240 | 157,141 | 84,919 |
| Total Revenues | <u>21,355,167</u> | <u>11,751,822</u> | <u>9,517,647</u> |
| Less: Operating expenses | <u>8,370,020</u> | <u>6,878,487</u> | <u>3,291,148</u> |
| Net customer revenues | <u><u>\$ 12,985,147</u></u> | <u><u>\$ 4,873,335</u></u> | <u><u>\$ 6,226,499</u></u> |
| Debt Service | | | |
| Principal | \$ 6,575,000 | \$ 830,000 | \$ 2,795,000 |
| Interest | 1,735,090 | 588,153 | 1,690,811 |
| Total Debt Service | <u><u>\$ 8,310,090</u></u> | <u><u>\$ 1,418,153</u></u> | <u><u>\$ 4,485,811</u></u> |
| Remaining principal and interest | <u><u>\$ 76,171,133</u></u> | <u><u>\$ 17,906,469</u></u> | <u><u>\$ 59,077,330</u></u> |

There are various requirements associated with each of the City's bond issues. It has been determined that the City is in compliance with all significant bond issue requirements.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

Revenue bond debt service requirements are financed from operations of the enterprise funds. Revenue bonds outstanding on December 31, 2016 totaled \$120,540,000 and were composed of the following issues:

| | Date of Issue | Final Maturity | Interest Rate | Original Amount | Balance Outstanding December 31, 2016 |
|---|---------------|----------------|---------------|-----------------|---------------------------------------|
| Water Utility | | | | | |
| Water System Revenue, Bonds, Series 2008 | 12/17/2008 | 1/1/2028 | 3.00-5.50% | \$ 15,215,000 | \$ 720,000 |
| Water System Revenue, Bonds, Series 2011 | 8/24/2011 | 1/1/2031 | 2.00-4.20% | 3,170,000 | 2,530,000 |
| Water System Revenue, Bonds, Series 2012 | 8/8/2012 | 1/1/2032 | 2.00-3.25% | 2,510,000 | 2,080,000 |
| Water System Revenue, Bonds, Series 2013 | 8/7/2013 | 1/1/2033 | 2.00-4.50% | 7,180,000 | 6,350,000 |
| Water System Revenue, Bonds, Series 2014 | 9/10/2014 | 7/1/2034 | 2.00-4.00% | 3,850,000 | 3,540,000 |
| Water System Revenue, Refunding Bonds, Series 2015 | 10/28/2015 | 1/1/2035 | 2.00-4.00% | 22,735,000 | 22,410,000 |
| Water System Revenue, Refunding Bonds, Series 2016 | 10/4/2016 | 1/1/2036 | 2.00-4.00% | 23,830,000 | 23,830,000 |
| Total Water Utility | | | | | <u>61,470,000</u> |
| Wastewater Utility | | | | | |
| Sewerage System Revenue, Bonds, Series 2006 | 8/9/2006 | 5/1/2026 | 4.25-5.00% | 3,265,000 | 2,010,000 |
| Sewerage System Revenue, Bonds, Series 2007 | 9/5/2007 | 5/1/2027 | 4.25-5.00% | 2,350,000 | 1,555,000 |
| Sewerage System Revenue, Bonds, Series 2008 | 9/10/2008 | 5/1/2028 | 3.00-5.00% | 4,330,000 | 3,010,000 |
| Sewerage System Revenue, Bonds, Series 2010 | 5/22/2010 | 5/1/2030 | 2.00-4.00% | 4,935,000 | 4,065,000 |
| Sewerage System Revenue, Bonds, Series 2011 | 8/24/2011 | 5/1/2031 | 2.00-4.25% | 3,735,000 | 3,145,000 |
| Total Wastewater Utility | | | | | <u>13,785,000</u> |
| Stormwater Utility | | | | | |
| Stormwater System Revenue, Bonds, Series 2007 | 9/5/2007 | 4/1/2027 | 4.25-5.00% | 5,145,000 | 240,000 |
| Stormwater System Revenue, Bonds, Series 2008 | 9/10/2008 | 4/1/2028 | 3.00-4.50% | 6,010,000 | 545,000 |
| Stormwater System Revenue, Bonds, Series 2009 | 12/30/2009 | 4/1/2029 | 2.00-4.45% | 10,720,000 | 1,030,000 |
| Stormwater System Revenue, Bonds, Series 2012 | 8/8/2012 | 4/1/2032 | 2.00-4.00% | 13,190,000 | 9,895,000 |
| Stormwater System Revenue, Bonds, Series 2013 | 8/7/2013 | 4/1/2033 | 2.00-4.50% | 6,440,000 | 5,945,000 |
| Stormwater System Revenue, Bonds, Series 2014 | 9/10/2014 | 4/1/2034 | 2.00-4.00% | 3,450,000 | 3,315,000 |
| Stormwater System Revenue, Bonds, Series 2015 | 10/28/2015 | 4/1/2035 | 2.00-4.00% | 9,425,000 | 9,380,000 |
| Stormwater System Revenue, Refunding Bonds, Series 2016 | 10/4/2016 | 1/1/2036 | 2.00-4.00% | 14,935,000 | 14,935,000 |
| Total Stormwater Utility | | | | | <u>45,285,000</u> |
| Total Business-type Activities - Revenue Debt | | | | | <u>\$ 120,540,000</u> |

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

Annual principal and interest maturities of the outstanding revenue bonds of \$120,540,000 on December 31, 2016 are detailed below:

| Year Ended December 31, | Business-type Activities | | |
|----------------------------|--------------------------|----------------------|-----------------------|
| | Principal | Interest | Total |
| 2017 | \$ 3,480,000 | \$ 3,435,733 | \$ 6,915,733 |
| 2018 | 11,025,000 | 4,120,686 | 15,145,686 |
| 2019 | 10,820,000 | 3,814,514 | 14,634,514 |
| 2020 | 11,150,000 | 3,445,214 | 14,595,214 |
| 2021 | 11,125,000 | 3,031,289 | 14,156,289 |
| 2022-2026 | 40,460,000 | 10,575,314 | 51,035,314 |
| 2027-2031 | 23,765,000 | 3,646,676 | 27,411,676 |
| 2032-2036 | 8,715,000 | 545,506 | 9,260,506 |
| | <u>\$ 120,540,000</u> | <u>\$ 32,614,932</u> | <u>\$ 153,154,932</u> |

Current Refunding

Water Utility

During 2016, the City currently refunded a revenue refunding bond issue from 2007. The City issued \$23,830,000 of water system revenue refunding bonds, using the proceeds, debt premium and other sources to finance additional projects of \$3,700,000 and to retire the refunded debt of \$22,595,000. This current refunding was undertaken to reduce total debt service payments over the next nine years by \$3,257,883 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$2,229,465.

Advance Refunding

Stormwater Utility

During 2016, the City advance refunded revenue bonds issued from 2008 and 2009 and current refunded revenue bonds from 2006. The City issued \$14,935,000 of stormwater system revenue refunding bonds, using the proceeds, debt premium and other sources to finance additional projects of \$3,100,000 and provide resources of \$14,264,819 to purchase U.S. Government and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. The current and advance refunding was undertaken to reduce total debt service payments over the next thirteen years by \$1,585,462 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$1,226,814.

At December 31, 2016, \$3,610,000 of the outstanding 2008 revenue bonds and \$8,220,000 of the 2009 revenue bonds are considered defeased.

Promissory Note

During 2012, the Appleton Redevelopment Authority received a \$300,000 Wisconsin DNR Ready for Reuse Loan. See Note D.10.e. 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.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

The repayment schedule is as follows:

| Year Ended December 31, | Principal |
|----------------------------|-------------------|
| 2017 | \$ 15,000 |
| 2018 | 25,000 |
| 2019 | 25,000 |
| 2020 | 35,000 |
| 2021 | 35,000 |
| 2022 | 45,000 |
| 2023 | 45,000 |
| 2024 | 50,000 |
| | <u>\$ 275,000</u> |

Other Debt Information

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

Capital Lease

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, 2016, are as follows:

| Year Ended December 31, | Governmental Activities |
|---|----------------------------|
| 2017 | \$ 91,992 |
| 2018 | 61,350 |
| Sub-total | 153,342 |
| Less: Amount representing interest | (6,675) |
| Present Value of Minimum Lease Payments | \$ 146,667 |

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, 2016, a \$1,710,000 liability was estimated based on what it would cost to perform all postclosure care in 2016 and thereafter. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The City incurred approximately \$99,541 of closure costs in 2016.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

8. Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2016, there were six series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$41,585,000.

9. Fund Equity

Government-wide and Proprietary Fund Statements

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

- a. Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and capital related deferred outflows of resources and deferred inflows of resources.
- b. Restricted net position - Amount of net position that is subject to restrictions that are imposed 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 - Net position that is neither classified as restricted nor as net investment in capital assets.

Net position of the governmental activities reported on the government-wide statement of net position at December 31, 2016 include the following:

| | |
|--|----------------|
| Net investment in capital assets | |
| Land | \$ 124,411,252 |
| Intangible assets | 181,735 |
| Construction in progress | 9,579,486 |
| Other capital assets, net of accumulated depreciation/amortization | 223,783,148 |
| Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds) | (18,988,348) |
| Less: Unamortized debt premium | (1,856,142) |
| Total net investment in capital assets | 337,111,131 |
| Restricted | |
| Debt service | 1,243,184 |
| TIF development activity | 2,029,498 |
| Housing rehabilitation | 6,651,081 |
| Special purposes | |
| Hazardous materials | 360,222 |
| Future claims | 30,380 |
| Parks | 560,657 |
| Total restricted | 10,875,022 |
| Unrestricted | |
| | 26,628,614 |
| Total Governmental Activities Net Position | \$ 374,614,767 |

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

Fund Statements

At December 31, 2016, the City has segregated its fund balance components into the following classifications:

Nonspendable

Major Fund

General Fund

| | |
|--|--------------|
| Inventories | \$ 980,250 |
| Delinquent special assessments held in trust | 654 |
| Advance to other funds (principal portion) | 7,126,814 |
| Developer loans | 977,090 |
| | 977,090 |
| Total | \$ 9,084,808 |

Restricted

Major Fund

| | |
|---|--------------|
| Unspent debt proceeds - Facilities capital projects | \$ 7,632,077 |
|---|--------------|

Nonmajor Funds

Special Revenue Funds

| | |
|---|---------|
| Rental rehabilitation grants - housing rehabilitation | 8,951 |
| Hazardous materials Level A - public safety | 360,222 |
| Continuum of care - housing | 5,000 |
| HOME Homeowner - housing rehabilitation | 103,502 |
| Business and Neighborhood Revitalization Grant - housing rehabilitation | 3,222 |
| Lead hazard control grant - housing rehabilitation | 43,222 |
| Tuchscherer disability - future claims | 30,380 |
| Peabody Estate - parks | 65,457 |
| Lutz Park - parks | 136,396 |
| Park purpose open space - parks | 324,532 |
| Union Spring Park - parks | 2,529 |
| Project city park - parks | 5,948 |
| Miracle League baseball | 25,795 |

Debt Service Fund

| | |
|---|-----------|
| Debt service - retirement of long-term debt | 1,419,419 |
|---|-----------|

Capital Project Funds

| | |
|---------------------------------|---------|
| Tax Incremental District No. 7 | 554,032 |
| Tax Incremental District No. 10 | 47,216 |
| Public safety facilities | 4,045 |
| Unspent debt proceeds | |
| Exhibition Center | 120,578 |
| Information technology | 532,053 |
| | 532,053 |

| | |
|-------|---------------|
| Total | \$ 11,424,576 |
|-------|---------------|

Committed

Nonmajor Fund

| | |
|--------------------------|--------------|
| Sanitation and Recycling | \$ 1,485,193 |
|--------------------------|--------------|

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

| | | |
|----------------------------------|----|--------------------|
| Assigned | | |
| Major Funds | | |
| General Fund | | |
| PILOT applied to the 2017 budget | \$ | 1,911,136 |
| Applied to the 2017 budget | | 72,573 |
| Carryover appropriations | | 2,835,912 |
| Compensated absences | | 4,928,582 |
| Health insurance | | 620,218 |
| Debt service | | 1,753,609 |
| Total | | <u>12,122,030</u> |
| Facilities Capital Projects | | 10,340 |
| Nonmajor Funds | | |
| Capital Projects Funds | | |
| Subdivision development projects | | 1,772,205 |
| Industrial park land | | 972,758 |
| Public safety facilities | | 10,579 |
| Public works equipment | | 1,236,991 |
| CEA replacement | | 2,299,055 |
| Community development | | 465,605 |
| Information technology | | 1,888 |
| Total | \$ | <u>18,891,451</u> |
| Unassigned (Deficit) | | |
| Major Funds | | |
| General Fund | \$ | 10,374,404 |
| Nonmajor Funds | | |
| Special Revenue Funds | | |
| Tax Incremental District No. 3 | | (8,970,942) |
| Health grants | | (5,439) |
| Police grants | | (10,178) |
| Emergency shelter | | (5,443) |
| Capital Project Funds | | |
| Tax Incremental District No. 6 | | (4,101,343) |
| Tax Incremental District No. 8 | | (671,750) |
| Tax Incremental District No. 9 | | (16,306) |
| Exhibition center | | <u>(1,630,647)</u> |
| Total | \$ | <u>(5,037,644)</u> |

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

Business-type Activities Net Position

Net investment in capital assets

| | |
|--|---------------|
| Land | \$ 11,346,847 |
| Intangible assets | 1,202,234 |
| Construction in progress | 2,158,172 |
| Other capital assets, net of accumulated depreciation | 299,111,278 |
| Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds) | (121,828,846) |
| Less: Unamortized bond premium | (2,471,102) |
| Add: Unamortized loss on refunding | 7,552,492 |
| Add: Borrowed reserve and depreciation funds | 16,284,652 |
| Add: Construction fund | 385,597 |
| Total net investment in capital assets | 213,741,324 |

Restricted

| | |
|--------------------------|-----------|
| Debt service | 2,962,293 |
| DNR replacement fund | 3,613,372 |
| Capital replacement fund | 2,607,910 |
| Total Restricted | 9,183,575 |

Unrestricted

40,669,152

Total Business-type Activities Net Position

\$ 263,594,051

10. Component Unit

This report also contains financial information for 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 discretely presented component units in the statement of net position and the statement of activities.

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

BUSINESS IMPROVEMENT DISTRICT (BID)

a. Basis of Accounting/Measurement Focus

The BID follows the accrual basis of accounting and the flow of economic resources measurement focus.

b. Cash and Investments

At year end, the carrying amount of the BID's deposits was \$172,041 and is part of the City's commingled cash.

REDEVELOPMENT AUTHORITY

a. Basis of Accounting/Measurement Focus

The Redevelopment Authority follows the accrual basis of accounting and the flow of economic resources measurement focus.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

b. Cash and Investments

At year end, the carrying amount of the Redevelopment Authority's deposits was \$207,056 and is part of the City's commingled cash.

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. Note Receivable

The long-term note receivable of \$275,000 (\$15,000 is reflected as current; the other \$260,000 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:

| Year Ended December 31, | Principal |
|----------------------------|-------------------|
| 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>\$ 275,000</u> |

e. Notes Payable

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 applications must provide a minimum of 22% of the request 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 obligation 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.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

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:

| Year Ended December 31, | Principal |
|----------------------------|-------------------|
| 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>\$ 275,000</u> |

11. Pension Plan

a. 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 (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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.

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.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

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.

b. Post-Retirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments for 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 |
|------|----------------------|--------------------------|
| 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% |
| 2015 | 2.9% | 2% |

c. 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 \$3,598,228 in contributions from the City.

Contribution rates as of December 31, 2016 are:

| Employee Category | Employee | Employer |
|------------------------------------|----------|----------|
| General | 6.6% | 6.6% |
| Executives & Elected Officials | 6.6% | 6.6% |
| Protective with Social Security | 6.6% | 9.4% |
| Protective without Social Security | 6.6% | 13.2% |

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

d. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the City reported a liability of \$5,803,784 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. 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 liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the City's proportion was 0.35716023%, which was a decrease of 0.00547733% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the City recognized pension expense of \$6,988,990.

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 981,836 | \$ 12,213,965 |
| Changes in assumptions | 4,060,580 | - |
| Net differences between projected and actual earnings on pension plan investments | 23,762,354 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 64,473 | 113,024 |
| Employer contributions subsequent to the measurement date | 3,331,727 | - |
| Total | \$ 32,200,970 | \$ 12,326,989 |

\$3,331,727 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. 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 | Deferred Inflows of Resources |
|----------------------------|-----------------------------------|----------------------------------|
| 2016 | \$ 7,497,883 | \$ 2,983,154 |
| 2017 | 7,497,883 | 2,983,154 |
| 2018 | 7,497,883 | 2,983,154 |
| 2019 | 6,245,684 | 2,983,154 |
| 2020 | 129,910 | 394,373 |
| Total | \$ 28,869,243 | \$ 12,326,989 |

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

e. Actuarial Assumption

The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--------------------------------|
| Actuarial Valuation Date: | December 31, 2014 |
| Measurement Date of Net Pension Liability: | December 31, 2015 |
| Actuarial Cost Method: | Entry Age |
| Asset Valuation Method: | Fair Value |
| Long-Term Expected Rate of Return: | 7.2% |
| Discount Rate: | 7.2% |
| Salary Increases: | |
| Inflation | 3.2% |
| Seniority/Merit | 0.2% - 5.6% |
| 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, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

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:

| | Current Asset Allocation % | Destination Target Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return % |
|----------------------------------|----------------------------|---------------------------------------|---|--|
| Core Fund Asset Class | | | | |
| U.S. Equities | 27% | 23% | 7.6% | 4.7% |
| International Equities | 24.5% | 22% | 8.5% | 5.6% |
| Fixed Income | 27.5% | 37% | 4.4% | 1.6% |
| Inflation Sensitive Assets | 10% | 20% | 4.2% | 1.4% |
| Real Estate | 7% | 7% | 6.5% | 3.6% |
| Private Equity/Debt | 7% | 7% | 9.4% | 6.5% |
| Multi-Asset | 4% | 4% | 6.7% | 3.8% |
| Total Core Fund | 107% | 120% | 7.4% | 4.5% |
| Variable Fund Asset Class | | | | |
| U.S. Equities | 70% | 70% | 7.6% | 4.7% |
| International Equities | 30% | 30% | 8.5% | 5.6% |
| Total Variable Fund | 100% | 100% | 7.9% | 5.0% |

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE D - DETAILED NOTES ON ALL FUNDS (Continued)

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 3.57%. 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 liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability 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 (6.2%) | Current Discount Rate (7.2%) | 1% Increase to Discount Rate (8.2%) |
|--|---|------------------------------------|---|
| City's proportionate share of the net pension liability (asset) | \$ 40,707,855 | \$ 5,803,784 | \$ (21,456,917) |

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://etf.wi.gov/publications/cafr.htm>.

f. Payable to the WRS

At December 31, 2016 the City reported a payable of \$729,346 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2016.

NOTE E - OTHER POST-EMPLOYMENT BENEFITS

Plan Description - 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 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 retirees as it makes on behalf of all other active employees during the year. The retirees pay 100% of the premium amounts under the plan. For fiscal year 2016, total member contributions were \$370,602.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE E - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation - The annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and the amount actuarially determined in accordance with the parameters of GASB Statement 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 over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation.

| Component | Amount |
|--|----------------------------|
| Annual required contribution | \$ 415,816 |
| Interest on net OPEB | 48,607 |
| Adjustment to annual required contribution | <u>(60,228)</u> |
| Annual OPEB cost (expense) | 404,195 |
| Contributions made | <u>(370,602)</u> |
| Change in net OPEB obligation | 33,593 |
| OPEB obligation - January 1 | <u>972,135</u> |
| OPEB obligation - December 31 | <u><u>\$ 1,005,728</u></u> |

The annual required contribution for the current year was determined as part of the January 1, 2016 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 5% inflation rate and (b) 5% investment return.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level dollar amount of projected payroll. The remaining amortization period at December 31, 2016 is 30 years, and the remaining amount is \$3,593,900.

