

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF APPLETON, WISCONSIN
YEAR ENDING DECEMBER 31, 2017



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



City of Appleton, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2017

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City of Appleton, Wisconsin

DECEMBER 31, 2017

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Independent auditors' report

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Appleton, Wisconsin (the "City") as of and for the year ended December 31, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 3 through 18, the budgetary comparison information on page 80, and the schedules relating to pensions and other postemployment benefits on pages 81 through 83 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 is not a required part of the basic financial statements. The schedules of expenditures of federal and state awards 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 and state awards 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 and schedules of expenditures of federal and state awards 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 it.

REPORT ON SUMMARIZED FINANCIAL INFORMATION

We have previously audited the City's 2016 financial statements, and our report dated June 22, 2017, expressed unmodified opinions on those respective 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. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2018, 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, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Appleton, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2017. 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 \$676,701,917. Of this amount, \$88,367,683 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 \$30,277,701, a decrease of \$5,570,683 from the 2016 balance of \$35,848,384. The decrease was attributable mainly to the 2017 expenditure of approximately \$6 million of debt proceeds that were being held at the end of 2016 in the Facilities Capital project fund for improvements to Erb Park and pool. The project was completed and the pool was re-opened in July, 2017.
- 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, \$2,975,209 has been recorded as a long-term obligation at December 31, 2017. As of the December 31, 2016 measurement date used for the 2017 financial statements, WRS reported total resources available to provide pension benefits of \$92.6 billion. They also reported a total liability for pensions of \$93.4 billion, resulting in a net pension liability of \$824 million. The City's proportionate share of this liability is \$2,975,209.
- To take advantage of historically low municipal borrowing rates, in 2017, the City advance refunded a general obligation bonds issue from 2008. The City issued \$4,995,000 of general obligation promissory notes to provide resources 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. The advance refunding reduced total debt service payments over the next eleven years by \$905,355 and obtained an economic gain (difference between the present value of the debt service payments of the refunded bonds and the refunding notes) of \$761,785.
- The Exhibition Center Capital Projects Fund was established in 2016 to account for the costs of constructing a 30,000-square foot exhibition center which was attached via skywalk to a local downtown hotel. The project was to be funded by a bond issue by the Appleton Redevelopment Authority (ARA), a component unit of the City, in their role as a conduit issuer on behalf of ten area communities who pledged a portion of their hotel room taxes to pay debt service on the bonds. As of December 31, 2017, the Exhibition Center was substantially complete. To fund construction costs incurred in 2017, the City advanced \$27,008,430 of cash to the ARA, and the ARA, in turn, provided this cash to the Exhibition Center Capital Projects Fund to pay for construction costs. Subsequently, on May 1, 2018, the ARA issued \$34,540,000 of lease revenue bonds and reimbursed the City in full for the funds previously advanced.
- The employment base in Appleton and the Fox Cities remains competitive and stable. Unemployment rates continue to drop (2.5% as of December, 2017) as the local economy continues to improve. The City's overall equalized value increased \$284 million (5.75%) from 2016 to \$5.2 billion as of January 1, 2017.

City of Appleton, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 19 to 21 of this report.

City of Appleton, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 41 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 Exhibition Center 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 22 to 25 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, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 26 to 35 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 36 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 40 to 79 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 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 80 to 87 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 88 to 111 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 \$676,701,917 as of December 31, 2017.

The largest portion of the City's net position (approximately 84%) 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, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF APPLETON'S NET POSITION

	Governmental Activities 2017	Business- Type Activities 2017	Totals
Current and Other Assets	\$ 115,328,894	\$ 77,428,718	\$ 192,757,612
Capital Assets	<u>402,444,763</u>	<u>320,990,024</u>	<u>723,434,787</u>
Total Assets	<u>517,773,657</u>	<u>398,418,742</u>	<u>916,192,399</u>
Deferred Outflows of Resources	<u>18,957,482</u>	<u>6,779,761</u>	<u>25,737,243</u>
Other Liabilities	14,956,690	4,773,969	19,730,659
Long-Term Liabilities	<u>64,373,460</u>	<u>124,714,056</u>	<u>189,087,516</u>
Total Liabilities	<u>79,330,150</u>	<u>129,488,025</u>	<u>208,818,175</u>
Deferred Inflows of Resources	<u>54,695,038</u>	<u>1,714,512</u>	<u>56,409,550</u>
Net Position:			
Net Investment in Capital Assets	356,166,240	211,019,686	567,185,926
Restricted	10,380,712	10,767,596	21,148,308
Unrestricted	<u>36,158,999</u>	<u>52,208,684</u>	<u>88,367,683</u>
Total Net Position	<u>\$ 402,705,951</u>	<u>\$ 273,995,966</u>	<u>\$ 676,701,917</u>