Trend Information - The annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, 2015 and 2016 for the plan is as follows:

| Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|------------|------------------|--|---------------------|
| 12/31/2014 | \$ 355,677 | 70.00% | \$ 581,712 |
| 12/31/2015 | 390,423 | 0.00% | 972,135 |
| 12/31/2016 | 404,195 | 91.69% | 1,005,728 |

Funded Status and Funding Progress - As of January 1, 2016, the most recent actuarial valuation date, the plan's unfunded actuarial accrued liability (UAAL) was \$3,593,900. The annual payroll for active employees covered by the plan for the 2016 fiscal year was \$38,098,760 for a ratio of the UAAL to covered payroll of 9%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE E - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as 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 of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2016 actuarial valuation, the projected unit credit method was used. The actuarial assumptions include a 5% investment rate of return and an annual healthcare cost trend rate of 3.56% for employees and 4.11% for spouses initially, reduced by decrements to an ultimate rate of 4.5% after 10 years. Both rates include a 5% 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, 2016 was 30 years.

NOTE F - OTHER INFORMATION

1. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, natural disasters, environmental pollution, injuries to employees and workers' compensation. The City is self-insured for health and dental coverage and for workers' compensation. 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.

a. Risk Management Fund

All funds of the City participate in the Risk Management Fund. For 2016, 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. There were no significant reductions in coverage compared to the prior year.

A total reserve for claims losses at December 31, 2016 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, 2016 and amounts expected to arise from claims which have been incurred but have not been reported to the City as of December 31, 2016. The reserve is based on a 2016 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, 2016, the City has a deficit net position of \$278,713 in the risk management fund for self-insured activities not covered by the reserves established. This amount is included in unrestricted net position.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE F - OTHER INFORMATION (Continued)

Changes in the claims payable follow:

| Year Ended | Beginning of Fiscal Year Liability | Current Year Claims and Changes in Estimates | Claim Payments | Balance at Fiscal Year End |
|------------|------------------------------------|--|----------------|----------------------------|
| 12/31/2015 | \$1,900,000 | \$1,468,077 | \$1,468,077 | \$1,900,000 |
| 12/31/2016 | \$1,900,000 | \$1,753,304 | \$1,753,304 | \$1,900,000 |

b. 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 2016 totaled approximately \$705,743.

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, 2016:

| | |
|----------------------------------|----------------------------|
| Reported and Known Claims | \$ 1,111,975 |
| Incurred but not Reported Claims | <u>1,825,025</u> |
| Total | <u><u>\$ 2,937,000</u></u> |

Changes in the claims payable follow:

| Year Ended | Beginning of Fiscal Year Liability | Current Year Claims and Changes in Estimates | Claim Payments | Balance at Fiscal Year End |
|------------|------------------------------------|--|----------------|----------------------------|
| 12/31/2015 | \$2,937,000 | \$7,715,334 | \$7,715,334 | \$2,937,000 |
| 12/31/2016 | \$2,937,000 | \$9,150,239 | \$9,150,239 | \$2,937,000 |

c. Transit Mutual Insurance Corporation of Wisconsin

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.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE F - OTHER INFORMATION (Continued)

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.

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 and 2016, Transit Mutual returned surplus to Valley Transit pursuant to its surplus management policy; in addition, dividends were paid to Valley Transit in 2015 and 2016.

The City's share of this corporation is 4.87% for auto liability and 3.39% of physical damage liability. A list of other members and their share of participation is available in the TMI report which can be obtained directly from the TMI's offices.

d. Municipal Mutual Insurance

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 the \$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 2016 is calculated at 3.935%. 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 \$800,000 in the aggregate.

The City's equity portion of available funds in CVMIC will be distributed only upon CVMIC's dissolution. 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.

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE F - OTHER INFORMATION (Continued)

2. 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 attempted to bring the City back into the cleanup as a responsible party. A settlement was reached and a liability was recorded in 2016.

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, 2016. 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:

| | | |
|------------------------|-----------|-------------------|
| Enterprise Funds | | |
| Water Utility | \$ | 941,873 |
| Wastewater Utility | | 1,024,022 |
| Stormwater Utility | | 769,466 |
| Parking Utility | | 65,203 |
| Capital Project Funds | | |
| Facilities | | 11,140,369 |
| TIF No. 8 | | 302,000 |
| Information Technology | | 601,384 |
| Public Works | | 254,733 |
| CEA Replacement | | 98,573 |
| Community Development | | 6,537 |
| General Fund | | 592,257 |
| | <u>\$</u> | <u>15,796,417</u> |

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, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE F - OTHER INFORMATION (Continued)

3. Bond Covenant Disclosure

The following information is provided in compliance with the resolution creating the revenue bond notes.

The City is covered under the following insurance policies at December 31, 2016:

| Name of Insurer/Type | Original Amount | Coverage (Risks Covered) | Expiration Date |
|------------------------------|-----------------|---------------------------|-----------------|
| 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 |
| Financial Security Assurance | 8,955,569 | Full and complete payment | 4/1/2028 |
| Financial Security Assurance | 6,488,568 | Full and complete payment | 4/1/2028 |
| Financial Security Assurance | 3,672,728 | Full and complete payment | 4/1/2027 |

A summary of the number of customers follows:

Number of Customers - Water

Unmetered

Commercial 32

Metered

Residential 25,410

Commercial 1,704

Industrial 75

Public Authority 94

Multi-family 322

Wholesale 3

Total 27,640

Number of Customers - Sewer

Metered

Residential 25,323

Commercial 1,589

Industrial 70

Public Authority 79

Multi-family 322

Total 27,383

Number of Equivalent Run Off Units - Stormwater

Residential 24,292

Commercial 25,713

Industrial 4,062

Public Authority 4,199

Multi-family 2,154

Total 60,420

CITY OF APPLETON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2016

NOTE F - OTHER INFORMATION (Continued)

4. Tax Incremental Districts

The City has established separate capital projects funds for 10 Tax Incremental Districts (TID) created by the City in accordance with Section 66.1105 of the Wisconsin Statutes, with 6 TID's currently active. At the time the Districts were created, the property tax base within each District was "frozen" and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the City to finance such improvements. Except for certain exceptions under Section 66.1105(6)(am)1, the Statutes allow five years prior to the termination date for a tax incremental district to incur project costs eligible for financing from tax increments. It is the intention of the City to recover all project costs and debt service payments due prior to termination of the respective districts.

5. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2016 and 2017 budget years, the increase in the maximum allowable tax levy is limited to the percentage change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2016 budget was 1.10%. The actual limit for the City for the 2017 budget was 2.12%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

6. Related Organizations

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.

7. Subsequent Events

On February 22, 2017, a settlement was reached between the City and CVS Pharmacy related to excessive assessment litigation against the City. Under the settlement, the City is required to pay a refund of property taxes, interest and fees as approved by the court. The refund is a result of the court reducing the property's assessed value for 2011-2013 from \$4,459,500 to \$1,690,000, \$1,760,000 and \$1,855,000, respectively and reducing the assessed value for 2014-2016 from \$4,459,500 to \$2,100,000. The total settlement with respect to these reduction in property assessed values was \$339,594 paid in 2017 by the City to CVS. Total chargebacks to the school district, county and technical college district for reimbursement in 2018 to the City will be approximately \$210,000.

As a result of the 2008 Walgreen Co. v. City of Madison decision, national retailers have filed over 20 excessive assessment lawsuits within the regional market area of Oshkosh to Green Bay.

8. Upcoming Accounting Pronouncements

In June 2015, the GASB issued two new standards addressing accounting and financial reporting for post-employment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. The City will, after adoption of GASB No. 75, recognize on the face of the financial statements its net OPEB liability. GASB No. 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB No. 75 is effective one year later. The City is currently evaluating the impact these standards will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF APPLETON, WISCONSIN
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2016

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|--|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 33,885,223 | \$ 33,885,223 | \$ 33,909,483 | \$ 24,260 |
| Intergovernmental | 15,263,780 | 15,303,808 | 15,268,615 | (35,193) |
| Licenses and permits | 1,038,320 | 1,038,320 | 1,145,640 | 107,320 |
| Fines and forfeitures | 340,000 | 340,000 | 264,084 | (75,916) |
| Special assessments | 439,000 | 439,000 | 337,210 | (101,790) |
| Investment income | 2,256,300 | 2,256,300 | 2,359,223 | 102,923 |
| Charges for service | 1,322,988 | 1,322,988 | 1,311,212 | (11,776) |
| Miscellaneous | 1,617,873 | 1,875,965 | 1,784,648 | (91,317) |
| Total Revenues | 56,163,484 | 56,461,604 | 56,380,115 | (81,489) |
| Expenditures | | | | |
| Current | | | | |
| General government | 7,110,624 | 8,972,057 | 6,816,633 | 2,155,424 |
| Public safety | 29,167,627 | 29,433,554 | 29,282,606 | 150,948 |
| Public works | 13,792,935 | 14,382,828 | 13,321,730 | 1,061,098 |
| Education and recreation | 7,902,524 | 8,206,910 | 8,031,974 | 174,936 |
| Community development | 1,742,806 | 1,757,007 | 1,755,615 | 1,392 |
| Total Expenditures | 59,716,516 | 62,752,356 | 59,208,558 | 3,543,798 |
| Excess of Revenues Under Expenditures | (3,553,032) | (6,290,752) | (2,828,443) | 3,462,309 |
| Other Financing Sources (Uses) | | | | |
| Sale of capital assets | 7,000 | 7,000 | 2,709 | (4,291) |
| Transfers in | 3,848,350 | 3,848,350 | 3,447,562 | (400,788) |
| Transfers out | (609,273) | (609,273) | (640,386) | (31,113) |
| Total Other Financing Sources (Uses) | 3,246,077 | 3,246,077 | 2,809,885 | (436,192) |
| Net Change in Fund Balance | (306,955) | (3,044,675) | (18,558) | 3,026,117 |
| Fund Balance - January 1 | 31,599,800 | 31,599,800 | 31,599,800 | - |
| Fund Balance - December 31 | \$ 31,292,845 | \$ 28,555,125 | \$ 31,581,242 | \$ 3,026,117 |

See Notes to Required Supplementary Information

CITY OF APPLETON, WISCONSIN
 Schedule of Funding Progress
 Other Post Employment Benefit Plan
 For the Year Ended December 31, 2016

| Actuarial Valuation Date December 31, | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) Entry Age Normal | (3) Funded Ratio (1) / (2) | (4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1) | (5) Covered Payroll | UAAL as a Percentage of Covered Payroll (4) / (5) |
|--|--|---|-------------------------------------|---|---------------------------|--|
| 2012 | \$ - | \$ 2,984,470 | 0.00% | \$ 2,984,470 | \$ 36,135,263 | 8.26% |
| 2014 | - | 3,066,423 | 0.00% | 3,066,423 | 34,712,280 | 8.83% |
| 2016 | - | 3,593,900 | 0.00% | 3,593,900 | 38,098,760 | 9.43% |

See Notes to Required Supplementary Information

CITY OF APPLETON, WISCONSIN
Schedule of Employer Contributions
Other Post Employment Benefit Plan
For the Year Ended December 31, 2016

| Year Ended December 31, | Employer Contributions | Contribution (ARC) | Percentage Contributed |
|----------------------------|---------------------------|-----------------------|---------------------------|
| 2014 | \$ 247,447 | \$ 361,337 | 68.5% |
| 2015 | - | 361,337 | 0.0% |
| 2016 | 370,602 | 415,816 | 89.1% |

See Notes to Required Supplementary Information

CITY OF APPLETON, WISCONSIN
Appleton, Wisconsin
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
Last 10 Fiscal Years

| Fiscal Year Ending | Proportion of the Net Pension Liability (Asset) | Proportionate Share of the Net Pension Liability (Asset) | Covered Payroll | Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset) |
|-----------------------|---|---|--------------------|--|--|
| 12/31/15 | 0.35168290% | \$ (8,638,294) | \$ 39,160,783 | 22.06% | 102.74% |
| 12/31/16 | 0.35716023% | 5,803,784 | 41,437,908 | 14.01% | 98.20% |

Schedule of Contributions
Wisconsin Retirement System
Last 10 Fiscal Years

| Fiscal Year Ending | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-----------------------|--|---|--|--------------------|---|
| 12/31/15 | \$ 3,598,230 | \$ 3,598,230 | \$ - | \$ 39,160,783 | 9.19% |
| 12/31/16 | 3,535,167 | 3,535,167 | - | 41,437,908 | 8.53% |

See Notes to Required Supplementary Information

CITY OF APPLETON, WISCONSIN
Notes to Required Supplementary Information
For the Year Ended December 31, 2016

NOTE A - 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 C1 of the notes to basic financial statements. The budget presentations are at the function level, whereas the legal level of control is at the total expenditures level.

NOTE B - WISCONSIN RETIREMENT SYSTEM

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

SUPPLEMENTARY INFORMATION

CITY OF APPLETON, WISCONSIN
Detailed Schedule of Budgeted and Actual Revenues and Other Financing Sources
General Fund
For the Year Ended December 31, 2016

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|-----------------------------------|--------------------|-------------------|-------------------|------------------------------------|
| Taxes | | | | |
| General City property taxes | \$ 33,477,723 | \$ 33,477,723 | \$ 33,477,718 | \$ (5) |
| Payment in lieu of taxes | 407,500 | 407,500 | 431,765 | 24,265 |
| Total Taxes | 33,885,223 | 33,885,223 | 33,909,483 | 24,260 |
| Intergovernmental | | | | |
| Federal grants | - | 1,878 | 1,878 | - |
| State shared revenues | 9,743,767 | 9,743,767 | 9,757,539 | 13,772 |
| State aid - exempt computers | 350,000 | 350,000 | 350,938 | 938 |
| Highway aid - connecting streets | 225,000 | 225,000 | 225,060 | 60 |
| State tax disparity act | 1,107,454 | 1,107,454 | 1,107,454 | - |
| State aid - local streets | 2,475,700 | 2,475,700 | 2,400,497 | (75,203) |
| State aid - fire insurance dues | 185,000 | 185,000 | 202,965 | 17,965 |
| Miscellaneous state aids | 66,100 | 93,100 | 79,312 | (13,788) |
| Miscellaneous local aids | 7,500 | 18,650 | 20,650 | 2,000 |
| Library grants and aids | 1,095,759 | 1,095,759 | 1,103,329 | 7,570 |
| Health grants | 7,500 | 7,500 | 18,993 | 11,493 |
| Total Intergovernmental | 15,263,780 | 15,303,808 | 15,268,615 | (35,193) |
| Licenses and Permits | | | | |
| Licensees | | | | |
| Amusement devices | 7,800 | 7,800 | 7,650 | (150) |
| Cigarette | 5,600 | 5,600 | 5,575 | (25) |
| Health | 129,000 | 129,000 | 138,999 | 9,999 |
| Heating | - | - | 30 | 30 |
| Liquor and malt beverages | 79,900 | 79,900 | 92,045 | 12,145 |
| Operators | 80,000 | 80,000 | 55,884 | (24,116) |
| Commercial solicitation | 4,300 | 4,300 | 4,225 | (75) |
| Taxi cab/limousine | 1,300 | 1,300 | 1,710 | 410 |
| Taxi driver | 2,000 | 2,000 | 2,950 | 950 |
| Sundry | 6,030 | 6,030 | 7,274 | 1,244 |
| Secondhand/pawnbroker | 1,000 | 1,000 | 2,384 | 1,384 |
| Special events | 20,000 | 20,000 | 24,025 | 4,025 |
| Dog | 25,000 | 25,000 | 18,530 | (6,470) |
| Cat | 10,000 | 10,000 | 6,970 | (3,030) |
| Weights and measures | 58,000 | 58,000 | 51,748 | (6,252) |
| Permits | | | | |
| Building | 290,000 | 290,000 | 369,104 | 79,104 |
| Electrical | 120,000 | 120,000 | 145,024 | 25,024 |
| Heating | 60,000 | 60,000 | 64,543 | 4,543 |
| Plumbing and sewer | 59,000 | 59,000 | 60,044 | 1,044 |
| Burning | 27,000 | 27,000 | 28,910 | 1,910 |
| Trailer parking | 9,000 | 9,000 | 10,731 | 1,731 |
| State building | 2,000 | 2,000 | 1,855 | (145) |
| Signs | 3,000 | 3,000 | 5,460 | 2,460 |
| Street occupancy | 8,400 | 8,400 | 8,710 | 310 |
| Street excavating and patching | 27,000 | 27,000 | 27,720 | 720 |
| Sundry | 2,990 | 2,990 | 3,540 | 550 |
| Total Licenses and Permits | 1,038,320 | 1,038,320 | 1,145,640 | 107,320 |

(Continued)

CITY OF APPLETON, WISCONSIN
Schedule of Budgeted and Actual Revenues and Other Financing Sources (Continued)
General Fund
For the Year Ended December 31, 2016

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|--------------------|------------------|------------------|------------------------------------|
| Fines and Forfeitures | | | | |
| Court fines and costs | 340,000 | 340,000 | 264,084 | (75,916) |
| Special Assessments | | | | |
| Asphalt paving | 92,000 | 92,000 | 77,854 | (14,146) |
| Concrete paving | 155,000 | 155,000 | 83,760 | (71,240) |
| Grade and gravel | 10,000 | 10,000 | - | (10,000) |
| Sidewalks | 7,000 | 7,000 | 11,303 | 4,303 |
| Freeway fence | - | - | 239 | 239 |
| Snow removal | 82,000 | 82,000 | 74,555 | (7,445) |
| Weed cutting | 16,000 | 16,000 | 17,745 | 1,745 |
| Street light revenue | 75,000 | 75,000 | 70,620 | (4,380) |
| Miscellaneous | 2,000 | 2,000 | 1,134 | (866) |
| Total Special Assessments | 439,000 | 439,000 | 337,210 | (101,790) |
| Investment Income | | | | |
| Investment income | 1,116,300 | 1,116,300 | 1,253,342 | 137,042 |
| Interest on advances | 1,000,000 | 1,000,000 | 1,000,000 | - |
| Interest on taxes | 100,000 | 100,000 | 85,028 | (14,972) |
| Interest - deferred special assessments | 40,000 | 40,000 | 20,853 | (19,147) |
| Total Investment Income | 2,256,300 | 2,256,300 | 2,359,223 | 102,923 |
| Charges for Services | | | | |
| Legal services | 76,400 | 76,400 | 72,683 | (3,717) |
| Mayor | 12,500 | 12,500 | 12,590 | 90 |
| Finance | 4,000 | 4,000 | 3,807 | (193) |
| Library | 79,000 | 79,000 | 56,478 | (22,522) |
| Community development | 800 | 800 | 880 | 80 |
| Parks and recreation | 557,446 | 557,446 | 594,511 | 37,065 |
| Public Works | | | | |
| Street division | 2,300 | 2,300 | 10,705 | 8,405 |
| Traffic | 56,000 | 56,000 | 34,776 | (21,224) |
| Forestry | - | - | 1,058 | 1,058 |
| Inspection department | 55,000 | 55,000 | 54,074 | (926) |
| Health department | 68,702 | 68,702 | 68,574 | (128) |
| Police department | 387,340 | 387,340 | 355,182 | (32,158) |
| Fire department | 23,500 | 23,500 | 45,894 | 22,394 |
| Total Charges for Services | 1,322,988 | 1,322,988 | 1,311,212 | (11,776) |
| Miscellaneous | | | | |
| Fees and commissions | 853,480 | 853,480 | 804,901 | (48,579) |
| Zoning and subdivision fees | 20,000 | 20,000 | 16,430 | (3,570) |
| Property inquiry fees | 71,000 | 71,000 | 79,221 | 8,221 |
| Miscellaneous revenue | 64,723 | 64,723 | 42,089 | (22,634) |
| Rental of city property | 45,493 | 45,493 | 53,436 | 7,943 |
| Donation and memorials | 11,500 | 30,395 | 33,374 | 2,979 |
| Damage to city property | 46,500 | 46,500 | 52,950 | 6,450 |
| Other reimbursements | 397,913 | 637,110 | 597,991 | (39,119) |
| Leases | 105,264 | 105,264 | 102,461 | (2,803) |
| Board of appeals | 2,000 | 2,000 | 1,795 | (205) |
| Total Miscellaneous | 1,617,873 | 1,875,965 | 1,784,648 | (91,317) |

(Continued)

CITY OF APPLETON, WISCONSIN
 Schedule of Budgeted and Actual Revenues and Other Financing Sources (Continued)
 General Fund
 For the Year Ended December 31, 2016

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|----------------------|----------------------|----------------------|------------------------------------|
| TOTAL GENERAL FUND REVENUES | 56,163,484 | 56,461,604 | 56,380,115 | (81,489) |
| Other Financing Sources | | | | |
| Sale of capital assets | 7,000 | 7,000 | 2,709 | (4,291) |
| Transfers In | 3,848,350 | 3,848,350 | 3,447,562 | (400,788) |
| Total Other Financing Sources | 3,855,350 | 3,855,350 | 3,450,271 | (405,079) |
| TOTAL GENERAL FUND REVENUES AND OTHER FINANCING SOURCES | \$ 60,018,834 | \$ 60,316,954 | \$ 59,830,386 | \$ (486,568) |

CITY OF APPLETON, WISCONSIN
Detailed Schedule of Budgeted and Actual Expenditures and Other Financing Uses
General Fund
For the Year Ended December 31, 2016

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|----------------------|----------------------|----------------------|--|
| General Government | | | | |
| Common council | \$ 147,476 | \$ 147,476 | \$ 138,528 | \$ 8,948 |
| Mayor | 346,598 | 354,403 | 354,315 | 88 |
| Legal service | 1,271,201 | 1,293,488 | 1,179,072 | 114,416 |
| Finance | 847,832 | 858,232 | 842,775 | 15,457 |
| Information technology | 1,715,948 | 1,761,587 | 1,704,413 | 57,174 |
| Human resources | 711,815 | 726,891 | 726,839 | 52 |
| Other general government | 2,069,754 | 3,829,980 | 1,870,691 | 1,959,289 |
| Total General Government | <u>7,110,624</u> | <u>8,972,057</u> | <u>6,816,633</u> | <u>2,155,424</u> |
| Public Safety | | | | |
| Health services | 1,196,929 | 1,206,223 | 1,175,670 | 30,553 |
| Police | 16,642,266 | 16,745,664 | 16,628,901 | 116,763 |
| Fire | 11,328,432 | 11,481,667 | 11,478,035 | 3,632 |
| Total Public Safety | <u>29,167,627</u> | <u>29,433,554</u> | <u>29,282,606</u> | <u>150,948</u> |
| Public Works | <u>13,792,935</u> | <u>14,382,828</u> | <u>13,321,730</u> | <u>1,061,098</u> |
| Education and Recreation | | | | |
| Library | 4,454,259 | 4,734,626 | 4,615,929 | 118,697 |
| Parks and recreation | 3,448,265 | 3,472,284 | 3,416,045 | 56,239 |
| Total Education and Recreation | <u>7,902,524</u> | <u>8,206,910</u> | <u>8,031,974</u> | <u>174,936</u> |
| Community Development | <u>1,742,806</u> | <u>1,757,007</u> | <u>1,755,615</u> | <u>1,392</u> |
| TOTAL GENERAL FUND EXPENDITURES | <u>59,716,516</u> | <u>62,752,356</u> | <u>59,208,558</u> | <u>3,543,798</u> |
| Other Financing Uses | | | | |
| Transfers Out | 609,273 | 609,273 | 640,386 | (31,113) |
| TOTAL GENERAL FUND EXPENDITURES AND OTHER FINANCING USES | <u>\$ 60,325,789</u> | <u>\$ 63,361,629</u> | <u>\$ 59,848,944</u> | <u>\$ 3,512,685</u> |

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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 Energy Grants – To account for the proceeds of the Rental Energy Rehabilitation and the corresponding program expenditures.

Sanitation and Recycling Program – To account for the proceeds received from the collection of recyclable solid waste and the corresponding program expenditures.

Tax Incremental District No. 3 – To account for receipts of District “Incremental” property taxes and other revenues legally restricted or committed to support expenditures for the TID.

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.

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

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

NONMAJOR GOVERNMENTAL FUNDS(Continued)

Special Revenue Funds (Continued)

Tuchscherer Disability – To account for monies received by the City in an employee disability settlement and the corresponding expenditures for such purposes.

Peabody Estate – To account for 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.

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 costs.

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 Project Funds

Subdivision Development Projects – To account for the receipt of special assessments levied and the disbursements of funds necessary to construct public improvements in subdivisions.

Industrial Park Land – To account for the sales and acquisition of land for the City's industrial parks.

Tax Incremental District No 6. – To account for the financing and project costs for public improvement and private development within the area of TID No. 6 as provided for in the Tax District's project Plan.

Tax Incremental District No 7. – To account for the financing and project costs for public improvement and private development within the area of TID No. 7 as provided for in the Tax District's project plan.

Tax Incremental District No 8. – To account for the financing and project costs for public improvement and private development within the area of TID No. 8 as provided for in the Tax District's project plan.

Tax Incremental District No 9. – To account for the financing and project costs for public improvement and private development within the area of TID No. 9 as provided for in the Tax District's project plan.

Tax Incremental District No 10. – To account for the financing and project costs for public improvement and private development within the area of TID No. 10 as provided for in the Tax District's project plan.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

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.

Exhibition Center – To account for financing and expenditures associated with the Exhibition Center.

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, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

| | Special Revenue Funds | Capital Projects Funds | Debt Service | Total Nonmajor Governmental Funds |
|--|-----------------------------|------------------------------|---------------------|--|
| ASSETS | | | | |
| Cash and investments | \$ 2,572,918 | \$ 9,365,574 | \$ 1,419,419 | \$ 13,357,911 |
| Receivables | | | | |
| Taxes | 3,018,966 | 3,787,340 | 3,871,561 | 10,677,867 |
| Deferred loans | 6,487,184 | - | - | 6,487,184 |
| Accounts | 410,909 | - | - | 410,909 |
| Developer loans | - | 1,600,000 | - | 1,600,000 |
| Special assessments | - | 515,712 | - | 515,712 |
| Other | 139,406 | - | 146,667 | 286,073 |
| Due from other funds | 50,251 | - | - | 50,251 |
| Due from other governments | 425,981 | - | - | 425,981 |
| Notes receivable - component unit | - | 500,000 | - | 500,000 |
| TOTAL ASSETS | \$ 13,105,615 | \$ 15,768,626 | \$ 5,437,647 | \$ 34,311,888 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 648,209 | \$ 2,119,904 | \$ - | \$ 2,768,113 |
| Other accrued liabilities | 31,395 | 1,769 | - | 33,164 |
| Deposits | - | 59,540 | - | 59,540 |
| Due to other funds | 214,420 | - | - | 214,420 |
| Advance from other funds | 8,992,427 | 5,822,114 | - | 14,814,541 |
| Total Liabilities | 9,886,451 | 8,003,327 | - | 17,889,778 |
| Deferred Inflows of Resources | | | | |
| Unearned and unavailable revenue | 9,610,817 | 6,168,340 | 4,018,228 | 19,797,385 |
| Fund Balances (Deficits) | | | | |
| Restricted for | | | | |
| Retirement of long-term debt | - | - | 1,419,419 | 1,419,419 |
| TIF development activity | - | 601,248 | - | 601,248 |
| Construction of assets | - | 656,676 | - | 656,676 |
| Housing rehabilitation | 163,897 | - | - | 163,897 |
| Special purposes | 951,259 | - | - | 951,259 |
| Committed to | | | | |
| Special purposes | 1,485,193 | - | - | 1,485,193 |
| Assigned to | | | | |
| Construction of assets | - | 6,759,081 | - | 6,759,081 |
| Unassigned | (8,992,002) | (6,420,046) | - | (15,412,048) |
| Total Fund Balances (Deficits) | (6,391,653) | 1,596,959 | 1,419,419 | (3,375,275) |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS) | \$ 13,105,615 | \$ 15,768,626 | \$ 5,437,647 | \$ 34,311,888 |

CITY OF APPLETON, WISCONSIN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

| | Special Revenue Funds | | | | | | | |
|---|--|----------------------------|--------------------------------------|---|------------------|------------------|-----------------------------------|-------------------|
| | Community Development Block Grant | Rental Energy Grants | Sanitation & Recycling Program | Tax Incremental District No. 3 | Health Grants | Police Grants | Hazardous Materials Level A | Room Tax |
| ASSETS | | | | | | | | |
| Cash and investments | \$ - | \$ 8,951 | \$ 1,342,752 | \$ 21,485 | \$ 57,514 | \$ - | \$ 368,890 | \$ 7,395 |
| Receivables | | | | | | | | |
| Taxes | - | - | 2,044,968 | 970,998 | - | - | - | - |
| Deferred loans | - | - | - | - | - | - | - | - |
| Accounts | - | - | 146,890 | - | 500 | - | - | 254,495 |
| Other | - | - | 139,406 | - | - | - | - | - |
| Due from other funds | - | - | 50,251 | - | - | - | - | - |
| Due from other governments | 78,263 | - | 8,333 | - | 20,327 | 18,131 | - | - |
| TOTAL ASSETS | \$ 78,263 | \$ 8,951 | \$ 3,732,600 | \$ 992,483 | \$ 78,341 | \$ 18,131 | \$ 368,890 | \$ 261,890 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts payable | \$ 76,892 | \$ - | \$ 172,649 | \$ - | \$ 2,312 | \$ - | \$ 1,107 | \$ 261,890 |
| Other accrued liabilities | 17 | - | 27,857 | - | - | - | 2,161 | - |
| Advance from other funds | - | - | - | 8,992,427 | - | - | - | - |
| Due to other funds | 1,354 | - | - | - | - | 18,131 | - | - |
| Total Liabilities | 78,263 | - | 200,506 | 8,992,427 | 2,312 | 18,131 | 3,268 | 261,890 |
| Deferred Inflows of Resources | | | | | | | | |
| Unearned and unavailable revenue | - | - | 2,046,901 | 970,998 | 81,468 | 10,178 | 5,400 | - |
| Fund Balances | | | | | | | | |
| Restricted for | | | | | | | | |
| Housing rehabilitation | - | 8,951 | - | - | - | - | - | - |
| Special purposes | - | - | - | - | - | - | 360,222 | - |
| Committed to | | | | | | | | |
| Special purposes | - | - | 1,485,193 | - | - | - | - | - |
| Unassigned | - | - | - | (8,970,942) | (5,439) | (10,178) | - | - |
| Total Fund Balances (Deficit) | - | 8,951 | 1,485,193 | (8,970,942) | (5,439) | (10,178) | 360,222 | - |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 78,263 | \$ 8,951 | \$ 3,732,600 | \$ 992,483 | \$ 78,341 | \$ 18,131 | \$ 368,890 | \$ 261,890 |

(Continued)

CITY OF APPLETON, WISCONSIN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

| Special Revenue Funds (Continued) | | | | | | | | |
|---|-------------------|-------------------|---------------------|------------------------------|--|-------------------|---------------------------|------------------------|
| | Wheel Tax | Continuum of Care | HOME Homeowner | Housing Rehabilitation Grant | Business and Neighborhood Revitalization Grant | Emergency Shelter | Lead Hazard Control Grant | Tuchscherer Disability |
| ASSETS | | | | | | | | |
| Cash and investments | \$ - | \$ 2,461 | \$ 111,562 | \$ 14,427 | \$ 3,222 | \$ - | \$ 43,222 | \$ 30,380 |
| Receivables | | | | | | | | |
| Taxes | - | - | - | - | 3,000 | - | - | - |
| Deferred loans | - | - | 922,265 | 5,403,894 | - | - | 161,025 | - |
| Accounts | - | - | - | 100 | - | 8,924 | - | - |
| Other | - | - | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | - | - | - | - |
| Due from other governments | 182,373 | 31,007 | - | 13,580 | - | 73,967 | - | - |
| TOTAL ASSETS | \$ 182,373 | \$ 33,468 | \$ 1,033,827 | \$ 5,432,001 | \$ 6,222 | \$ 82,891 | \$ 204,247 | \$ 30,380 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts payable | \$ - | \$ 28,468 | \$ 8,060 | \$ 26,747 | \$ - | \$ 70,084 | \$ - | \$ - |
| Other accrued liabilities | - | - | - | 1,360 | - | - | - | - |
| Advance from other funds | - | - | - | - | - | - | - | - |
| Due to other funds | 182,373 | - | - | - | - | 12,562 | - | - |
| Total Liabilities | 182,373 | 28,468 | 8,060 | 28,107 | - | 82,646 | - | - |
| Deferred Inflows of Resources | | | | | | | | |
| Unearned and unavailable revenue | - | - | 922,265 | 5,403,894 | 3,000 | 5,688 | 161,025 | - |
| Fund Balances | | | | | | | | |
| Restricted for | | | | | | | | |
| Housing rehabilitation | - | 5,000 | 103,502 | - | 3,222 | - | 43,222 | - |
| Special purposes | - | - | - | - | - | - | - | 30,380 |
| Committed to | | | | | | | | |
| Special purposes | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | (5,443) | - | - |
| Total Fund Balances (Deficit) | - | 5,000 | 103,502 | - | 3,222 | (5,443) | 43,222 | 30,380 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 182,373 | \$ 33,468 | \$ 1,033,827 | \$ 5,432,001 | \$ 6,222 | \$ 82,891 | \$ 204,247 | \$ 30,380 |

(Continued)

CITY OF APPLETON, WISCONSIN
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

| | Special Revenue Funds (Continued) | | | | | | | | Total Nonmajor Special Revenue Funds |
|---|-----------------------------------|-----------------------|-------------------|-------------------------------|----------------------|----------------------|-------------------------|-------------------------------|--|
| | Peabody Estate | Balliet Locomotive | Lutz Park | Park Purpose Open Space | Union Spring Park | Project City Park | Universal Playground | Miracle League Baseball | |
| ASSETS | | | | | | | | | |
| Cash and investments | \$ 65,457 | \$ - | \$ 136,396 | \$ 324,532 | \$ 2,529 | \$ 5,948 | \$ - | \$ 25,795 | \$ 2,572,918 |
| Receivables | | | | | | | | | |
| Taxes | - | - | - | - | - | - | - | - | 3,018,966 |
| Deferred loans | - | - | - | - | - | - | - | - | 6,487,184 |
| Accounts | - | - | - | - | - | - | - | - | 410,909 |
| Other | - | - | - | - | - | - | - | - | 139,406 |
| Due from other funds | - | - | - | - | - | - | - | - | 50,251 |
| Due from other governments | - | - | - | - | - | - | - | - | 425,981 |
| TOTAL ASSETS | \$ 65,457 | \$ - | \$ 136,396 | \$ 324,532 | \$ 2,529 | \$ 5,948 | \$ - | \$ 25,795 | \$ 13,105,615 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 648,209 |
| Other accrued liabilities | - | - | - | - | - | - | - | - | 31,395 |
| Advance from other funds | - | - | - | - | - | - | - | - | 8,992,427 |
| Due to other funds | - | - | - | - | - | - | - | - | 214,420 |
| Total Liabilities | - | - | - | - | - | - | - | - | 9,886,451 |
| Deferred Inflows of Resources | | | | | | | | | |
| Unearned and unavailable revenue | - | - | - | - | - | - | - | - | 9,610,817 |
| Fund Balances | | | | | | | | | |
| Restricted for | | | | | | | | | |
| Housing rehabilitation | - | - | - | - | - | - | - | - | 163,897 |
| Special purposes | 65,457 | - | 136,396 | 324,532 | 2,529 | 5,948 | - | 25,795 | 951,259 |
| Committed to | | | | | | | | | |
| Special purposes | - | - | - | - | - | - | - | - | 1,485,193 |
| Unassigned | - | - | - | - | - | - | - | - | (8,992,002) |
| Total Fund Balances (Deficit) | 65,457 | - | 136,396 | 324,532 | 2,529 | 5,948 | - | 25,795 | (6,391,653) |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 65,457 | \$ - | \$ 136,396 | \$ 324,532 | \$ 2,529 | \$ 5,948 | \$ - | \$ 25,795 | \$ 13,105,615 |

CITY OF APPLETON, WISCONSIN
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2016

| | Capital Project Funds | | | | | | |
|---|--|----------------------------|---|---|---|---|--|
| | 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 | Tax Incremental District No. 10 |
| ASSETS | | | | | | | |
| Cash and investments | \$ 1,539,044 | \$ 977,502 | \$ 844,398 | \$ 554,032 | \$ 303,758 | \$ 73,686 | \$ 47,216 |
| Receivables | | | | | | | |
| Taxes | 734,712 | - | 2,202,336 | 450,029 | 322,823 | 41,234 | 36,206 |
| Developer loans | - | - | - | - | 1,600,000 | - | - |
| Special assessments | 515,712 | - | - | - | - | - | - |
| Notes receivable - component unit | - | - | - | - | 500,000 | - | - |
| TOTAL ASSETS | \$ 2,789,468 | \$ 977,502 | \$ 3,046,734 | \$ 1,004,061 | \$ 2,726,581 | \$ 114,920 | \$ 83,422 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ - | \$ 4,744 | \$ 129,369 | \$ - | \$ - | \$ - | \$ - |
| Other accrued liabilities | 1,551 | - | 152 | - | 66 | - | - |
| Deposits | - | - | - | - | 59,540 | - | - |
| Advance from other funds | - | - | 4,816,220 | - | 915,902 | 89,992 | - |
| Total Liabilities | 1,551 | 4,744 | 4,945,741 | - | 975,508 | 89,992 | - |
| Deferred Inflows of Resources | | | | | | | |
| Unearned and unavailable revenue | 1,015,712 | - | 2,202,336 | 450,029 | 2,422,823 | 41,234 | 36,206 |
| Fund Balances | | | | | | | |
| Restricted for | | | | | | | |
| TIF development activity | - | - | - | 554,032 | - | - | 47,216 |
| Construction of assets | - | - | - | - | - | - | - |
| Assigned to | | | | | | | |
| Construction of assets | 1,772,205 | 972,758 | - | - | - | - | - |
| Unassigned | - | - | (4,101,343) | - | (671,750) | (16,306) | - |
| Total Fund Balances (Deficit) | 1,772,205 | 972,758 | (4,101,343) | 554,032 | (671,750) | (16,306) | 47,216 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 2,789,468 | \$ 977,502 | \$ 3,046,734 | \$ 1,004,061 | \$ 2,726,581 | \$ 114,920 | \$ 83,422 |

(Continued)

CITY OF APPLETON, WISCONSIN

Combining Balance Sheet

Nonmajor Capital Projects Funds

December 31, 2016

| | Capital Project Funds | | | | | | Total Nonmajor Capital Projects Funds |
|---|--------------------------------|------------------------------|---------------------|--------------------------|----------------------|---------------------------|---|
| | Public Safety Facilities | Public Works Equipment | CEA Replacement | Community Development | Exhibition Center | Information Technology | |
| ASSETS | | | | | | | |
| Cash and investments | \$ 22,229 | \$ 1,529,417 | \$ 2,372,866 | \$ 465,605 | \$ 87,600 | \$ 548,221 | \$ 9,365,574 |
| Receivables | | | | | | | |
| Taxes | - | - | - | - | - | - | 3,787,340 |
| Developer loans | - | - | - | - | - | - | 1,600,000 |
| Special assessments | - | - | - | - | - | - | 515,712 |
| Notes receivable - component unit | - | - | - | - | - | - | 500,000 |
| TOTAL ASSETS | \$ 22,229 | \$ 1,529,417 | \$ 2,372,866 | \$ 465,605 | \$ 87,600 | \$ 548,221 | \$ 15,768,626 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 7,605 | \$ 292,426 | \$ 73,811 | \$ - | \$ 1,597,669 | \$ 14,280 | \$ 2,119,904 |
| Other accrued liabilities | - | - | - | - | - | - | 1,769 |
| Deposits | - | - | - | - | - | - | 59,540 |
| Advance from other funds | - | - | - | - | - | - | 5,822,114 |
| Total Liabilities | 7,605 | 292,426 | 73,811 | - | 1,597,669 | 14,280 | 8,003,327 |
| Deferred Inflows of Resources | | | | | | | |
| Unearned and unavailable revenue | - | - | - | - | - | - | 6,168,340 |
| Fund Balances | | | | | | | |
| Restricted for | | | | | | | |
| TIF development activity | - | - | - | - | - | - | 601,248 |
| Construction of assets | 4,045 | - | - | - | 120,578 | 532,053 | 656,676 |
| Assigned to | | | | | | | |
| Construction of assets | 10,579 | 1,236,991 | 2,299,055 | 465,605 | - | 1,888 | 6,759,081 |
| Unassigned | - | - | - | - | (1,630,647) | - | (6,420,046) |
| Total Fund Balances (Deficit) | 14,624 | 1,236,991 | 2,299,055 | 465,605 | (1,510,069) | 533,941 | 1,596,959 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 22,229 | \$ 1,529,417 | \$ 2,372,866 | \$ 465,605 | \$ 87,600 | \$ 548,221 | \$ 15,768,626 |