	Governmental Activities 2016	Business- Type Activities 2016	Totals
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	17,633,860
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>211,359,854</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>

City of Appleton, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$88,367,683 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, 2017. Governmental activities increased the City of Appleton's net position by \$28,091,184 while business-type activities increased the City's net position by \$10,401,915.

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

	Governmental Activities 2017	Business- Type Activities 2017	Totals
Revenues:			
Program Revenues:			
Charges for services	\$ 6,757,109	\$ 47,881,677	\$ 54,638,786
Operating grants and contributions	5,777,912	6,908,975	12,686,887
Capital grants and contributions	31,749,588	3,060,842	34,810,430
General Revenues:			
Property taxes	43,643,932	-	43,643,932
Other taxes	2,899,637	-	2,899,637
Intergovernmental	11,498,209	-	11,498,209
Investment income	891,771	519,177	1,410,948
Gain (loss) on sale of assets	179,507	-	139,542
Miscellaneous	482,150	17,898	500,048
Total Revenues	<u>103,879,815</u>	<u>58,388,569</u>	<u>162,268,384</u>
Expenses:			
General government	9,000,925	-	9,000,925
Public safety	33,166,399	-	33,166,399
Public works	16,478,720	-	16,478,720
Education and recreation	11,292,372	-	11,292,372
Community development	7,569,648	-	7,569,648
Interest and fiscal charges	902,403	-	902,403
Water Utility	-	14,627,223	14,627,223
Wastewater Utility	-	10,788,112	10,788,112
Valley Transit	-	9,587,671	9,587,671
Stormwater Utility	-	7,576,951	7,576,951
Other non-major proprietary funds	-	2,784,861	2,784,861
Total Expenses	<u>78,410,467</u>	<u>45,364,818</u>	<u>123,775,285</u>
Increase in net position before transfers	25,469,348	13,023,751	38,493,099
Transfers	<u>2,621,836</u>	<u>(2,621,836)</u>	<u>-</u>
Increase (decrease) in net position	28,091,184	10,401,915	38,493,099
Net Position – January 1, 2017	<u>374,614,767</u>	<u>263,594,051</u>	<u>638,208,818</u>
Net Position – December 31, 2017	<u>\$ 402,705,951</u>	<u>\$ 273,995,966</u>	<u>\$ 676,701,917</u>

City of Appleton, Wisconsin

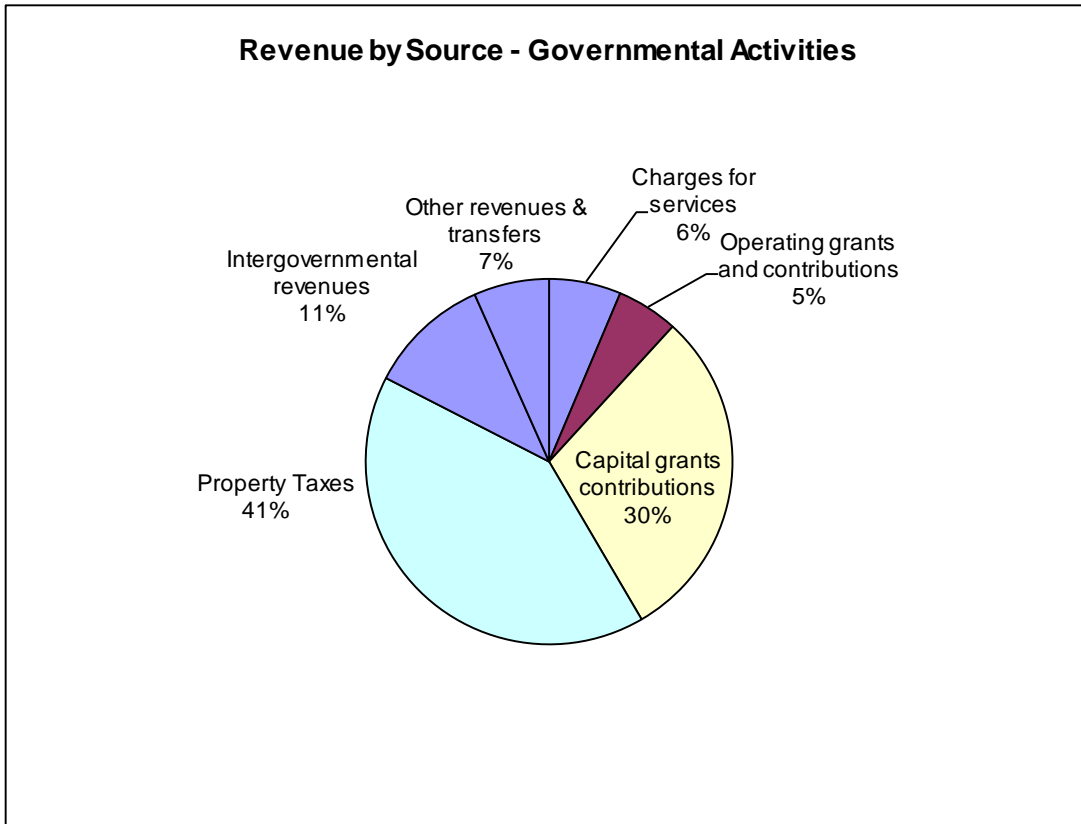
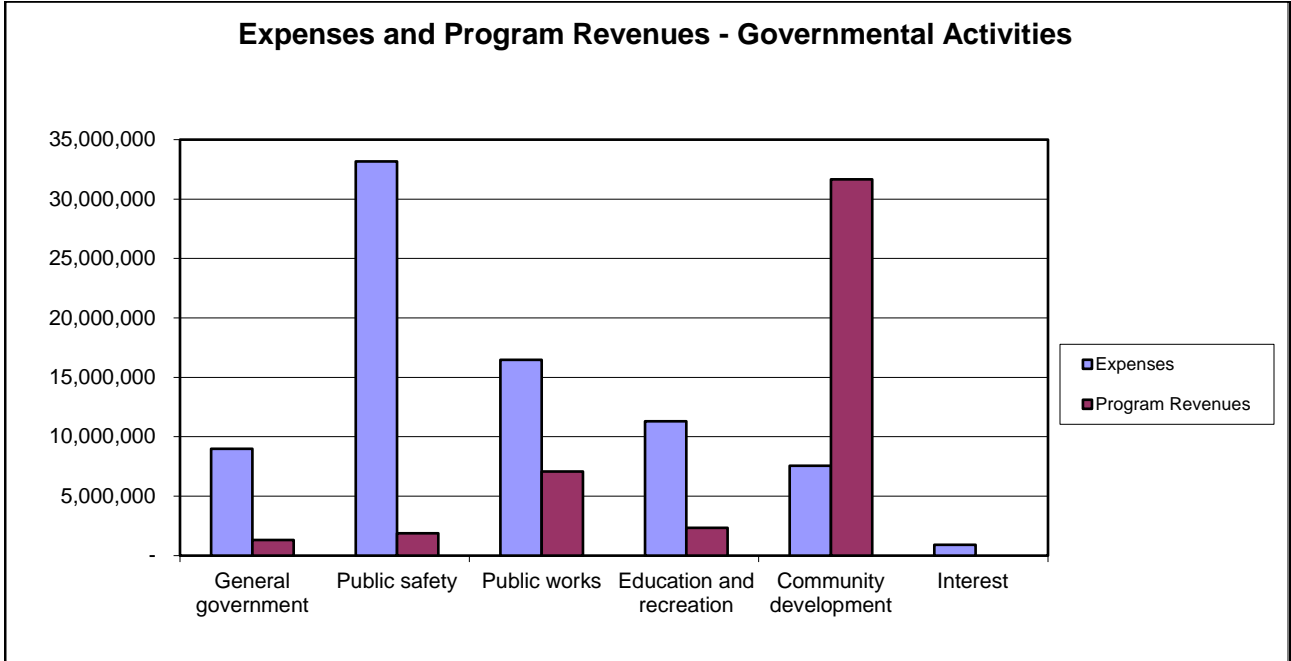
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	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	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	<u>74,748,835</u>	<u>55,512,162</u>	<u>130,260,997</u>
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	<u>74,657,250</u>	<u>46,307,184</u>	<u>120,964,434</u>
Increases in net position before transfers	91,585	9,204,978	9,296,563
Transfers	<u>2,853,600</u>	<u>(2,853,600)</u>	<u>-</u>
Increase in net position	2,945,185	6,351,378	9,296,563
Net Position – January 1, 2016	<u>371,669,582</u>	<u>257,242,673</u>	<u>628,912,255</u>
Net Position – December 31, 2016	<u>\$ 374,614,767</u>	<u>\$ 263,594,051</u>	<u>\$ 638,208,818</u>