CITY OF APPLETON, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

| | Special Revenue Funds | Capital Project Funds | Debt Service | Total Nonmajor Governmental Funds |
|---|-----------------------------|-----------------------------|---------------------|--|
| Revenues | | | | |
| Taxes | \$ 5,377,885 | \$ 3,207,847 | \$ 2,928,106 | \$ 11,513,838 |
| Intergovernmental | 1,496,794 | 2,715,855 | - | 4,212,649 |
| Special assessments | - | 694,751 | - | 694,751 |
| Investment income (loss) | 1,739 | 82,500 | - | 84,239 |
| Public charges for services | 1,462,954 | - | - | 1,462,954 |
| Miscellaneous | 301,131 | 2,366,547 | 94,150 | 2,761,828 |
| Total Revenues | 8,640,503 | 9,067,500 | 3,022,256 | 20,730,259 |
| Expenditures | | | | |
| Current | | | | |
| General government | 1,013,505 | 8,920 | - | 1,022,425 |
| Public safety | 489,941 | - | - | 489,941 |
| Public works | 3,301,330 | - | - | 3,301,330 |
| Education and recreation | 11,860 | - | - | 11,860 |
| Community development | 1,239,104 | 718,389 | - | 1,957,493 |
| Capital outlay | - | 14,055,579 | - | 14,055,579 |
| Debt service | | | | |
| Principal | - | - | 4,046,082 | 4,046,082 |
| Interest and fiscal charges | 499,621 | 221,609 | 1,035,886 | 1,757,116 |
| Total Expenditures | 6,555,361 | 15,004,497 | 5,081,968 | 26,641,826 |
| Excess of Revenues Over (Under) | | | | |
| Expenditures | 2,085,142 | (5,936,997) | (2,059,712) | (5,911,567) |
| Other Financing Sources (Uses) | | | | |
| Sale of city property | - | 409,177 | - | 409,177 |
| Long-term debt issued | - | 6,669,567 | - | 6,669,567 |
| Premium on debt issued | - | - | 1,527,653 | 1,527,653 |
| Transfers in | 1,435,305 | 340,498 | 1,588,134 | 3,363,937 |
| Transfers out | (1,504,336) | (1,484,579) | - | (2,988,915) |
| Total Other Financing Sources (Uses) | (69,031) | 5,934,663 | 3,115,787 | 8,981,419 |
| Net Change in Fund Balances | 2,016,111 | (2,334) | 1,056,075 | 3,069,852 |
| Fund Balances - January 1 | (8,407,764) | 1,599,293 | 363,344 | (6,445,127) |
| Fund Balances - December 31 | \$ (6,391,653) | \$ 1,596,959 | \$ 1,419,419 | \$ (3,375,275) |

CITY OF APPLETON, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016

| | Special Revenue Funds | | | | | | | |
|---|--|----------------------------|--------------------------------------|---|-------------------|--------------------|-----------------------------------|------------------|
| | Community Development Block Grant | Rental Energy Grants | Sanitation & Recycling Program | Tax Incremental District No. 3 | Health Grants | Police Grants | Hazardous Materials Level A | Room Tax |
| Revenues | | | | | | | | |
| Taxes | \$ - | \$ - | \$ 2,044,968 | \$ 959,111 | \$ - | \$ - | \$ - | \$ 1,024,403 |
| Intergovernmental | 361,442 | - | 127 | 6,305 | 165,765 | 181,780 | 138,170 | - |
| Investment income (loss) | - | - | (1,885) | (343) | - | - | 1,433 | - |
| Public charges for services | - | - | 1,431,941 | - | 24,000 | - | 1,613 | - |
| Miscellaneous | - | - | 34,894 | - | - | - | - | - |
| Total Revenues | 361,442 | - | 3,510,045 | 965,073 | 189,765 | 181,780 | 141,216 | 1,024,403 |
| Expenditures | | | | | | | | |
| Current | | | | | | | | |
| General government | - | - | - | 1,784 | - | - | - | 1,005,330 |
| Public safety | - | - | - | - | 181,482 | 179,685 | 128,774 | - |
| Public works | - | - | 3,301,330 | - | - | - | - | - |
| Education and recreation | - | - | - | - | - | - | - | - |
| Community development | 353,866 | - | - | - | - | - | - | - |
| Debt service | | | | | | | | |
| Interest and fiscal charges | - | - | - | 499,621 | - | - | - | - |
| Total Expenditures | 353,866 | - | 3,301,330 | 501,405 | 181,482 | 179,685 | 128,774 | 1,005,330 |
| Excess of Revenues Over (Under) Expenditures | 7,576 | - | 208,715 | 463,668 | 8,283 | 2,095 | 12,442 | 19,073 |
| Other Financing Sources (Uses) | | | | | | | | |
| Transfers in | - | - | - | 1,400,000 | - | - | - | - |
| Transfers out | - | (35,305) | - | (103,555) | - | - | - | (19,073) |
| Total Other Financing Sources (Uses) | - | (35,305) | - | 1,296,445 | - | - | - | (19,073) |
| Net Change in Fund Balances | 7,576 | (35,305) | 208,715 | 1,760,113 | 8,283 | 2,095 | 12,442 | - |
| Fund Balances (Deficit) - January 1 | (7,576) | 44,256 | 1,276,478 | (10,731,055) | (13,722) | (12,273) | 347,780 | - |
| Fund Balances (Deficit) - December 31 | \$ - | \$ 8,951 | \$ 1,485,193 | \$ (8,970,942) | \$ (5,439) | \$ (10,178) | \$ 360,222 | \$ - |

(Continued)

CITY OF APPLETON, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016

| | Special Revenue Funds (Continued) | | | | | | | |
|---|-----------------------------------|-------------------|-------------------|------------------------------|--|-------------------|---------------------------|------------------------|
| | Wheel Tax | Continuum of Care | HOME Homeowner | Housing Rehabilitation Grant | Business and Neighborhood Revitalization Grant | Emergency Shelter | Lead Hazard Control Grant | Tuchscherer Disability |
| Revenues | | | | | | | | |
| Taxes | \$ 1,346,403 | \$ - | \$ - | \$ - | \$ 3,000 | \$ - | \$ - | \$ - |
| Intergovernmental | - | 227,937 | - | 138,823 | 70,000 | 206,445 | - | - |
| Investment income (loss) | - | - | - | - | - | - | - | 166 |
| Public charges for services | - | - | - | - | - | - | - | - |
| Miscellaneous | - | - | 101,086 | 157,645 | - | - | 7,506 | - |
| Total Revenues | 1,346,403 | 227,937 | 101,086 | 296,468 | 73,000 | 206,445 | 7,506 | 166 |
| Expenditures | | | | | | | | |
| Current | | | | | | | | |
| General government | - | - | - | - | - | - | - | 6,391 |
| Public safety | - | - | - | - | - | - | - | - |
| Public works | - | - | - | - | - | - | - | - |
| Education and recreation | - | - | - | - | - | - | - | - |
| Community development | - | 227,937 | 79,323 | 296,468 | 71,086 | 210,424 | - | - |
| Debt service | | | | | | | | |
| Interest and fiscal charges | - | - | - | - | - | - | - | - |
| Total Expenditures | - | 227,937 | 79,323 | 296,468 | 71,086 | 210,424 | - | 6,391 |
| Excess of Revenues Over (Under) Expenditures | 1,346,403 | - | 21,763 | - | 1,914 | (3,979) | 7,506 | (6,225) |
| Other Financing Sources (Uses) | | | | | | | | |
| Transfers in | - | - | 35,305 | - | - | - | - | - |
| Transfers out | (1,346,403) | - | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | (1,346,403) | - | 35,305 | - | - | - | - | - |
| Net Change in Fund Balances | - | - | 57,068 | - | 1,914 | (3,979) | 7,506 | (6,225) |
| Fund Balances (Deficit) - January 1 | - | 5,000 | 46,434 | - | 1,308 | (1,464) | 35,716 | 36,605 |
| Fund Balances (Deficit) - December 31 | \$ - | \$ 5,000 | \$ 103,502 | \$ - | \$ 3,222 | \$ (5,443) | \$ 43,222 | \$ 30,380 |

(Continued)

CITY OF APPLETON, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016

| | Special Revenue Funds (Continued) | | | | | | | | Total Nonmajor Special Revenue Funds |
|---|-----------------------------------|-----------------------|-------------------|-------------------------------|----------------------|----------------------|-------------------------|-------------------------------|--|
| | Peabody Estate | Balliet Locomotive | Lutz Park | Park Purpose Open Space | Union Spring Park | Project City Park | Universal Playground | Miracle League Baseball | |
| Revenues | | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,377,885 |
| Intergovernmental | - | - | - | - | - | - | - | - | 1,496,794 |
| Investment income (loss) | 266 | 113 | 555 | 1,293 | 10 | 24 | 2 | 105 | 1,739 |
| Public charges for services | - | - | - | 5,400 | - | - | - | - | 1,462,954 |
| Miscellaneous | - | - | - | - | - | - | - | - | 301,131 |
| Total Revenues | 266 | 113 | 555 | 6,693 | 10 | 24 | 2 | 105 | 8,640,503 |
| Expenditures | | | | | | | | | |
| Current | | | | | | | | | |
| General government | - | - | - | - | - | - | - | - | 1,013,505 |
| Public safety | - | - | - | - | - | - | - | - | 489,941 |
| Public works | - | - | - | - | - | - | - | - | 3,301,330 |
| Education and recreation | - | 11,500 | - | - | - | - | 360 | - | 11,860 |
| Community development | - | - | - | - | - | - | - | - | 1,239,104 |
| Debt service | | | | | | | | | |
| Interest and fiscal charges | - | - | - | - | - | - | - | - | 499,621 |
| Total Expenditures | - | 11,500 | - | - | - | - | 360 | - | 6,555,361 |
| Excess of Revenues Over (Under) Expenditures | 266 | (11,387) | 555 | 6,693 | 10 | 24 | (358) | 105 | 2,085,142 |
| Other Financing Sources (Uses) | | | | | | | | | |
| Transfers in | - | - | - | - | - | - | - | - | 1,435,305 |
| Transfers out | - | - | - | - | - | - | - | - | (1,504,336) |
| Total Other Financing Sources (Uses) | - | - | - | - | - | - | - | - | (69,031) |
| Net Change in Fund Balances | 266 | (11,387) | 555 | 6,693 | 10 | 24 | (358) | 105 | 2,016,111 |
| Fund Balances (Deficit) - January 1 | 65,191 | 11,387 | 135,841 | 317,839 | 2,519 | 5,924 | 358 | 25,690 | (8,407,764) |
| Fund Balances (Deficit) - December 31 | \$ 65,457 | \$ - | \$ 136,396 | \$ 324,532 | \$ 2,529 | \$ 5,948 | \$ - | \$ 25,795 | \$ (6,391,653) |

CITY OF APPLETON, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016

| | Capital Project Funds | | | | | | |
|---|---------------------------------------|----------------------------|---|---|---|---|--|
| | Subdivision Development Project | Industrial Park Land | Tax Incremental District No. 6 | Tax Incremental District No. 7 | Tax Incremental District No. 8 | Tax Incremental District No. 9 | Tax Incremental District No. 10 |
| Revenues | | | | | | | |
| Taxes | \$ 500,000 | \$ - | \$ 2,090,076 | \$ 310,168 | \$ 262,672 | \$ 33,007 | \$ 11,924 |
| Intergovernmental | - | - | 55,758 | 46,569 | 3,527 | 70,031 | 4,967 |
| Special assessments | 694,751 | - | - | - | - | - | - |
| Investment income (loss) | 26,128 | 9,288 | (7,148) | 1,122 | 51,677 | 48 | 48 |
| Miscellaneous | 97,270 | 23,829 | 5,957 | - | - | - | - |
| Total Revenues | 1,318,149 | 33,117 | 2,144,643 | 357,859 | 317,876 | 103,086 | 16,939 |
| Expenditures | | | | | | | |
| Current | | | | | | | |
| General government | - | - | 1,784 | 1,784 | 1,784 | 1,784 | 1,784 |
| Community development | - | - | 455,474 | - | 262,915 | - | - |
| Capital outlay | 1,210,382 | 926,710 | 1,782,224 | 304,614 | 46,237 | 74,820 | - |
| Debt service | | | | | | | |
| Interest and fiscal charges | - | - | 171,314 | - | 45,795 | 4,500 | - |
| Total Expenditures | 1,210,382 | 926,710 | 2,410,796 | 306,398 | 356,731 | 81,104 | 1,784 |
| Excess of Revenues Over (Under) Expenditures | 107,767 | (893,593) | (266,153) | 51,461 | (38,855) | 21,982 | 15,155 |
| Other Financing Sources (Uses) | | | | | | | |
| Sale of city property | - | 110,592 | 298,585 | - | - | - | - |
| Long-term debt issued | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | (1,427,830) | (1,525) | (55,224) | - | - |
| Total Other Financing Sources (Uses) | - | 110,592 | (1,129,245) | (1,525) | (55,224) | - | - |
| Net Changes in Fund Balances | 107,767 | (783,001) | (1,395,398) | 49,936 | (94,079) | 21,982 | 15,155 |
| Fund Balances (Deficit) - January 1 | 1,664,438 | 1,755,759 | (2,705,945) | 504,096 | (577,671) | (38,288) | 32,061 |
| Fund Balances (Deficit) - December 31 | \$ 1,772,205 | \$ 972,758 | \$ (4,101,343) | \$ 554,032 | \$ (671,750) | \$ (16,306) | \$ 47,216 |

(Continued)

CITY OF APPLETON, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016

| | Capital Project Funds (Continued) | | | | | | Total Nonmajor Capital Projects Funds |
|---|-----------------------------------|------------------------------|---------------------|--------------------------|-----------------------|---------------------------|---|
| | Public Safety Facilities | Public Works Equipment | CEA Replacement | Community Development | Exhibition Center | Information Technology | |
| Revenues | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,207,847 |
| Intergovernmental | - | 1,381,437 | - | - | 1,153,566 | - | 2,715,855 |
| Special assessments | - | - | - | - | - | - | 694,751 |
| Investment income (loss) | (161) | (722) | 7,639 | (2,471) | - | (2,948) | 82,500 |
| Miscellaneous | - | - | 2,214,491 | 25,000 | - | - | 2,366,547 |
| Total Revenues | (161) | 1,380,715 | 2,222,130 | 22,529 | 1,153,566 | (2,948) | 9,067,500 |
| Expenditures | | | | | | | |
| Current | | | | | | | |
| General government | - | - | - | - | - | - | 8,920 |
| Community development | - | - | - | - | - | - | 718,389 |
| Capital outlay | 182,022 | 3,810,818 | 2,282,355 | 53,453 | 2,830,635 | 551,309 | 14,055,579 |
| Debt service | | | | | | | |
| Interest and fiscal charges | - | - | - | - | - | - | 221,609 |
| Total Expenditures | 182,022 | 3,810,818 | 2,282,355 | 53,453 | 2,830,635 | 551,309 | 15,004,497 |
| Excess of Revenues Over (Under) Expenditures | (182,183) | (2,430,103) | (60,225) | (30,924) | (1,677,069) | (554,257) | (5,936,997) |
| Other Financing Sources (Uses) | | | | | | | |
| Sale of city property | - | - | - | - | - | - | 409,177 |
| Long-term debt issued | 186,068 | 3,276,251 | - | 2,060,000 | 167,000 | 980,248 | 6,669,567 |
| Transfers in | - | - | 340,498 | - | - | - | 340,498 |
| Transfers out | - | - | - | - | - | - | (1,484,579) |
| Total Other Financing Sources (Uses) | 186,068 | 3,276,251 | 340,498 | 2,060,000 | 167,000 | 980,248 | 5,934,663 |
| Net Changes in Fund Balances | 3,885 | 846,148 | 280,273 | 2,029,076 | (1,510,069) | 425,991 | (2,334) |
| Fund Balances (Deficit) - January 1 | 10,739 | 390,843 | 2,018,782 | (1,563,471) | - | 107,950 | 1,599,293 |
| Fund Balances (Deficit) - December 31 | \$ 14,624 | \$ 1,236,991 | \$ 2,299,055 | \$ 465,605 | \$ (1,510,069) | \$ 533,941 | \$ 1,596,959 |

NONMAJOR 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 accounting 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, WISCONSIN
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2016

| | Parking Utility | Reid Municipal Golf Course | Total Nonmajor Enterprise Funds |
|--|---------------------|----------------------------------|--|
| ASSETS | | | |
| Current Assets | | | |
| Cash and investments | \$ 1,211,626 | \$ 203,219 | \$ 1,414,845 |
| Receivables | | | |
| Accounts | 17,730 | 1,061 | 18,791 |
| Total Current Assets | <u>1,229,356</u> | <u>204,280</u> | <u>1,433,636</u> |
| Noncurrent Assets | | | |
| Capital Assets not being depreciated | | | |
| Land | 1,583,640 | 390,763 | 1,974,403 |
| Construction work in progress | 1,652 | - | 1,652 |
| Capital assets being depreciated | | | |
| Building and land improvements | 23,410,619 | 2,394,108 | 25,804,727 |
| Equipment, furniture and vehicles | 452,098 | 81,952 | 534,050 |
| Less: Accumulated depreciation | (17,111,845) | (1,510,848) | (18,622,693) |
| Total Capital Assets, Net | <u>8,336,164</u> | <u>1,355,975</u> | <u>9,692,139</u> |
| TOTAL ASSETS | <u>9,565,520</u> | <u>1,560,255</u> | <u>11,125,775</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension related amounts | <u>216,633</u> | <u>114,880</u> | <u>331,513</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | 60,356 | 2,416 | 62,772 |
| Other accrued liabilities | 11,175 | 1,634 | 12,809 |
| Accrued interest | 4,757 | 3,416 | 8,173 |
| Compensated absences | 44,297 | 4,803 | 49,100 |
| Advance from other funds | - | 5,000 | 5,000 |
| Unearned revenue | 442,144 | 11,769 | 453,913 |
| Current portion of general obligation debt payable | 60,000 | 60,000 | 120,000 |
| Total Current Liabilities | <u>622,729</u> | <u>89,038</u> | <u>711,767</u> |
| Noncurrent Liabilities | | | |
| General obligation debt payable | 645,000 | 515,000 | 1,160,000 |
| Compensated absences | 63,205 | - | 63,205 |
| Net pension liability | 38,938 | 20,742 | 59,680 |
| Advance from other funds | - | 150,000 | 150,000 |
| Total Noncurrent Liabilities | <u>747,143</u> | <u>685,742</u> | <u>1,432,885</u> |
| TOTAL LIABILITIES | <u>1,369,872</u> | <u>774,780</u> | <u>2,144,652</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension related amounts | <u>82,702</u> | <u>44,056</u> | <u>126,758</u> |
| NET POSITION | | | |
| Net investment in capital assets | 7,622,318 | 780,975 | 8,403,293 |
| Unrestricted | <u>707,261</u> | <u>75,324</u> | <u>782,585</u> |
| TOTAL NET POSITION | <u>\$ 8,329,579</u> | <u>\$ 856,299</u> | <u>\$ 9,185,878</u> |