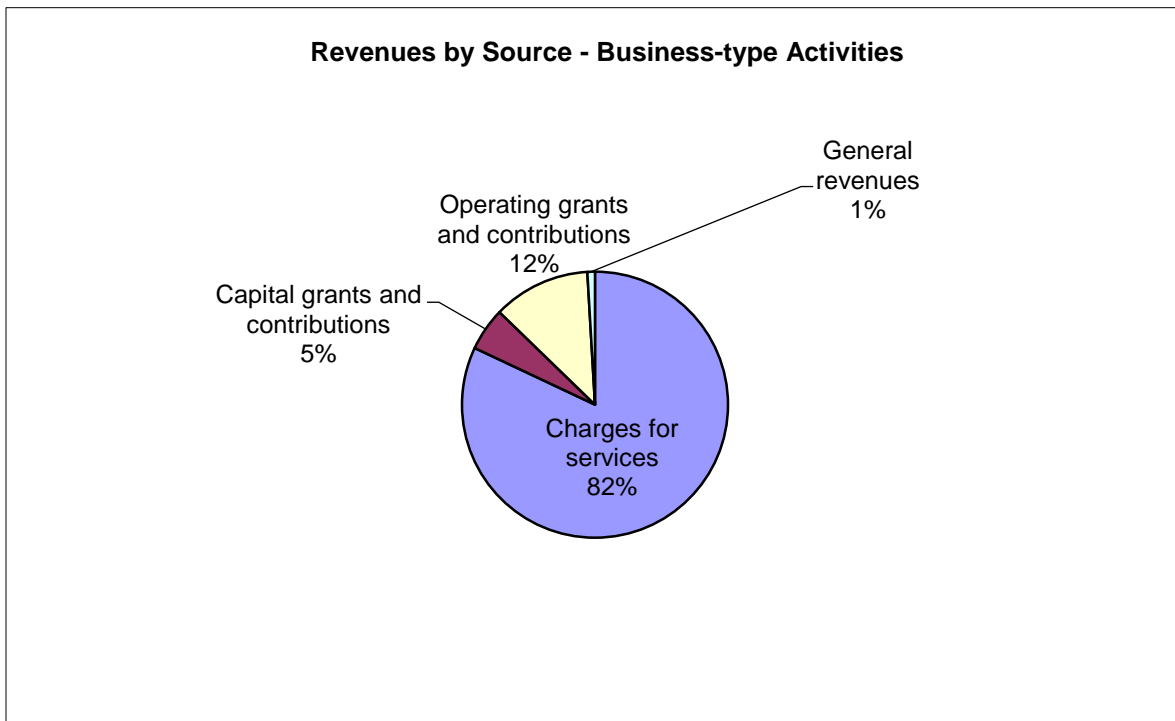
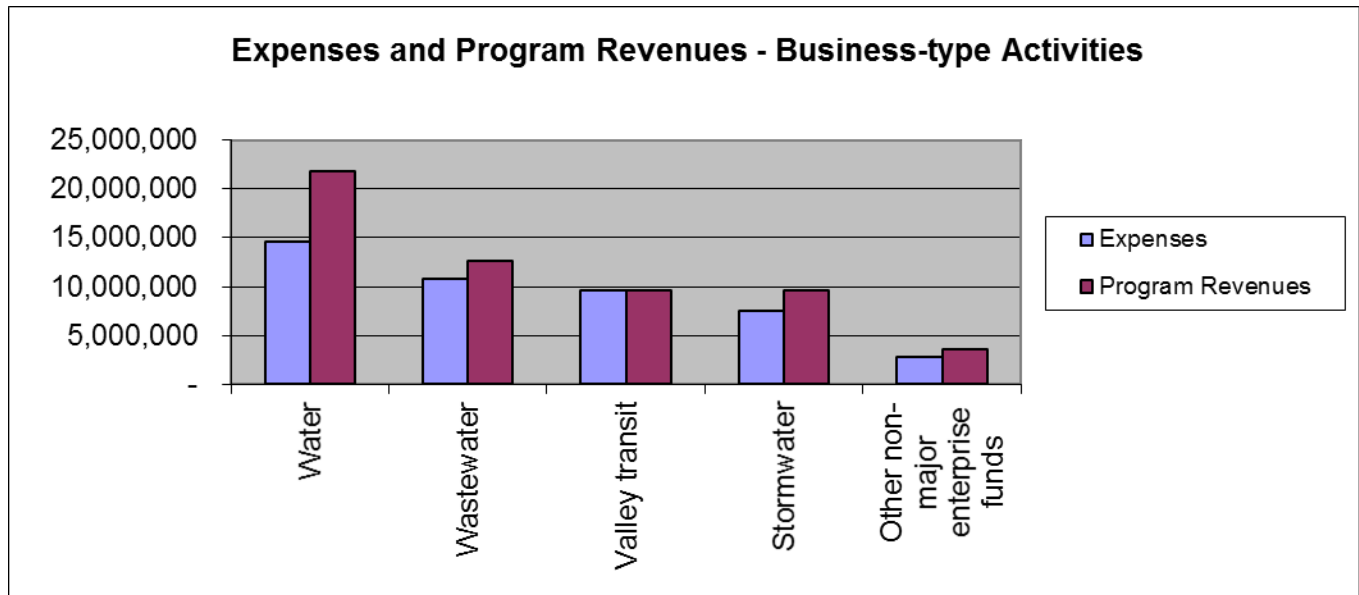
City of Appleton, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS



City of Appleton, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS



City of Appleton, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$30,277,701. 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 \$9,766,708; 2) restricted \$7,526,119; 3) committed \$1,447,054; 4) assigned \$17,619,725; and 5) unassigned (\$6,081,905). 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.

The \$6,081,905 unassigned deficit noted above represents \$8,711,055 of positive unassigned general fund balance offset by a \$13,276,827 deficit in TIF funds, \$1,500,336 deficit in capital projects funds, and \$15,797 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 2018 debt issuance, and the grant deficit is related primarily to the timing of grant draws and is expected to be recovered in 2018.

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 18.86% of the limit and has a general obligation debt per capita of \$660.

For the year ended December 31, 2017, general fund revenues and transfers in totaled \$61,435,750 while expenses and transfers out were \$62,838,666 resulting in a decrease of \$1,402,916 for the year. The primary reason for the decrease was a significant increase in employee health care costs continuing a trend from 2016. Health care costs increased over \$1 million in 2017 compared to 2016. Another factor that contributed to the decrease in general fund balance was a decrease of interest income due to the Fund's investment of approximately \$12 million of surplus cash into the construction of the Fox Cities Exhibition Center. This forfeited interest, along with the City's cash contribution, is expected to be reimbursed to the City by the Appleton Redevelopment Authority (ARA) upon the issuance of long-term bonds for the project which are expected to be issued May 1, 2018.

City of Appleton, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

Exhibition Center Capital Projects Fund: The Exhibition Center Capital Projects Fund was established to account for the costs of constructing a 30,000-square foot exhibition center which was attached via skywalk to a local downtown hotel. The project was to be funded by a bond issue by the Appleton Redevelopment Authority who is acting as a conduit issuer on behalf of ten area communities who have pledged a portion of their hotel room taxes to pay debt service on the bonds. As of December 31, 2017, the Exhibition Center was substantially complete. To fund construction costs, the City advanced cash to the ARA, and the ARA, in turn, provided this cash to the Exhibition Center Capital Projects Fund to pay for construction costs. On May 1, 2018, the ARA issued \$34,540,000 of lease revenue bonds and reimbursed the City in full for the funds previously advanced.

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 \$8,108,877 in 2017, or a 6.17% rate of return on the net investment rate base. This compares to operating income of \$8,315,981 in 2016, or a 6.33% rate of return. There was a slight decrease in operating revenues, due to a decrease in consumption. Operating expense increased less than 1% from the prior year. Operating expenses included \$558,000 in costs to paint the North Tower and Reservoir. While there was a decrease in chemical expense of \$200,000 and utility expense of \$295,000, this was offset by the increases in distribution and transmission costs due to multiple significant main breaks and increased valve operations and repair during the year.