CITY OF APPLETON, WISCONSIN
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2016

| | Parking Utility | Reid Municipal Golf Course | Total Nonmajor Enterprise Funds |
|--|---------------------|----------------------------------|--|
| Operating Revenues | | | |
| Charges for services | \$ 1,969,708 | \$ 802,077 | \$ 2,771,785 |
| Other revenues | 408,680 | 74,300 | 482,980 |
| Total Operating Revenues | <u>2,378,388</u> | <u>876,377</u> | <u>3,254,765</u> |
| Operating Expenses | | | |
| Operating and maintenance | 1,312,261 | 710,880 | 2,023,141 |
| Depreciation and amortization | 524,503 | 67,707 | 592,210 |
| Total Operating Expenses | <u>1,836,764</u> | <u>778,587</u> | <u>2,615,351</u> |
| Operating Income | <u>541,624</u> | <u>97,790</u> | <u>639,414</u> |
| Nonoperating Revenues (Expenses) | | | |
| Investment income (loss) | 9,702 | (535) | 9,167 |
| Interest and fiscal charges | (4,757) | (13,793) | (18,550) |
| Loss on disposal of capital assets | (15,861) | - | (15,861) |
| Total Nonoperating Revenues (Expenses) | <u>(10,916)</u> | <u>(14,328)</u> | <u>(25,244)</u> |
| Income before transfers | 530,708 | 83,462 | 614,170 |
| Transfers out | <u>(1,409,300)</u> | <u>(21,100)</u> | <u>(1,430,400)</u> |
| Change in Net Position | (878,592) | 62,362 | (816,230) |
| Net Position - January 1 | <u>9,208,171</u> | <u>793,937</u> | <u>10,002,108</u> |
| Net Position - December 31 | <u>\$ 8,329,579</u> | <u>\$ 856,299</u> | <u>\$ 9,185,878</u> |

CITY OF APPLETON, WISCONSIN
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2016

| | Parking Utility | Reid Municipal Golf Course | Total Nonmajor Proprietary Funds |
|---|---------------------|----------------------------------|---|
| Cash Flows from Operating Activities | | | |
| Cash received from customers | \$ 2,739,822 | \$ 876,567 | \$ 3,616,389 |
| Cash payments to suppliers | (566,297) | (356,750) | (923,047) |
| Cash payments to employees | (684,301) | (349,458) | (1,033,759) |
| Net Cash Provided by Operating Activities | <u>1,489,224</u> | <u>170,359</u> | <u>1,659,583</u> |
| Cash Flows from Non-Capital Financing Activities | | | |
| Transfer to other funds | <u>(1,409,300)</u> | <u>(21,100)</u> | <u>(1,430,400)</u> |
| Cash Flows from Capital and Related Financing Activities | | | |
| Principal payments on long-term debt | - | (60,000) | (60,000) |
| Principal paid on advance | - | (5,000) | (5,000) |
| Debt issued | 705,000 | - | 705,000 |
| Acquisition and construction of capital assets | (665,284) | - | (665,284) |
| Proceeds from sale of capital assets | 211 | - | 211 |
| Interest payments on long-term debt | - | (13,921) | (13,921) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>39,927</u> | <u>(78,921)</u> | <u>(38,994)</u> |
| Cash Flows from Investing Activities | | | |
| Investment income received | <u>9,702</u> | <u>(535)</u> | <u>9,167</u> |
| Net Increase in Cash and Cash Equivalents | 129,553 | 69,803 | 199,356 |
| Cash and Cash Equivalents - January 1 | <u>1,082,073</u> | <u>133,416</u> | <u>1,215,489</u> |
| Cash and Cash Equivalents - December 31 | <u>\$ 1,211,626</u> | <u>\$ 203,219</u> | <u>\$ 1,414,845</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | | | |
| Operating income | \$ 541,624 | \$ 97,790 | \$ 639,414 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation expense | 524,503 | 67,707 | 592,210 |
| Changes in assets and liabilities | | | |
| Other accounts receivable | 9,293 | 1,019 | 10,312 |
| Accounts payable | 20,410 | 1,355 | 21,765 |
| Accrued liabilities | 389 | 324 | 713 |
| Unearned revenues | 352,141 | (829) | 351,312 |
| Pension related deferrals and liabilities | 22,761 | 2,942 | 25,703 |
| Compensated absences | 18,103 | 51 | 18,154 |
| Net Cash Provided by Operating Activities | <u>\$ 1,489,224</u> | <u>\$ 170,359</u> | <u>\$ 1,659,583</u> |

INTERNAL SERVICE FUNDS

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, WISCONSIN
Combining Statement of Net Position
Internal Service Funds
December 31, 2016

| | Central Equipment Agency | Risk Management | Facilities Management | Post- employment Benefits | Total Internal Service Funds |
|--|--------------------------------|---------------------|--------------------------|---------------------------------|---------------------------------------|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and investments | \$ 407,318 | \$ - | \$ 170,261 | \$ 1,464,245 | \$ 2,041,824 |
| Receivables | | | | | |
| Accounts | 677 | 1,350,270 | - | - | 1,350,947 |
| Prepaid items | - | 32,445 | - | - | 32,445 |
| Due from other governments | 17,890 | - | - | - | 17,890 |
| Inventories | 63,096 | - | - | - | 63,096 |
| Total Current Assets | 488,981 | 1,382,715 | 170,261 | 1,464,245 | 3,506,202 |
| Noncurrent Assets | | | | | |
| Investment in WMIC | - | 2,020,950 | - | - | 2,020,950 |
| Capital Assets | | | | | |
| Construction in progress | 114,364 | - | - | - | 114,364 |
| Equipment | 329,345 | - | - | - | 329,345 |
| Vehicles | 26,751,703 | - | - | - | 26,751,703 |
| Less: Accumulated depreciation | (14,858,185) | - | - | - | (14,858,185) |
| Total Noncurrent Assets | 12,337,227 | 2,020,950 | - | - | 14,358,177 |
| TOTAL ASSETS | 12,826,208 | 3,403,665 | 170,261 | 1,464,245 | 17,864,379 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Pension related amounts | 614,499 | 142,843 | 343,178 | - | 1,100,520 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | 49,117 | 934,257 | 81,901 | - | 1,065,275 |
| Other accrued liabilities | 21,611 | 4,816 | 15,114 | - | 41,541 |
| Accrued interest | 911 | - | - | - | 911 |
| Compensated absences | 90,430 | 55,433 | 57,165 | - | 203,028 |
| Claims payable | - | 1,900,000 | - | - | 1,900,000 |
| Due to other funds | - | 850,327 | - | - | 850,327 |
| Current portion of general obligation debt | 27,376 | - | - | - | 27,376 |
| Total Current Liabilities | 189,445 | 3,744,833 | 154,180 | - | 4,088,458 |
| Noncurrent Liabilities | | | | | |
| General obligation debt | 134,376 | - | - | - | 134,376 |
| Compensated absences | 27,437 | - | - | - | 27,437 |
| Other post-employment benefit liability | - | - | - | 1,005,728 | 1,005,728 |
| Net pension liability | 111,050 | 25,733 | 60,708 | - | 197,491 |
| Total Noncurrent Liabilities | 272,863 | 25,733 | 60,708 | 1,005,728 | 1,365,032 |
| TOTAL LIABILITIES | 462,308 | 3,770,566 | 214,888 | 1,005,728 | 5,453,490 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Pension related amounts | 235,866 | 54,655 | 128,941 | - | 419,462 |
| NET POSITION | | | | | |
| Net invested in capital assets | 12,175,475 | - | - | - | 12,175,475 |
| Unrestricted | 567,058 | (278,713) | 169,610 | 458,517 | 916,472 |
| TOTAL NET POSITION | \$ 12,742,533 | \$ (278,713) | \$ 169,610 | \$ 458,517 | \$ 13,091,947 |

CITY OF APPLETON, WISCONSIN
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2016

| | Central Equipment Agency | Risk Management | Facilities Management | Post- employment Benefits | Total Internal Service Funds |
|--|--------------------------------|---------------------|--------------------------|---------------------------------|---------------------------------------|
| Operating Revenues | | | | | |
| Charges for services | \$ 2,778,326 | \$ 1,366,467 | \$ 2,535,117 | \$ - | \$ 6,679,910 |
| Other revenues | 2,094 | 1,720,461 | - | - | 1,722,555 |
| Total Operating Revenues | 2,780,420 | 3,086,928 | 2,535,117 | - | 8,402,465 |
| Operating Expenses | | | | | |
| Operating and maintenance | 2,839,741 | 3,443,749 | 2,615,249 | 33,593 | 8,932,332 |
| Depreciation and amortization | 2,305,308 | - | - | - | 2,305,308 |
| Total Operating Expenses | 5,145,049 | 3,443,749 | 2,615,249 | 33,593 | 11,237,640 |
| Operating Loss | (2,364,629) | (356,821) | (80,132) | (33,593) | (2,835,175) |
| Nonoperating Revenues (Expenses) | | | | | |
| Investment income | 963 | 21 | 281 | - | 1,265 |
| Interest and fiscal charges | (3,738) | - | - | - | (3,738) |
| Gain on the sale of capital assets | 329,146 | - | - | - | 329,146 |
| Intergovernmental revenues | - | - | 1,000 | - | 1,000 |
| Other | - | - | 3,892 | - | 3,892 |
| Total Nonoperating Revenues (Expenses) | 326,371 | 21 | 5,173 | - | 331,565 |
| Loss Before Contributions and Transfers | (2,038,258) | (356,800) | (74,959) | (33,593) | (2,503,610) |
| Capital contributions | 2,222,708 | - | - | - | 2,222,708 |
| Transfers out | (328,598) | - | - | - | (328,598) |
| Change in Net Position | (144,148) | (356,800) | (74,959) | (33,593) | (609,500) |
| Net Position - January 1 | 12,886,681 | 78,087 | 244,569 | 492,110 | 13,701,447 |
| Net Position (Deficit) - December 31 | \$ 12,742,533 | \$ (278,713) | \$ 169,610 | \$ 458,517 | \$ 13,091,947 |

CITY OF APPLETON, WISCONSIN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2016

| | Central Equipment Agency | Risk Management | Facilities Management | Post- employment Benefits | Total Internal Service Funds |
|--|--------------------------------|---------------------|--------------------------|---------------------------------|---------------------------------------|
| Cash Flows from Operating Activities | | | | | |
| Cash received from customers | \$ 2,777,123 | \$ 2,048,191 | \$ 2,540,009 | \$ - | \$ 7,365,323 |
| Cash payments to suppliers for goods and services | (1,613,844) | (2,227,379) | (1,879,158) | - | (5,720,381) |
| Cash payments to employees for services | (1,162,245) | (324,979) | (658,970) | - | (2,146,194) |
| Net Cash Provided (Used) by Operating Activities | 1,034 | (504,167) | 1,881 | - | (501,252) |
| Cash Flows from Non-Capital Financing Activities | | | | | |
| Negative cash implicitly financed | - | 504,146 | - | - | 504,146 |
| Transfer out | (328,598) | - | - | - | (328,598) |
| Net Cash Provided (Used) by Non-Capital Financing Activities | (328,598) | 504,146 | - | - | 175,548 |
| Cash Flows from Capital and Related Financing Activities | | | | | |
| Proceeds from the sale of capital assets | 329,488 | - | - | - | 329,488 |
| Debt retired | (18,918) | - | - | - | (18,918) |
| Interest paid | (3,738) | - | - | - | (3,738) |
| Net Cash Provided by Capital and Related Financing Activities | 306,832 | - | - | - | 306,832 |
| Cash Flows from Investing Activities | | | | | |
| Investment income received | 963 | 21 | 281 | - | 1,265 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (19,769) | - | 2,162 | - | (17,607) |
| Cash and Cash Equivalents - January 1 | 427,087 | - | 168,099 | 1,464,245 | 2,059,431 |
| Cash and Cash Equivalents - December 31 | \$ 407,318 | \$ - | \$ 170,261 | \$ 1,464,245 | \$ 2,041,824 |
| Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Operating loss | \$ (2,364,629) | \$ (356,821) | \$ (80,132) | \$ (33,593) | \$ (2,835,175) |
| Adjustments to reconcile operating loss to net cash provided (used) by operating activities: | | | | | |
| Nonoperating income | - | - | 4,892 | - | 4,892 |
| Depreciation expense | 2,305,308 | - | - | - | 2,305,308 |
| Changes in assets and liabilities | | | | | |
| Other accounts receivable | 3,718 | (1,038,737) | - | - | (1,035,019) |
| Due from other governments | (7,015) | - | - | - | (7,015) |
| Inventories | (13,950) | - | - | - | (13,950) |
| Prepays | - | 10,815 | - | - | 10,815 |
| Accounts payable | (9,720) | 861,439 | 40,727 | - | 892,446 |
| Accrued liabilities | 3,656 | 1,047 | 1,099 | - | 5,802 |
| Accrued compensated absences | 7,562 | 2,458 | 6,432 | - | 16,452 |
| Pension related deferrals, assets and liabilities | 76,104 | 15,632 | 28,863 | - | 120,599 |
| Postemployment benefits | - | - | - | 33,593 | 33,593 |
| Net Cash Provided (Used) by Operating Activities | \$ 1,034 | \$ (504,167) | \$ 1,881 | \$ - | \$ (501,252) |
| Noncash activities | | | | | |
| Contributed capital assets | \$ 2,222,708 | \$ - | \$ - | \$ - | \$ 2,222,708 |

AGENCY FUND

Agency Fund – To account for tax collections of other taxing jurisdictions which are collected and remitted to the other entities.

CITY OF APPLETON, WISCONSIN
Statement of Changes in Assets and Liabilities
Tax Collection Agency Fund
For the Year Ended December 31, 2016

| | Balance 1/1/2016 | Additions | Deletions | Balance 12/31/2016 |
|---------------------------|----------------------|----------------------|----------------------|-----------------------|
| ASSETS | | | | |
| Cash and investments | \$ 53,966,225 | \$ 57,764,133 | \$ 53,966,225 | \$ 57,764,133 |
| Property taxes receivable | 18,758,353 | 14,047,344 | 18,758,353 | 14,047,344 |
| Total Assets | \$ 72,724,578 | \$ 71,811,477 | \$ 72,724,578 | \$ 71,811,477 |
| LIABILITIES | | | | |
| Accounts payable | \$ 69,541 | \$ 77,423 | \$ 69,541 | \$ 77,423 |
| Due to other governments | 70,655,037 | 71,734,054 | 70,655,037 | 71,734,054 |
| Total Liabilities | \$ 70,724,578 | \$ 71,811,477 | \$ 70,724,578 | \$ 71,811,477 |

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

| | <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> | <u>2016</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 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 | \$ 337,111,131 |
| Restricted | 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 | 10,875,022 |
| Unrestricted | <u>13,282,781</u> | <u>13,815,530</u> | <u>20,215,128</u> | <u>15,672,956</u> | <u>23,726,812</u> | <u>29,431,129</u> | <u>29,867,808</u> | <u>30,042,223</u> | <u>37,652,618</u> | <u>26,628,614</u> |
| Total Governmental Activities Net Position | 276,268,295 | 296,255,830 | 319,082,446 | 323,729,487 | 336,653,953 | 345,690,695 | 348,441,188 | 351,365,015 | 371,669,582 | 374,614,767 |
| Business-type Activities | | | | | | | | | | |
| Net Investment in Capital Assets | 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 | 213,741,324 |
| Restricted | 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 | 9,183,575 |
| Unrestricted | <u>21,546,219</u> | <u>23,317,930</u> | <u>19,762,345</u> | <u>28,025,987</u> | <u>33,541,714</u> | <u>39,547,284</u> | <u>43,996,538</u> | <u>35,428,417</u> | <u>45,777,259</u> | <u>40,669,152</u> |
| Total Business-type Activities Net Position | 206,184,826 | 213,108,616 | 215,807,389 | 220,715,318 | 228,276,998 | 235,453,755 | 239,497,097 | 247,758,367 | 257,242,673 | 263,594,051 |
| Primary Government | | | | | | | | | | |
| Net Investment in Capital Assets | 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 | 550,852,455 |
| Restricted | 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 | 20,058,597 |
| Unrestricted | <u>37,109,995</u> | <u>39,711,802</u> | <u>42,266,904</u> | <u>45,683,542</u> | <u>58,936,349</u> | <u>70,316,605</u> | <u>74,858,908</u> | <u>66,107,573</u> | <u>83,690,726</u> | <u>67,297,766</u> |
| Total Primary Government Net Position | <u>\$ 482,453,121</u> | <u>\$ 509,364,446</u> | <u>\$ 534,889,835</u> | <u>\$ 544,444,805</u> | <u>\$ 564,930,951</u> | <u>\$ 581,144,450</u> | <u>\$ 587,938,285</u> | <u>\$ 599,123,382</u> | <u>\$ 628,912,255</u> | <u>\$ 638,208,818</u> |

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

| | <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> | <u>2016</u> |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 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 | \$ 8,555,458 |
| Public Safety | 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 | 32,408,683 |
| Public Works | 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 | 16,603,103 |
| Education & Recreation | 8,977,181 | 9,558,936 | 9,505,050 | 9,215,036 | 7,337,247 | 7,327,066 | 7,936,225 | 8,284,600 | 8,367,690 | 9,045,104 |
| Community Development | 1,982,044 | 1,893,734 | 2,362,625 | 3,647,803 | 3,525,353 | 2,272,772 | 2,743,633 | 3,569,399 | 4,126,206 | 7,183,902 |
| Interest | 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 | 861,000 |
| Total Governmental Activities | <u>63,850,937</u> | <u>68,213,145</u> | <u>66,934,554</u> | <u>74,035,469</u> | <u>70,703,617</u> | <u>67,552,695</u> | <u>75,551,769</u> | <u>75,268,140</u> | <u>72,489,077</u> | <u>74,657,250</u> |
| Business-type Activities | | | | | | | | | | |
| Water | 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 | 16,270,281 |
| Wastewater | 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 | 10,387,814 |
| Valley Transit | 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 | 9,220,991 |
| Stormwater | 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 | 7,771,485 |
| Other non-major enterprise funds | 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 | 2,656,613 |
| Total Business-type Activities | <u>40,290,044</u> | <u>41,437,835</u> | <u>41,036,691</u> | <u>42,351,866</u> | <u>42,007,240</u> | <u>42,059,220</u> | <u>44,373,077</u> | <u>44,276,627</u> | <u>45,676,556</u> | <u>46,307,184</u> |
| Total - Primary Government | <u>\$ 104,140,981</u> | <u>\$ 109,650,980</u> | <u>\$ 107,971,245</u> | <u>\$ 116,387,335</u> | <u>\$ 112,710,857</u> | <u>\$ 109,611,915</u> | <u>\$ 119,924,846</u> | <u>\$ 119,544,767</u> | <u>\$ 118,165,633</u> | <u>\$ 120,964,434</u> |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Service | \$ 4,192,537 | \$ 4,256,826 | \$ 5,736,414 | \$ 5,229,374 | \$ 5,561,599 | \$ 5,569,974 | \$ 6,483,565 | \$ 11,465,846 | \$ 8,178,939 | \$ 10,707,541 |
| Operating Grants & Contributions | 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 | 5,544,498 |
| Capital Grants & Contributions | 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 | 756,451 |
| Total Governmental Activities | <u>12,850,066</u> | <u>24,453,215</u> | <u>27,223,684</u> | <u>18,328,657</u> | <u>22,257,117</u> | <u>16,921,888</u> | <u>20,756,946</u> | <u>18,778,039</u> | <u>16,670,515</u> | <u>17,008,490</u> |
| Business-type Activities | | | | | | | | | | |
| Charges for Service | | | | | | | | | | |
| Water | 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 | 21,523,370 |
| Wastewater | 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 | 11,613,454 |
| Valley Transit | 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 | 1,612,259 |
| Stormwater | 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 | 9,608,937 |
| Other non-major enterprise funds | 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 | 3,254,263 |
| Operating Grants & Contributions | 5,006,545 | 5,526,780 | 5,499,174 | 5,856,887 | 5,911,742 | 5,815,980 | 6,204,695 | 6,645,898 | 6,423,200 | 6,443,052 |
| Capital Grants & Contributions | 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 | 1,063,521 |
| Total Business-type Activities | <u>45,094,967</u> | <u>46,136,577</u> | <u>45,438,945</u> | <u>47,016,475</u> | <u>49,847,298</u> | <u>50,739,539</u> | <u>50,833,377</u> | <u>53,848,553</u> | <u>54,296,975</u> | <u>55,118,856</u> |
| Total - Primary Government | <u>\$ 57,945,033</u> | <u>\$ 70,589,792</u> | <u>\$ 72,662,629</u> | <u>\$ 65,345,132</u> | <u>\$ 72,104,415</u> | <u>\$ 67,661,427</u> | <u>\$ 71,590,323</u> | <u>\$ 72,626,592</u> | <u>\$ 70,967,490</u> | <u>\$ 72,127,346</u> |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | (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) | (57,648,760) |
| Business-Type Activities | 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 | 8,811,672 |
| Total Primary Government Net Position | <u>\$ (46,195,948)</u> | <u>\$ (39,061,188)</u> | <u>\$ (35,308,616)</u> | <u>\$ (51,042,203)</u> | <u>\$ (40,606,442)</u> | <u>\$ (41,950,488)</u> | <u>\$ (48,334,523)</u> | <u>\$ (46,918,175)</u> | <u>\$ (47,198,143)</u> | <u>\$ (48,837,088)</u> |

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

| | <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> | <u>2016</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Revenues & Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property Taxes | 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 | 42,580,102 |
| Other Taxes | 989,071 | 869,514 | 743,076 | 862,279 | 840,215 | 801,134 | 838,567 | 879,474 | 2,221,892 | 2,843,219 |
| Intergovernmental revenues not restricted to specific programs | 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 | 11,403,088 |
| Investment income | 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 | 687,460 |
| Gain(Loss) on the sale of assets | 432,440 | 275,699 | 298,632 | 208,401 | 297,709 | 358,693 | 128,766 | 163,000 | 581,314 | 87,399 |
| Miscellaneous | 51,861 | 130,482 | 116,175 | 190,944 | 92,842 | 94,767 | 93,731 | 93,078 | 109,739 | 139,077 |
| Transfers | 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 | 2,853,600 |
| Total general revenues and transfers | <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> | <u>60,593,945</u> |
| Business-type Activities | | | | | | | | | | |
| Investment income | 3,098,764 | 3,726,367 | 475,003 | 2,412,385 | 2,310,471 | 977,420 | (350,702) | 1,211,173 | 487,109 | 374,788 |
| Gain on the sale of assets | 338,957 | 1,251 | 255 | - | - | 4,100 | (3,362) | - | 16,203 | - |
| Miscellaneous | 159,557 | 6,219 | 49 | 6,555 | 16,827 | 5,169 | 16,833 | 12,260 | 18,906 | 18,518 |
| Transfers | (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) | (2,853,600) |
| Total Business-type Activities | <u>2,689,854</u> | <u>2,225,048</u> | <u>(1,703,481)</u> | <u>243,320</u> | <u>(278,378)</u> | <u>(1,503,562)</u> | <u>(2,416,958)</u> | <u>(1,310,656)</u> | <u>(2,239,429)</u> | <u>(2,460,294)</u> |
| Total Primary Government | <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> | <u>\$ 58,133,651</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities: | <u>\$ 12,222,472</u> | <u>\$ 19,987,535</u> | <u>\$ 21,417,919</u> | <u>\$ 4,647,041</u> | <u>\$ 12,924,466</u> | <u>\$ 9,036,742</u> | <u>\$ 2,750,493</u> | <u>\$ 2,923,827</u> | <u>\$ 5,918,993</u> | <u>\$ 2,945,185</u> |
| Business-type Activities | <u>7,494,777</u> | <u>6,923,790</u> | <u>2,698,773</u> | <u>4,907,929</u> | <u>7,561,680</u> | <u>7,176,757</u> | <u>4,043,342</u> | <u>8,261,270</u> | <u>6,380,990</u> | <u>6,351,378</u> |
| Total Primary Government | <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> | <u>\$ 9,296,563</u> |

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

| Function/Program | <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> | <u>2016</u> |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 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 | \$ 2,976,458 |
| Public Safety | 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 | 1,909,582 |
| Public Works | 6,787,697 | 18,966,301 | 20,838,101 | 10,788,629 | 14,847,671 | 9,916,370 | 11,115,128 | 7,454,868 | 10,321,293 | 7,411,155 |
| Education & Recreation | 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 | 2,218,534 |
| Community Development | 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 | 2,492,761 |
| Total Governmental Activities | <u>12,850,066</u> | <u>24,453,215</u> | <u>27,223,684</u> | <u>18,328,657</u> | <u>22,257,117</u> | <u>16,921,888</u> | <u>20,756,946</u> | <u>18,778,039</u> | <u>16,670,515</u> | <u>17,008,490</u> |
| Business-type Activities | | | | | | | | | | |
| Water | 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 | 21,879,177 |
| Wastewater | 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 | 11,905,485 |
| Valley Transit | 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 | 8,054,604 |
| Stormwater | 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 | 10,024,620 |
| Other non-major enterprise funds | 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 | 3,254,970 |
| Total Business-type Activities | <u>45,094,967</u> | <u>46,136,577</u> | <u>45,438,945</u> | <u>47,016,474</u> | <u>49,847,298</u> | <u>50,739,539</u> | <u>50,833,377</u> | <u>53,848,553</u> | <u>54,296,975</u> | <u>55,118,856</u> |
| Total - Primary Government | <u>\$ 57,945,033</u> | <u>\$ 70,589,792</u> | <u>\$ 72,662,629</u> | <u>\$ 65,345,131</u> | <u>\$ 72,104,415</u> | <u>\$ 67,661,427</u> | <u>\$ 71,590,323</u> | <u>\$ 72,626,592</u> | <u>\$ 70,967,490</u> | <u>\$ 72,127,346</u> |

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

| | 2007 | 2008 | 2009 | 2010 | 2011 ⁽¹⁾ | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | | | | | | |
| Reserved for: | | | | | | | | | | |
| Inventories | \$ 512,923 | \$ 575,485 | \$ 684,658 | \$ 890,237 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Prepaid items | 4,475 | 1,856 | 7,155 | 34,111 | - | - | - | - | - | - |
| Noncurrent receivables/advances | 11,545,439 | 10,040,207 | 8,935,430 | 10,479,175 | - | - | - | - | - | - |
| Encumbrances | 2,612,921 | 1,997,140 | 2,257,554 | 2,031,468 | - | - | - | - | - | - |
| Unreserved | 20,276,004 | 20,782,786 | 19,321,315 | 19,362,624 | - | - | - | - | - | - |
| Nonspendable | - | - | - | - | 12,268,106 | 12,568,872 | 11,255,209 | 9,384,163 | 8,342,254 | 9,084,808 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Committed | - | - | - | - | 107,259 | - | - | - | - | - |
| Assigned | - | - | - | - | 10,027,784 | 9,921,339 | 10,983,149 | 10,792,122 | 11,828,526 | 12,122,030 |
| Unassigned (Deficit) | - | - | - | - | 12,578,076 | 14,328,372 | 11,261,464 | 11,272,648 | 11,429,020 | 10,374,404 |
| Total General Fund | \$ 34,951,762 | \$ 33,397,474 | \$ 31,206,112 | \$ 32,797,615 | \$ 34,981,225 | \$ 36,818,583 | \$ 33,499,822 | \$ 31,448,933 | \$ 31,599,800 | \$ 31,581,242 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved for: | | | | | | | | | | |
| Prepaid items | \$ 16,588 | \$ 539,196 | \$ 52,860 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Debt service | 808,953 | 584,586 | 391,516 | 184,868 | - | - | - | - | - | - |
| Encumbrances | 4,801,361 | 4,721,695 | 3,187,167 | 2,195,894 | - | - | - | - | - | - |
| Trust purposes | 32,093 | 33,746 | 34,043 | 33,652 | - | - | - | - | - | - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | (7,623,548) | (3,480,930) | 1,248,662 | (10,485,197) | - | - | - | - | - | - |
| Capital projects funds | 6,872,235 | 9,420,766 | 5,136,208 | 6,552,711 | - | - | - | - | - | - |
| Nonspendable | - | - | - | - | 33,655 | 34,221 | 34,755 | - | - | - |
| Restricted | - | - | - | - | 1,868,147 | 3,165,793 | 2,282,659 | 3,495,290 | 3,478,831 | 11,424,576 |
| Committed | - | - | - | - | 928,906 | 980,818 | 1,087,732 | 1,026,519 | 1,276,478 | 1,485,193 |
| Assigned | - | - | - | - | 6,342,088 | 10,497,302 | 6,337,120 | 5,916,918 | 5,652,454 | 6,769,421 |
| Unassigned (Deficit) | - | - | - | - | (14,674,790) | (15,940,164) | (16,932,262) | (15,800,019) | (16,001,465) | (15,412,048) |
| Total All Other Governmental Funds | 4,907,682 | 11,819,059 | 10,050,456 | (1,518,072) | (5,501,994) | (1,262,030) | (7,189,996) | (5,361,292) | (5,593,702) | 4,267,142 |
| Total Governmental Funds | \$ 39,859,444 | \$ 45,216,533 | \$ 41,256,568 | \$ 31,279,543 | \$ 29,479,231 | \$ 35,556,553 | \$ 26,309,826 | \$ 26,087,641 | \$ 26,006,098 | \$ 35,848,384 |

Notes:

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

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| REVENUES | | | | | | | | | | |
| Taxes | \$ 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 | \$ 45,423,321 |
| Intergovernmental | 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 | 19,481,564 |
| Licenses and permits | 858,761 | 809,009 | 823,787 | 990,827 | 895,927 | 1,018,228 | 1,086,494 | 1,035,280 | 1,147,980 | 1,145,640 |
| Fines and forfeitures | 315,809 | 346,338 | 342,923 | 356,971 | 359,662 | 384,340 | 334,540 | 310,674 | 273,814 | 264,084 |
| Special assessments | 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 | 1,031,961 |
| Investment income | 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 | 2,388,774 |
| Charges for services | 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 | 2,774,166 |
| Other | 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 | 4,546,476 |
| Total Revenues | 73,746,515 | 77,365,848 | 74,596,830 | 73,507,998 | 73,417,926 | 71,827,366 | 73,040,562 | 70,810,870 | 74,575,417 | 77,055,986 |
| EXPENDITURES | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 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 | 7,839,058 |
| Public safety | 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 | 29,772,547 |
| Public works | 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 | 16,623,060 |
| Education and recreation | 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 | 8,043,834 |
| Community development | 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 | 3,713,108 |
| Capital Outlay | 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 | 19,460,632 |
| Debt Service: | | | | | | | | | | |
| Principal retirement | 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 | 4,046,082 |
| Interest and fiscal charges | 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 | 1,757,116 |
| Total Expenditures | 75,809,059 | 85,136,564 | 86,875,045 | 85,967,137 | 78,660,069 | 77,525,627 | 85,232,486 | 80,310,100 | 83,751,496 | 91,255,437 |
| Excess (deficiency) of revenues over (under) expenditures | (2,062,544) | (7,770,716) | (12,278,215) | (12,459,139) | (5,242,143) | (5,698,261) | (12,191,924) | (9,499,230) | (9,176,079) | (14,199,451) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Debt issued | 5,165,000 | 11,195,000 | 5,735,000 | - | - | 8,380,000 | - | 6,375,000 | 5,775,000 | 18,920,000 |
| Premium on debt issued | 21,395 | 19,785 | 57,086 | - | - | 267,514 | - | 46,266 | 222,457 | 1,527,653 |
| Refunding debt issued | - | (126,196) | - | - | - | - | - | - | - | - |
| Payments to escrow agents | - | - | - | - | - | - | - | - | - | - |
| Promissory note issued | - | - | - | - | 500,000 | 300,000 | - | - | - | - |
| Sale of City properties | 214,675 | 362,631 | 93,404 | 34,854 | 11,962 | 102,799 | 10,714 | 7,702 | 21,139 | 411,886 |
| Transfers in | 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 | 6,811,499 |
| Transfers out | (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) | (3,629,301) |
| Total Other Financing Sources (Uses) | 6,740,023 | 13,127,805 | 8,318,250 | 2,482,114 | 3,441,831 | 11,775,583 | 2,945,197 | 9,277,045 | 9,094,536 | 24,041,737 |
| Net Change in Fund Balances | 4,677,479 | 5,357,089 | (3,959,965) | (9,977,025) | (1,800,312) | 6,077,322 | (9,246,727) | (222,185) | (81,543) | 9,842,286 |
| FUND BALANCES - BEGINNING | 35,181,965 | 39,859,444 | 45,216,533 | 41,256,568 | 31,279,543 | 29,479,231 | 35,556,553 | 26,309,826 | 26,087,641 | 26,006,098 |
| FUND BALANCES - ENDING | \$ 39,859,444 | \$ 45,216,533 | \$ 41,256,568 | \$ 31,279,543 | \$ 29,479,231 | \$ 35,556,553 | \$ 26,309,826 | \$ 26,087,641 | \$ 26,006,098 | \$ 35,848,384 |
| Debt service as a percent of non-capital expenditures | 18.6% | 15.0% | 19.2% | 17.5% | 17.8% | 18.9% | 12.2% | 10.5% | 9.9% | 9.2% |

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

| <u>Levy Year</u> | <u>Fiscal Year</u> | <u>Residential Property</u> | <u>Commercial Property</u> | <u>Industrial Property</u> | <u>Agricultural Property</u> | <u>Personal Property</u> | <u>Total Taxable Assessed Value^A</u> | <u>Total Direct Tax Rate^B</u> | <u>Estimated Actual Taxable Value^C</u> | <u>Assessed as Percent of Estimated Actual Value^D</u> |
|------------------|--------------------|-----------------------------|----------------------------|----------------------------|------------------------------|--------------------------|---|--|---|--|
| 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% |
| 2016 | 2017 | 3,392,464,300 | 1,226,865,500 | 144,629,500 | 1,452,200 | 126,431,000 | 4,891,842,500 | 8.6205 | 4,938,725,300 | 99.05% |

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 |
|-----------|-----------------|------------|-------------------|---|--------------------------|---------|------------------|--------------------|----------------|-------------------|--------------|
| 2007 | 2008 | \$ 7.13 | \$ 0.80 | \$ 7.93 | \$ 7.96 | \$ 1.69 | \$ 4.33 | \$ 0.17 | \$ 25.97 | \$ 1.28 | \$ 20.79 * |
| 2008 | 2009 | 7.20 | 0.76 | 7.96 | 8.13 | 1.71 | 4.37 | 0.17 | 26.55 | 1.36 | 20.98 |
| 2009 | 2010 | 7.18 | 0.77 | 7.95 | 8.50 | 1.73 | 4.41 | 0.17 | 26.54 | 1.30 | 21.46 |
| 2010 | 2011 | 7.21 | 0.84 | 8.05 | 9.29 | 1.82 | 4.53 | 0.17 | 24.14 | 1.31 | 22.55 |
| 2011 | 2012 | 7.48 | 0.67 | 8.15 | 9.21 | 1.80 | 4.58 | 0.17 | 23.90 | 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 * |
| 2016 | 2017 | 7.80 | 0.82 | 8.62 | 9.15 | 1.13 | 4.71 | 0.17 | 23.78 | 1.61 | 22.16 * |

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 |
|-----------|-----------------|------------|-------------------|---|-------------------------|---------|------------------|--------------------|----------------|-------------------|--------------|
| 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 * |
| 2016 | 2017 | 7.80 | 0.82 | 8.62 | 11.38 | 1.13 | 4.71 | 0.17 | 26.01 | 1.61 | 24.39 * |

* 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 |
|-----------|-----------------|------------|-------------------|---|-------------------------|---------|------------------|--------------------|----------------|-------------------|--------------|
| 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 * |
| 2016 | 2017 | 7.80 | 0.82 | 8.62 | 8.53 | 1.13 | 4.71 | 0.17 | 23.16 | 1.61 | 21.55 |

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⁾ | Hortonville School District | FVTC | Outagamie County | State of Wisconsin | Gross Tax Rate | State Tax Credits | Net Tax Rate |
|-----------|-----------------|------------|-------------------|---|-----------------------------|------|------------------|--------------------|----------------|-------------------|--------------|
| 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 * |
| 2016 | 2017 | 7.80 | 0.82 | 8.62 | 9.29 | 1.13 | 4.71 | 0.17 | 23.92 | 1.61 | 22.31 |

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

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

**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 |
|-----------|-----------------|------------|-------------------|---|--------------------------|---------|----------------|--------------------|----------------|-------------------|--------------|
| 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 * |
| 2016 | 2017 | 7.83 | 0.82 | 8.65 | 9.18 | 1.13 | 4.64 | 0.17 | 23.77 | 1.43 | 22.35 * |

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 |
|-----------|-----------------|------------|-------------------|---|--------------------------|---------|----------------|--------------------|----------------|-------------------|--------------|
| 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 * |
| 2016 | 2017 | 7.83 | 0.82 | 8.65 | 9.62 | 1.13 | 4.64 | 0.17 | 24.21 | 1.43 | 22.79 * |

* 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 |
|-----------|-----------------|------------|-------------------|---|--------------------------|---------|------------------|--------------------|----------------|-------------------|--------------|
| 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 |
| 2016 | 2017 | 7.66 | 0.82 | 8.48 | 9.00 | 1.11 | 5.20 | 0.17 | 23.96 | 1.54 | 22.42 |

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 |
|-----------|-----------------|------------|-------------------|---|-------------------------|---------|------------------|--------------------|----------------|-------------------|--------------|
| 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 * |
| 2016 | 2017 | 7.66 | 0.82 | 8.48 | 11.19 | 1.11 | 5.20 | 0.17 | 26.15 | 1.54 | 24.61 |

* 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 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**

| <u>Name</u> | <u>Nature of Business</u> | <u>2016</u> | | | <u>2007</u> | | |
|--|--------------------------------------|-----------------------------|-----------------------------|-------------|-----------------------------|-----------------------------|-------------|
| | | <u>Taxable</u> | <u>Percent</u> | <u>Rank</u> | <u>Taxable</u> | <u>Percent</u> | <u>Rank</u> |
| | | <u>Assessed</u> | <u>of Total</u> | | <u>Assessed</u> | <u>of Total</u> | |
| | | <u>Value ^(A)</u> | <u>Value ^(B)</u> | | <u>Value ^(A)</u> | <u>Value ^(B)</u> | |
| Pfefferle/Hoffman/Evans et al Ptshps | Real Estate Development | \$ 49,481,700 | 1.01% | 1 | \$ 28,643,400 | 0.63% | 2 |
| Plank Inv/Eisenhower /Kensington Prop | Real Estate Development | 47,500,600 | 0.97% | 2 | | | |
| Thomas Wright et al | Rental Properties | 43,349,800 | 0.89% | 3 | 25,473,900 | 0.56% | 3 |
| Winters Properties et al | Real Estate Development | 41,277,000 | 0.84% | 4 | 38,267,300 | 0.85% | 1 |
| North Appleton Ambulatory Care Ctr | Medical Clinic | 30,514,800 | 0.62% | 5 | | | |
| Thedacare | Hospital | 29,763,700 | 0.61% | 6 | | | |
| Parkside Luxury Apartments LP/Vandeyacht | Rental Properties | 23,950,000 | 0.49% | 7 | | | |
| LHPT Appleton | Hospital | 22,764,600 | 0.47% | 8 | | | |
| Appvion, Inc. (Appleton Papers) | NCR Paper Products | 18,519,200 | 0.38% | 9 | 24,135,500 | 0.53% | 4 |
| Secura | Insurance | 17,261,100 | 0.35% | 10 | | | |
| Appleton Holdings (Paper Valley Hotel) | Hotel | | | | 21,731,000 | 0.48% | 5 |
| Thrivent/North Meadows | Insurance ^(C) | | | | 19,143,200 | 0.42% | 6 |
| Eisenhower Properties | Real Estate Development | | | | 17,358,200 | 0.38% | 7 |
| Livesey | Real Estate Development | | | | 16,288,500 | 0.36% | 8 |
| Voith Inc./Voith Fabrics | Industrial Machines/Papermaker Felts | | | | 16,073,700 | 0.36% | 9 |
| PRDC Corp. | Real Estate Development | | | | 15,032,700 | 0.33% | 10 |
| | | <u>\$ 324,382,500</u> | <u>6.63%</u> | | <u>\$ 222,147,400</u> | <u>4.91%</u> | |
| | TOTAL | | | | | | |

(A) Per City Assessor's records.