Wastewater Utility: The Wastewater Utility recorded operating income of \$1,777,254 in 2017 compared to operating income of \$1,787,799 in 2016. Operating revenues continued to increase due to the addition of \$540,000 in fees generated from special hauled waste disposal. The increase in operating revenues were offset by increases in operating expenses. Operating expenses included an additional \$90,000 in chemical expense used for testing process improvements for the removal of phosphorus; \$130,000 in insurance expense due to the Fox River cleanup litigation and \$200,000 in building expense for the removal of asbestos and painting at the Wastewater Treatment Plant.

Stormwater Utility: Stormwater Utility operating income was \$3,438,277 in 2017 compared to operating income of \$3,667,640 in 2016. Operating revenue increased due to an increase in the number of equivalent runoff units (ERU's) due to new building additions within the City. Stormwater Utility charges are based on the number of ERU's. Operating expenses for 2017 increased 7% or \$400,000 from 2016. Operating expense reflects increased costs for maintenance of stormwater laterals and an increase of \$80,000 in depreciation expense due to two stormwater ponds being added to the system, and the addition and upgrades of 60-inch pipe to the collection system in 2017.

Valley Transit: Operating revenues decreased \$39,748 in 2017 due to a decrease in ridership. Valley Transit saw a decrease in fixed route ridership during 2017 (-4.3%) while the ridership on the paratransit services remained relatively flat. Valley Transit raised some of the fixed route fares at the beginning of 2015 and saw a resulting overall decline in ridership of 2.4%. While fare revenue remained relatively flat from 2015 to 2016 due to the increased fare per ride, a fare increase typically results in reduced ridership. During 2017, the ridership decreased while fares remained the same, resulting in a decrease in revenue. Some of the decrease in farebox revenue can be attributed to a greater use of more economical fares such as 30-day passes and day passes.

Operating expenses increased by \$415,160, mostly due to an increase in personnel expense and materials and supplies. Personnel cost increased approximately 2% due to a contractual increase under the labor agreement with union employees. Increased maintenance and parts for the aging fleet are reflected in the increased costs of material and supplies.

Capital assets increased by approximately \$827,000 in 2017, primarily as the result of the purchase of three buses utilizing federal capital funding. The overall increase in capital assets consisted of \$1,342,000 for the three buses and \$107,000 of other assets, partially offset by \$622,000 of depreciation expense for the year.

City of Appleton, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended General Fund budget had total appropriations (including transfers) of \$3,923,195 more than the original budget. The total original appropriations, including those for transfers out, were \$61,607,021, while the final appropriations were \$65,530,216. A large part of the increase, \$1,931,066, was related to contingency funds established in the past that were carried over from 2016 into 2017 to safeguard against uncertainties in the economy. This contingency fund consists of reserves for fuel costs (\$137,315) and wage increases (\$525,639), 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 (\$16,707) from a franchise fee settlement with a cable service provider.

The remaining increase in the 2017 Budget of \$1,992,129 was related to \$904,846 of unexpended 2016 budget funds carried over to pay for expenses that were incurred in 2017. Budget amendments totaling \$754,092 were approved to help fund increased employee health care costs, and \$129,061 was approved to fund the City's share of a "Dark Store" property assessment settlement. Additionally, various budget increases were approved by the City Council throughout the year totaling \$204,130. The majority of these increases were related to contributions received by the library from local partners to fund certain programs.

CAPITAL ASSETS

By the end of 2017, the City had invested a total of \$723,434,787 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 \$3.7 million of expenses and will continue to be a focus due to an aging distribution system. Additionally, the multi-year meter system replacement project continued into 2017 and accounted for \$445,000 of costs in 2017.

Wastewater: Additions included \$1.5 million in improvements to the wastewater collection system. Additionally, a \$140,000 project to upgrade the D-Building Lab, \$170,000 in projects to upgrade processing equipment and \$440,000 in projects to upgrade buildings and grounds were completed at the Wastewater Treatment Plant.

Stormwater: Improvements necessary to continue our efforts in the management of stormwater in the City accounted for \$4.9 million in capital outlay for additions to mains and infrastructure in order to comply with regulations. This includes \$1.8 million related to 60-inch pipe that was installed on Oneida Street that replaced or upgraded existing pipe.