(B) Based on the city's total January 1, 2016 and 2007 assessed valuation of \$4,891,842,500 and \$4,525,757,800, 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 August 1 | Percent of Levy Collected | Total Tax Collections as of December 31 | Total Collections as Percent of Current Levy | Outstanding Delinquent Taxes ^(A) | Outstanding Delinquent Taxes as Percent of Current Levy |
|------------------------|-----------------------|--|----------------------------------|--|---|--|--|
| 2007 | \$ 31,260,387 | \$ 30,601,198 | 97.89 % | \$ 31,260,370 | 100.00 % | \$ 17 | 0.00 % |
| 2008 | 32,807,841 | 32,085,754 | 97.80 | 32,786,569 | 99.94 | 21,272 | 0.06 |
| 2009 | 34,150,080 | 33,354,943 | 97.67 | 34,125,979 | 99.93 | 24,101 | 0.07 |
| 2010 | 36,354,678 | 35,694,813 | 98.18 | 36,331,377 | 99.94 | 23,301 | 0.06 |
| 2011 | 37,004,526 | 36,382,944 | 98.32 | 36,984,655 | 99.95 | 19,871 | 0.05 |
| 2012 | 37,611,289 | 37,047,927 | 98.50 | 37,581,982 | 99.92 | 29,307 | 0.08 |
| 2013 | 37,260,671 | 36,807,857 | 98.78 | 37,233,502 | 99.93 | 27,169 | 0.07 |
| 2014 | 37,998,938 | 37,566,534 | 98.86 | 37,977,139 | 99.94 | 21,799 | 0.06 |
| 2015 | 38,418,146 | 38,049,056 | 99.04 | 38,393,867 | 99.94 | 24,279 | 0.06 |
| 2016 | 38,953,797 | 38,588,046 | 99.06 | 38,932,668 | 99.95 | 21,129 | 0.05 |

^(A) The amount of outstanding taxes represents uncollected personal property taxes at the end of the year. The portion of the delinquent taxes attributable to overlapping jurisdictions is charged back to those jurisdictions in the subsequent year. Beginning in 2012, the City can only charge back the uncollected taxes for businesses that ceased operations during the year.

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

| | <u>City Direct Rate</u> | <u>Outagamie County Direct Rate</u> | <u>Calumet County Direct Rate</u> | <u>Winnebago County Direct Rate</u> | <u>Wisconsin</u> |
|------|---------------------------------|---|---|---|------------------|
| 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 |
| 2016 | 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 | | | |
| 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 | 5.94% | 2,163 |
| 2016 | 45,770,000 | 1,280,000 | - | 61,470,000 | 13,785,000 | 45,285,000 | 167,590,000 | N/A | 2,256 |

* N/A = Not Available.

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

| Fiscal Year | General Obligation Bonds ⁽¹⁾ | Less Assets Restricted for Debt Service | Total Net Debt | Percentage of Actual Taxable Value of Property ⁽²⁾ | Per Capita ⁽³⁾ |
|----------------|---|---|----------------------|--|------------------------------|
| 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 |
| 2016 | 47,050,000 | (1,419,419) | 45,630,581 | 0.92 | 614 |

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

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

| Jurisdiction | Net Debt Outstanding | Percentage Applicable to City of Appleton | Amount Applicable to City of Appleton |
|--|-------------------------|---|---|
| City of Appleton ^(A) | \$ 45,630,581 | 100.0000 % | <u>\$ 45,630,581</u> |
| <u>Overlapping Debt</u> | | | |
| Appleton Area School District | 38,196,160 | 63.3200 | 24,185,809 |
| Menasha Joint School District | 44,517,500 | 4.0977 | 1,824,176 |
| Kimberly Area School District | 19,965,000 | 2.3000 | 459,195 |
| Freedom Area School District | 2,150,000 | 10.4700 | 225,105 |
| Hortonville Area School District | 32,310,000 | 0.0010 | 335 |
| Fox Valley Technical College | 84,822,089 | 13.7187 | 11,636,488 |
| Outagamie County | 44,450,492 | 29.6100 | 13,161,791 |
| Calumet County | 17,473,226 | 16.9000 | 2,952,975 |
| Winnebago County | 31,663,039 | 0.5559 | <u>176,015</u> |
| Total Overlapping Debt | | | <u>54,621,889</u> |
| Total Direct And Overlapping Debt | | | <u><u>\$ 100,252,470</u></u> |

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

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

| Legal Debt Margin Calculation for Fiscal Year 2016: | |
|--|---------------------------|
| Equalized Value of Real & Personal Property | <u>\$ 4,938,725,300</u> |
| Outagamie County | 4,165,634,900 |
| Calumet County | 690,302,200 |
| Winnebago County | 82,788,200 |
| Legal Debt Limit (5% of equalized value) | <u>\$ 246,936,265</u> |
| Amount of Debt Applicable to Debt Limitation: | |
| Total General Obligation Bonds and Notes Outstanding at December 31, 2016 | \$ 47,050,000 |
| Less: Assets in Government Fund Types Available for Debt Service | <u>(1,419,419)</u> |
| Amount of Debt Applicable to Debt Limit | <u>45,630,581</u> |
| Remaining Legal Debt Margin | <u>\$ 201,305,684</u> |

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| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | <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> | <u>2016</u> |
| Debt Limit | \$ 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 | \$ 246,936,265 |
| Total net debt applicable to limit | <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> | <u>45,630,581</u> |
| Legal Debt Margin | <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> | <u>\$ 201,305,684</u> |
| Total net debt applicable to limit as a percentage of debt limit | 17.06% | 19.39% | 18.75% | 15.81% | 13.21% | 13.32% | 11.35% | 12.10% | 12.39% | 18.48% |

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

Last Ten Fiscal Years

| Fiscal Year | Gross Revenues ⁽¹⁾ | Direct Operating Expenses ⁽²⁾ | Net Revenue Available for Debt Service | Maximum Debt Service Requirements | | | Coverage |
|----------------|----------------------------------|--|--|-----------------------------------|--------------|--------------|----------|
| | | | | Principal | Interest | Total | |
| 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 |
| 2016 | 21,336,649 | 8,370,020 | 12,966,629 | 6,900,000 | 2,064,390 | 8,964,390 | 1.45 |

(Continued)

⁽¹⁾ Includes total operating revenues and investment income.

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

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

Last Ten Fiscal Years

| Fiscal Year | Gross Revenues ⁽¹⁾ | Direct Operating Expenses ⁽²⁾ | Net Revenue Available for Debt Service | Maximum Debt Service Requirements | | | Coverage |
|----------------|----------------------------------|--|--|-----------------------------------|------------|--------------|----------|
| | | | | Principal | Interest | Total | |
| 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 |
| 2016 | 11,751,822 | 6,807,637 | 4,944,185 | 860,000 | 559,084 | 1,419,084 | 3.48 |

(Continued)

(1) Includes total operating revenues and investment income.

(2) Includes total operating expenses less depreciation.

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

Last Ten Fiscal Years

| Fiscal Year | Gross Revenues ⁽¹⁾ | Direct Operating Expenses ⁽²⁾ | Net Revenue Available for Debt Service | Maximum Debt Service Requirements | | | Coverage |
|----------------|----------------------------------|--|--|-----------------------------------|--------------|--------------|----------|
| | | | | Principal | Interest | Total | |
| 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 |
| 2016 | 9,517,647 | 3,291,148 | 6,226,499 | 3,160,000 | 1,719,601 | 4,879,601 | 1.28 |

(1) Includes total operating revenues and investment income.

(2) Includes total operating expenses less depreciation.

**Schedule 16
CITY OF APPLETON
DEMOGRAPHIC STATISTICS**

Last Ten Fiscal Years

| Fiscal Year | Appleton Population ⁽¹⁾ | Personal Income ⁽²⁾ | AGI Per Return ⁽³⁾ | School System Enrollment ⁽⁴⁾ | Total Employment ⁽⁵⁾ | Annual Average Unemployment Rate ⁽⁵⁾ |
|--------------------|---|---------------------------------------|--------------------------------------|--|--|--|
| 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 | 36,924 | 9.0 |
| 2012 | 72,810 | 2,325,748,850 | 51,600 | 15,087 | 37,053 | 8.3 |
| 2013 | 73,150 | 2,480,000,000 | 53,720 | 16,042 | 37,236 | 7.9 |
| 2014 | 73,463 | 2,571,979,850 | 55,550 | 16,231 | 37,896 | 4.9 |
| 2015 | 73,737 | 2,685,661,219 | 57,588 | 16,300 | 38,424 | 4.1 |
| 2016 | 74,286 | N/A * | N/A * | 16,407 | 39,076 | 3.8 |

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

* N/A = Not Available

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

| <u>Company Name</u> | <u>Product or Service</u> | <u>2016</u> | | | <u>2007</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 | 5,800 | 1 | 14.8 % | 1,398 | 5 | 3.8 % |
| Thrivent Investment Management, Inc. | Insurance | 1,800 | 2 | 4.6 | 1,780 | 1 | 4.8 |
| Appleton Area School District | Education | 1,796 | 3 | 4.6 | 1,758 | 2 | 4.8 |
| Appleton Medical Center | Medical & Health Care Facility | 1,500 ** | 4 | 3.8 | 1,230 | 7 | 3.3 |
| Miller Electric Manufacturing | Electric Arc Welders | 1,378 | 5 | 3.5 | 1,400 | 4 | 3.8 |
| Outagamie County | Government | 1,250 | 6 | 3.2 | 1,239 | 6 | 3.4 |
| Appvion, Inc. (Appleton Papers) | Paper Products Manufacturing | 1,000 | 7 | 2.6 | 1,425 | 3 | 3.9 |
| West Business Services | Communications Services | 1,000 | 8 | 2.6 | | | |
| Gulfstream Aerospace Corp. | Aircraft Maintenance | 800 | 9 | 2.0 | | | |
| Valley Packaging Industries, Inc. | Hi-speed Packager | 750 | 10 | 1.9 | 790 | 8 | 2.1 |
| The Boldt Company | Nonresidential Construction | | | | 750 | 9 | 2.0 |
| City of Appleton | Government | | | | 670 | 10 | 1.8 |
| Total | | <u>17,074</u> | | <u>43.7 %</u> | <u>12,440</u> | | <u>33.7 %</u> |
| Total Employment | | <u>39,076</u> | | | <u>36,967</u> | | |

* Includes Full- and Part-Time employees
 ** Includes Appleton and Theda Clark Medical Centers, New London Hospital, and various clinics, home care, and rehabilitation facilities
 Sources: Current - Infogroup (www.salesgenie.com), direct employer contacts and City of Appleton; Historic - Direct 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

| <u>DEPARTMENT</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> | <u>2016</u> |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Government | | | | | | | | | | |
| 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 | 15.70 | 15.80 | 16.00 | 16.00 | 15.00 | 15.00 | 14.50 | 14.50 | 14.50 | 14.50 |
| Human Resources | 8.60 | 8.60 | 8.60 | 8.80 | 8.80 | 8.80 | 8.80 | 8.80 | 8.80 | 8.80 |
| Information Technology | 15.40 | 15.40 | 15.00 | 15.00 | 12.00 | 12.00 | 12.00 | 11.00 | 11.00 | 11.00 |
| Mayor's Office | 3.00 | 3.00 | 3.00 | 3.00 | 2.00 | 2.00 | 2.00 | 3.00 | 3.00 | 3.00 |
| Facilities Management | 8.00 | 8.00 | 8.00 | 8.00 | 10.62 | 10.98 | 10.62 | 10.62 | 10.65 | 11.65 |
| Total - General Government | 60.70 | 60.80 | 60.60 | 60.80 | 58.42 | 58.77 | 57.92 | 57.92 | 57.95 | 58.95 |
| Community Development ⁽²⁾ | 17.00 | 17.00 | 17.00 | 16.63 | 19.88 | 19.13 | 19.13 | 19.13 | 19.13 | 19.13 |
| Recreation/Library/Transit | | | | | | | | | | |
| Parks & Recreation ⁽³⁾ | 36.17 | 36.17 | 35.87 | 33.87 | 16.25 | 16.22 | 16.73 | 16.88 | 18.93 | 19.27 |
| Library | 45.50 | 45.50 | 45.50 | 45.50 | 45.00 | 44.50 | 45.00 | 46.00 | 46.50 | 46.00 |
| Valley Transit | 55.43 | 53.03 | 53.03 | 52.65 | 52.65 | 51.83 | 54.13 | 54.13 | 54.50 | 54.50 |
| Total - Recreation/Library/Transit | 137.10 | 134.70 | 134.40 | 132.02 | 113.90 | 112.55 | 115.86 | 117.00 | 119.93 | 119.77 |
| Public Works | 153.00 | 153.00 | 153.00 | 150.50 | 156.50 | 154.53 | 153.53 | 154.13 | 154.13 | 154.13 |
| Public Health & Safety | | | | | | | | | | |
| Health Department | 17.40 | 17.20 | 16.20 | 16.15 | 15.95 | 14.20 | 14.00 | 14.20 | 14.20 | 13.70 |
| Fire Department | | | | | | | | | | |
| Firefighters and Officers | 83.00 | 83.00 | 83.00 | 84.00 | 84.00 | 84.00 | 84.00 | 84.00 | 84.00 | 84.00 |
| Civilian & Administrative | 18.00 | 18.00 | 18.00 | 14.50 | 13.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| Police Department | | | | | | | | | | |
| Sworn | 108.00 | 109.00 | 109.00 | 109.00 | 108.00 | 108.00 | 108.00 | 109.00 | 110.00 | 110.00 |
| Civilian | 27.00 | 26.00 | 27.00 | 26.50 | 26.00 | 26.00 | 26.00 | 27.00 | 27.00 | 27.00 |
| Total - Public Health & Safety | 253.40 | 253.20 | 253.20 | 250.15 | 246.95 | 244.20 | 244.00 | 246.20 | 247.20 | 246.70 |
| Water & Sewer Utilities | 35.00 | 35.00 | 35.00 | 35.00 | 34.00 | 34.00 | 34.00 | 34.00 | 34.00 | 34.00 |
| Total Regular Employees | 656.20 | 653.70 | 653.20 | 645.10 | 629.64 | 623.18 | 624.43 | 628.38 | 632.34 | 632.67 |

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.

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

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| General Government | | | | | | | | | | |
| Building permits issued | 705 | 577 | 552 | 560 | 572 | 511 | 537 | 478 | 524 | 433 |
| Est. construction value (\$000) | 88,629.5 | 102,632.9 | 101,957.4 | 58,369.2 | 40,971.6 | 45,387.1 | 86,029.6 | 65,563.9 | 140,806.5 | 80,795.3 |
| School aged children vaccinated | 99.5% | 99.5% | 99.5% | 94.8% | 97.1% | 99.1% | 98.8% | 99.0% | 99.7% | 98.9% |
| Accurate weights & measures devices | 91.7% | 93.5% | 92.0% | 94.4% | 96.5% | 96.6% | 96.9% | 96.7% | 94.2% | 96.7% |
| Food-borne disease outbreaks | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Police | | | | | | | | | | |
| Calls for service | 54,956 | 54,494 | 50,796 | 51,183 | 50,163 | 52,309 | 51,003 | 48,809 | 47,694 | 49,854 |
| Reported Group A crimes ⁽¹⁾ | 2,561 | 2,824 | 4,370 | 4,194 | 4,046 | 4,603 | 4,469 | 4,229 | 4,125 | 4,363 |
| Reported Group B crimes ⁽¹⁾ | 11,758 | 14,515 | 7,650 | 7,213 | 7,025 | 7,096 | 6,401 | 5,939 | 5,664 | 5,163 |
| Fire | | | | | | | | | | |
| Emergency response < 4 min. | 72.0% | 67.0% | 66.1% | 61.0% | 64.0% | 65.0% | 63.0% | 64.0% | 63.0% | 63.0% |
| Fire loss (\$000) | 953.8 | 1,580.5 | 2,196.8 | 1,177.1 | 846.7 | 740.8 | 744.4 | 919.5 | 1,187.6 | 1,293.0 |
| Fire-related deaths | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Emergency calls | 2,739 | 2,991 | 2,721 | 3,524 | 3,516 | 3,701 | 3,930 | 4,273 | 4,414 | 4,718 |
| Public Works | | | | | | | | | | |
| Tons of refuse collected ⁽⁴⁾ | 30,300 | 29,301 | 22,126 | 22,214 | 22,085 | 20,987 | 20,236 | 19,555 | 19,934 | 20,209 |
| Tons of recycling collected | 7,024 | 6,704 | 6,046 | 5,368 | 4,405 | 5,416 | 6,250 | 6,492 | 6,626 | 6,792 |
| Cu. Yds. of debris - street sweeping | 2,161 | 3,351 | 3,368 | 3,130 | 2,995 | 3,884 | 4,124 | 3,920 | 5,565 | 4,059 |
| Cost/ton - residential auto pickup | \$ 61.38 | \$ 67.47 | \$ 71.21 | \$ 82.20 | \$ 83.34 | \$ 85.81 | \$ 86.01 | \$ 87.50 | \$ 86.82 | \$ 87.57 |
| Miles of street reconstructed | 1.68 | 3.37 | 7.24 | 2.89 | 4.25 | 1.48 | 2.45 | 2.90 | 2.31 | 5.73 |
| % of trees < 6" dia. pruned annually | 50 | 50 | 60 | 60 | 50 | 50 | 60 | 50 | 50 | 50 |
| Average pruning cycle, trees > 6" dia. | 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 | 8.0 yrs |
| Parks & Recreation | | | | | | | | | | |
| Sports league participants ⁽⁵⁾ | 5,824 | 5,425 | 5,538 | 2,284 | 2,207 | 2,109 | 1,826 | 2,010 | 2,937 | 3,078 |
| Aquatics program participants ^{(2), (3)} | 2,616 | 2,750 | 2,616 | 2,950 | 3,087 | 3,475 | 3,240 | 3,399 | 3,294 | 4,384 |
| Open swim attendance ⁽³⁾ | 83,616 | 75,846 | 64,372 | 72,086 | 81,282 | 81,949 | 65,930 | 64,512 | 73,071 | 68,367 |
| Rounds of golf played ⁽⁷⁾ | 34,870 | 34,666 | 35,545 | 31,530 | 29,044 | 32,305 | 18,037 | 30,720 | 33,247 | 35,888 |
| Public Library | | | | | | | | | | |
| Titles in collection ⁽⁶⁾ | 303,929 | 307,777 | 316,182 | 298,221 | 273,951 | 282,677 | 276,609 | 281,743 | 291,739 | 292,085 |
| Materials circulated | 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 | 1,081,882 |
| Annual door count | 533,291 | 554,125 | 590,528 | 586,677 | 569,898 | 570,743 | 556,874 | 510,874 | 459,780 | 487,795 |
| Water | | | | | | | | | | |
| Avg. daily consumption (000 gal.) | 7,937 | 7,593 | 7,515 | 8,456 | 8,875 | 9,020 | 8,618 | 8,715 | 8,924 | 8,803 |
| Peak daily consumption (000 gal.) | 13,941 | 11,659 | 11,636 | 10,419 | 11,718 | 14,775 | 11,651 | 11,534 | 12,641 | 12,473 |
| Number of invoices per quarter | 27,101 | 27,257 | 27,336 | 27,507 | 27,650 | 27,725 | 27,897 | 28,192 | 28,316 | 28,480 |
| Wastewater | | | | | | | | | | |
| Avg. daily sewage treatment (000 gal.) | 10,852 | 13,122 | 11,120 | 12,300 | 13,000 | 10,800 | 10,117 | 12,293 | 11,600 | 12,800 |
| Valley Transit | | | | | | | | | | |
| Total route miles | 893,218 | 895,168 | 869,611 | 876,760 | 915,688 | 933,924 | 949,830 | 938,471 | 939,354 | 943,299 |
| Passengers | 958,359 | 1,001,325 | 909,109 | 956,086 | 1,073,655 | 1,095,650 | 1,093,202 | 1,081,882 | 1,055,544 | 1,006,035 |
| Cost per trip | \$ 4.54 | \$ 4.72 | \$ 4.86 | \$ 5.50 | \$ 4.92 | \$ 4.75 | \$ 5.04 | \$ 5.42 | \$ 5.42 | \$ 5.73 |

⁽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>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> | <u>2016</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Vehicles | 83 | 83 | 83 | 83 | 84 | 84 | 84 | 85 | 85 | 85 |
| Fire | | | | | | | | | | |
| Stations | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Fire suppression units | 11 | 11 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Public Works | | | | | | | | | | |
| Miles of streets | 334.2 | 337.9 | 339.5 | 340.3 | 342.2 | 342.2 | 343.0 | 343.0 | 343.0 | 343.0 |
| Refuse packers | 14 | 13 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Single- and tri-axle dump trucks | 23 | 23 | 25 | 25 | 24 | 26 | 26 | 26 | 26 | 26 |
| Other heavy vehicles | 20 | 20 | 21 | 21 | 21 | 25 | 25 | 25 | 25 | 25 |
| Parks & Recreation | | | | | | | | | | |
| Parks | 32 | 32 | 32 | 32 | 32 | 32 | 32 | 34 | 34 | 34 |
| Acreage | 495.3 | 495.3 | 495.3 | 495.9 | 495.9 | 495.9 | 495.9 | 500.3 | 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 |
| Water | | | | | | | | | | |
| Miles of mains | 362.9 | 366.6 | 372.3 | 374.5 | 378.2 | 378.3 | 376.7 | 376.8 | 373.3 | 373.0 |
| Storage capacity (000 gallons) | 7,300 | 7,300 | 7,300 | 7,300 | 7,300 | 7,300 | 7,300 | 7,300 | 7,300 | 7,800 |
| Wastewater | | | | | | | | | | |
| Miles of mains | 303.8 | 307.3 | 309.4 | 309.6 | 310.0 | 308.3 | 310.3 | 308.4 | 302.3 | 300.4 |
| Stormwater | | | | | | | | | | |
| Miles of mains | 289.1 | 293.5 | 297.6 | 298.3 | 301.6 | 302.7 | 304.0 | 304.8 | 306.8 | 308.9 |

⁽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.

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the 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 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, 2016, and the related notes to the financial statements, which collectively comprise the City of Appleton, Wisconsin's basic financial statements, and have issued our report thereon dated June 22, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Appleton, Wisconsin'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, Wisconsin's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Appleton, Wisconsin'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Appleton, Wisconsin'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 City of Appleton, Wisconsin'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 City of Appleton, Wisconsin's internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.


Certified Public Accountants
Green Bay, Wisconsin
June 22, 2017

SINGLE AUDIT SECTION

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT GUIDELINES**

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

Report on Compliance for Each Major Federal and State Program

We have audited the City of Appleton, Wisconsin's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the City of Appleton, Wisconsin's major federal and state programs for the year ended December 31, 2016. The City of Appleton, Wisconsin's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of City of Appleton, Wisconsin's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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* issued by the Wisconsin Department of Administration. Those standards, 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 state program occurred. An audit includes examining, on a test basis, evidence about City of Appleton, Wisconsin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the City of Appleton, Wisconsin complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of City of Appleton, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Appleton, Wisconsin's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or 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 or 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, Wisconsin's internal control over compliance.

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

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.



Certified Public Accountants
Green Bay, Wisconsin
June 22, 2017

CITY OF APPLETON, WISCONSIN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

| Grantor Agency/Pass-through Agency/Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | (Accrued) Deferred 1/1/16 | Cash Receipts | Accrued (Deferred) 12/31/16 | Total Revenues | Total Expenditures | Subrecipient Payments |
|---|---------------------|--|---------------------------|---------------------|-----------------------------|---------------------|---------------------|-----------------------|
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u> | | | | | | | | |
| Direct Program | | | | | | | | |
| Community Development Block Grants Cluster | | | | | | | | |
| Community Development Block Grants | | | | | | | | |
| Entitlement Program | 14.218 | 14.218 | \$ (122,744) | \$ 601,166 | \$ 91,843 | \$ 570,265 | \$ 570,265 | \$ 231,299 |
| Program Income | 14.218 | 14.218 | - | 265,735 | - | 265,735 | 265,735 | - |
| <i>Total Community Development Block Grant Cluster</i> | | | <u>(122,744)</u> | <u>866,901</u> | <u>91,843</u> | <u>836,000</u> | <u>836,000</u> | <u>231,299</u> |
| Passed through Wisconsin Department of Administration | | | | | | | | |
| Emergency Solutions Grant Program (ESG) | 14.231 | 14.231 | - | 206,445 | 3,979 | 210,424 | 210,424 | 198,875 |
| Supportive Housing Program (SHP) | 14.235 | N/A | - | 227,937 | - | 227,937 | 227,937 | 213,062 |
| Total U.S. Department of Housing and Urban Development | | | <u>(122,744)</u> | <u>1,301,283</u> | <u>95,822</u> | <u>1,274,361</u> | <u>1,274,361</u> | <u>643,236</u> |
| <u>U.S. DEPARTMENT OF JUSTICE</u> | | | | | | | | |
| Direct Program | | | | | | | | |
| Bulletproof Vest Partnership Program | | | | | | | | |
| Edward Byrne Memorial Justice Assistance Grant 2015 | 16.607 | 16.607 | - | 10,178 | - | 10,178 | 10,178 | - |
| 2016 | 16.738 | 16.738 | - | 9,116 | - | 9,116 | 9,116 | 9,116 |
| Total U.S. Department of Justice | | | <u>-</u> | <u>30,093</u> | <u>-</u> | <u>30,093</u> | <u>30,093</u> | <u>19,915</u> |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | | | | | | |
| Direct Programs | | | | | | | | |
| Federal Transit Cluster | | | | | | | | |
| Federal Transit Formula Grants 2015 | 20.507 | WI900796 | - | 343,528 | - | 343,528 | 343,528 | - |
| Federal Transit Formula Grants 2016 | 20.507 | WI-2016-024-00 | - | 1,735,627 | 481,509 | 2,217,136 | 2,217,136 | - |
| <i>Total Federal Transit Cluster</i> | | | <u>-</u> | <u>2,079,155</u> | <u>481,509</u> | <u>2,560,664</u> | <u>2,560,664</u> | <u>-</u> |
| Transit Services Program Cluster | | | | | | | | |
| Section 5310-Enhanced Mobility of Seniors and Individuals with Disabilities | 20.513 | WI-2016-380-00 | - | 42,414 | - | 42,414 | 42,414 | - |
| Passed through Wisconsin Department of Transportation | | | | | | | | |
| Highway Safety Cluster | | | | | | | | |
| Safety Belt Performance Grants | 20.609 | #FG-2016-APPLETON-03332 | - | 40,730 | - | 40,730 | 40,730 | - |
| Total U.S. Department of Transportation | | | <u>-</u> | <u>2,162,299</u> | <u>481,509</u> | <u>2,643,808</u> | <u>2,643,808</u> | <u>-</u> |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | | | | | | |
| Passed through Wisconsin Department of Children and Families | | | | | | | | |
| Refugee and Entrant Assistance | 93.566 | 437004-116-0000762-000-01 | - | 18,618 | - | 18,618 | 18,618 | - |
| Passed through Wisconsin Department of Health Services | | | | | | | | |
| ARRA Immunizations and Vaccines | | | | | | | | |
| Preventive Health and Health Services Block Grant | 93.712 | 155020 | 5,050 | 23,498 | (1,290) | 27,258 | 27,258 | - |
| Maternal and Child Health Services Block Grant | 93.070 | 159220 | 2,260 | 6,341 | (1,301) | 7,300 | 7,300 | - |
| Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHED) Aligned Cooperative Agreement | 93.994 | 159320 | 6,847 | 36,675 | (1,387) | 42,135 | 42,135 | - |
| Project Grants Cooperative Agreement for Tuberculosis for Control Programs | 93.074 | 155050 and 155015 | - | 70,180 | - | 70,180 | 70,180 | - |
| 93.116 | 93.116 | | 1,688 | - | (1,643) | 45 | 45 | - |
| Total U.S. Department of Health and Human Services | | | <u>15,845</u> | <u>155,312</u> | <u>(5,621)</u> | <u>165,536</u> | <u>165,536</u> | <u>-</u> |
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY</u> | | | | | | | | |
| Passed through Wisconsin Department of Military Affairs | | | | | | | | |
| Homeland Security/HS Hazmat Radiological Equipment | 97.044 | 2014-HSW-02A-10733 | - | 56,826 | - | 56,826 | 56,826 | - |
| Passed through Wisconsin Department of Administration | | | | | | | | |
| Office of Justice Assistance | | | | | | | | |
| Assistance to Firefighters Grant Program - EMW - 2014 | 97.044 | EMW-2014-FO-04029 | - | 1,878 | - | 1,878 | 1,878 | - |
| Total U.S. Department of Homeland Security | | | <u>-</u> | <u>58,704</u> | <u>-</u> | <u>58,704</u> | <u>58,704</u> | <u>-</u> |
| TOTAL FEDERAL FINANCIAL ASSISTANCE | | | <u>\$ (106,899)</u> | <u>\$ 3,707,691</u> | <u>\$ 571,710</u> | <u>\$ 4,172,502</u> | <u>\$ 4,172,502</u> | <u>\$ 663,151</u> |

N/A - Pass-through number were not available from the respective grantor entity.

The notes to the schedules of expenditures of federal awards and state financial assistance are an integral part of these schedules.

CITY OF APPLETON, WISCONSIN
Schedule of State Financial Assistance
For the Year Ended December 31, 2016

| Grantor Agency/Pass-through Agency/Program Title | State I.D. Number | (Accrued) Deferred Revenue 1/1/16 | Cash Receipts | Accrued (Deferred) Revenue 12/31/16 | Total Revenues | Total Expenditures |
|--|-------------------------|--|---------------------|--|---------------------|-----------------------|
| <u>WISCONSIN DEPARTMENT OF TRANSPORTATION</u> | | | | | | |
| Transit Operating Aids | 395.104 | \$ (978,479) | \$ 2,560,332 | \$ 802,123 | \$ 2,383,976 | \$ 2,383,976 |
| Paratransit Aids Through 85.205 | 395.104 | - | 108,023 | - | 108,023 | 108,023 |
| Total Wisconsin Department of Transportation | | <u>(978,479)</u> | <u>2,668,355</u> | <u>802,123</u> | <u>2,491,999</u> | <u>2,491,999</u> |
| <u>WISCONSIN DEPARTMENT OF HEALTH SERVICES</u> | | | | | | |
| Lead Poisoning | 435.157720 | 1,023 | 10,285 | (1,958) | 9,350 | 9,350 |
| <u>WISCONSIN DEPARTMENT OF MILITARY AFFAIRS</u> | | | | | | |
| Regional Emergency Response Team | 465.306 | - | 56,344 | - | 56,344 | 56,344 |
| Radiological Field Team Services | 465.306 | - | 25,000 | - | 25,000 | 25,000 |
| Total Department of Military Affairs | | <u>-</u> | <u>81,344</u> | <u>-</u> | <u>81,344</u> | <u>81,344</u> |
| <u>WISCONSIN DEPARTMENT OF ADMINISTRATION</u> | | | | | | |
| Uniform BEAT Patrol Officers | 505.620 | - | 121,434 | - | 121,434 | 121,434 |
| <u>WISCONSIN DEPARTMENT OF JUSTICE</u> | | | | | | |
| Law Enforcement Training Fund - Local Assistance Program | 455.231 | - | 2,000 | - | 2,000 | 2,000 |
| MEG Drug Enforcement | 455.231 | - | 5,342 | - | 5,342 | 5,342 |
| Total Wisconsin Department of Justice | | <u>-</u> | <u>7,342</u> | <u>-</u> | <u>7,342</u> | <u>7,342</u> |
| TOTAL STATE FINANCIAL ASSISTANCE | | <u>\$ (977,456)</u> | <u>\$ 2,888,760</u> | <u>\$ 800,165</u> | <u>\$ 2,711,469</u> | <u>\$ 2,711,469</u> |

The notes to the schedules of expenditures of federal awards and state financial assistance are an integral part of these schedules.

CITY OF APPLETON, WISCONSIN
Notes to the Schedule of Expenditures of Federal Awards
and the Schedule of State Financial Assistance
For the Year Ended December 31, 2016

NOTE A - BASIS OF PRESENTATION

In accordance with the audit requirements issued by the Office of Management and Budget (OMB) Uniform Guidance and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, supplementary information is presented by the City in regard to federal and state financial assistance programs administered by the City.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedule are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the City's 2016 financial statements. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the City in the succeeding year while deferred revenue represents advances for federal and state programs that exceed recorded City expenditures.

The City of Appleton has elected to charge a de minimis rate of 10% of modified total costs.

Major federal and state financial assistance programs are identified in the Schedule of Findings and Questioned Costs and are determined as follows:

Federal Programs: The City of Appleton qualifies as a low risk auditee in accordance with the Uniform Guidance. Therefore major programs, as identified in Section I of the Schedule of Findings and Questioned Costs, represent those with combined expenditures exceeding 20% of total federal awards that also were deemed major programs based on the auditor's risk assessment. All other federal programs are considered non-major programs.

State Programs: Major programs represent state assistance programs with expenditures of \$250,000 or more and other state programs classified as major in the State Single Audit Guidelines. All other state assistance programs required to be included in the Schedule of Federal Awards and State Financial Assistance in accordance with Appendix H of the State Single Audit Guidelines are non-major programs.

NOTE C - OVERSIGHT AGENCIES

The federal and state oversight agencies for the City are as follows:

Federal - U.S. Department of Housing and Urban Development
State - Wisconsin Department of Revenue

NOTE D - CARS REPORT DATES

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

| Agency Number | Date |
|---------------|-----------|
| 449983 | 4/13/2017 |

CITY OF APPLETON, WISCONSIN
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

Section I - Summary of Auditors' Results

Basic Financial Statements

| | |
|---|---------------|
| Type of auditors' report issued: | Unmodified |
| Internal control over financial reporting: | |
| • Material weakness(es) identified? | No |
| • Significant deficiencies identified? | None Reported |
| Noncompliance material to basic financial statements noted? | No |

Federal Awards Programs

| | |
|---|---------------|
| Internal control over major program: | |
| • Material weakness(es) identified? | No |
| • Significant deficiencies identified? | None Reported |
| Type of auditors' report issued on compliance for major programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | No |
| Audit threshold used to determine between Type A and Type B programs: | \$750,000 |
| Auditee qualified as low-risk auditee | Yes |

Identification of major federal programs:

| CFDA Number | Name of Federal Programs |
|-------------|-----------------------------------|
| 20.507 | Federal Transit Formula Grants |
| 14.218 | Community Development Block Grant |

State Awards Programs

| | |
|--|---------------|
| Internal control over major program: | |
| • Material weakness(es) identified? | No |
| • Significant deficiencies identified? | None Reported |
| Type of auditors' report issued on compliance for major programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with <i>State Single Audit Guidelines</i> ? | No |
| Audit threshold used to determine between Type A and Type B programs: | \$250,000 |
| Auditee qualified as low-risk auditee | Yes |

Identification of major state program:

| State ID Number | Name of State Program |
|-----------------|------------------------|
| 395.104 | Transit Operating Aids |

CITY OF APPLETON, WISCONSIN
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2016

Section II - Financial Statement Findings

There are no findings related to the basic financial statements required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2016.

Section III - Federal and State Award Findings and Questioned Costs

There are no findings related to the federal and state awards for the year ended December 31, 2016.

CITY OF APPLETON, WISCONSIN
Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended December 31, 2016

Prior Year Audit Findings

There were no findings or questioned costs for federal awards or state financial assistance for the year ended December 31, 2015.

Corrective Action Plan

There were no findings or questioned costs for federal awards and state financial assistance for the year ended December 31, 2015.

CITY OF APPLETON, WISCONSIN
Settlement of DHS Cost reimbursement Award
For the Year Ended December 31, 2016

| | <u>Childhood Lead</u> | <u>Immunization</u> | <u>Maternal Child Health</u> |
|--|-----------------------|---------------------|------------------------------|
| DHS identification number | CARS profile 157720 | CARS profile 155020 | CARS profile 159320 |
| Award amount | \$ 9,850 | \$ 27,487 | \$ 42,760 |
| Award period | 1/1/16 - 12/31/16 | 1/1/16 - 12/31/16 | 1/1/16 - 12/31/16 |
| Period of award within audit period | 1/1/16 - 12/31/16 | 1/1/16 - 12/31/16 | 1/1/16 - 12/31/16 |
| | | | |
| Expenditures reported to DHS for payment | <u>\$ 9,350</u> | <u>\$ 27,258</u> | <u>\$ 42,135</u> |
| | | | |
| Actual allowable cost of reward | | | |
| Program expenses | | | |
| Grants and other assistance to individuals in the US | \$ 137 | \$ 3,408 | \$ 2,423 |
| Other salaries and wages | 7,707 | 22,353 | 36,753 |
| Other program expenses (supplies, training, etc.) | <u>1,506</u> | <u>1,497</u> | <u>2,959</u> |
| Total program expenses | 9,350 | 27,258 | 42,135 |
| | | | |
| Less: Program revenue and other offsets to costs* | <u>-</u> | <u>-</u> | <u>-</u> |
| | | | |
| Total allowable costs | <u>\$ 9,350</u> | <u>\$ 27,258</u> | <u>\$ 42,135</u> |

*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

| Preventative Health | | Bioterrorism | | | Total |
|----------------------|---------------------|---------------------|---------------------|------------------|-------|
| CARS profile 1590220 | CARS profile 155050 | CARS profile 155015 | CARS profile 155015 | Bioterrorism | |
| \$ 7,356 | \$ 11,670 | \$ 56,768 | \$ 53,087 | | |
| 1/1/16 - 12/31/16 | 7/1/15 - 6/30/16 | 7/1/15 - 6/30/16 | 7/1/16 - 6/30/17 | | |
| 1/1/16 - 12/31/16 | 1/1/16 - 6/30/16 | 1/1/16 - 6/30/16 | 7/1/16 - 12/31/16 | | |
| <u>\$ 7,300</u> | <u>\$ 9,811</u> | <u>\$ 56,768</u> | <u>\$ 26,544</u> | <u>\$ 93,123</u> | |

| | | | | | |
|-----------------|-----------------|------------------|------------------|------------------|--|
| \$ - | \$ - | \$ - | \$ - | \$ - | |
| - | - | 40,765 | 41,066 | 81,831 | |
| <u>7,300</u> | <u>9,811</u> | <u>2,494</u> | <u>54</u> | <u>12,359</u> | |
| <u>7,300</u> | <u>9,811</u> | <u>43,259</u> | <u>41,120</u> | <u>94,190</u> | |
| - | - | (15,000) | (9,000) | (24,000) | |
| <u>\$ 7,300</u> | <u>\$ 9,811</u> | <u>\$ 28,259</u> | <u>\$ 32,120</u> | <u>\$ 70,190</u> | |