City of Appleton, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

General: The largest general fixed asset expenditure in 2017 was for the majority of the construction of the Fox Cities Exhibition Center (\$29,255,389 of expenditures). This project began in 2016 and was completed in January, 2018. Maintaining existing infrastructure, always a high priority of the City, accounted for the second largest general fixed asset expenditure, with approximately \$10.3 million invested in various street, sidewalk, and bridge infrastructure projects throughout the City.

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 a roof replacement at the City's Fire Station # 3 and a partial roof replacement at the City's Municipal Services Building (\$345,900), upgrades of the HVAC system at the City's Parks, Recreation and Facilities Management building (\$427,000), and various other projects in and around City buildings such as replacing the floor in Fire Station # 4 to correct structural weakness, re-paving the entrances to Fire Station # 5 and the area around the training tower at Fire Station # 6 to accommodate heavy equipment, and repairs to the parking deck at the police station (\$581,600).

Investments in equipment included replacement of the uninterruptible power supply system that helps ensure the reliability of the Police Department's systems (\$33,100), upgrades to the wireless computer network at City Center (\$36,600), continuation of the project to replace the signal preemption system that allows approaching fire trucks to control the traffic signals at intersections (\$132,300) and of the project to upgrade the fire protection system at the MSB (\$70,400). Work has also continued 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 (\$441,600). 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 fixed assets upon completion.

Finally, quality of life enhancements are another major area of City investment. The largest investment was for the completion of the project, begun in 2016, to replace the Erb Park swimming pool (\$6,924,700). Other projects included further development of the Skate Park at Telulah Park (\$185,600), planning for the upgrade and restoration of Jones Park (\$227,500), acquisition of two parcels of land contiguous with Appleton Memorial Park (\$240,100), and work on the water feature at the Scheig Center in Appleton Memorial Park (\$127,200).

City of Appleton, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AT YEAR-END NET OF ACCUMULATED DEPRECIATION

	Governmental Activities 2017	Business-Type Activities 2017	Totals
Land	\$ 11,557,416	\$ 11,916,990	\$ 23,474,406
Right-of-ways	76,429,958	-	76,429,958
Land improvements	38,721,202	-	38,721,202
Intangible assets	270,418	1,538,628	1,809,046
Improvements	12,847,014	-	12,847,014
Buildings	48,292,119	444,483,422	492,775,541
Equipment, furniture and fixtures	45,971,706	79,586,488	125,558,194
Streets	185,567,161	-	185,567,161
Sidewalks	33,556,244	-	33,556,244
Traffic signals	6,188,194	-	6,188,194
Bridges	49,755,101	-	49,755,101
Construction in progress	37,071,724	6,251,732	43,323,456
Accumulated depreciation	<u>(143,783,494)</u>	<u>(222,787,236)</u>	<u>(366,570,730)</u>
Totals	<u>\$ 402,444,763</u>	<u>\$ 320,990,024</u>	<u>\$ 723,434,787</u>

	Governmental Activities 2016	Business-Type Activities 2016	Totals
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>

City of Appleton, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-Term Debt

During 2017, the City issued \$14,170,000 of general obligation debt and retired \$10,615,000 of general obligation bonds and notes, resulting in an outstanding balance of \$50,605,000 at December 31, 2017. Included in the general obligation debt issued were \$4,995,000 of refunding notes to refund \$4,900,000 of existing bonds, resulting in an economic gain of \$761,785.

Additionally, the City issued \$5,000,000 of revenue bonds while retiring \$10,380,000 of bonds.

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 \$49,259,406 (\$50,605,000 less reserves on hand) which is 18.86% of the legal limit of \$261,146,195. Furthermore, City policy limits aggregate debt to 40% of the legal limit. The net debt outstanding at December 31, 2017 is 47.2% of the 40% policy limit.

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

	<u>Governmental Activities 2017</u>	<u>Business-Type Activities 2017</u>	<u>Totals</u>
General obligation bonds and notes payable	\$ 49,445,000	\$ 1,160,000	\$ 50,605,000
Revenue bonds	-	115,160,000	115,160,000
Total Outstanding General Obligation and Revenue Bonds	<u>\$ 49,445,000</u>	<u>\$ 116,320,000</u>	<u>\$ 165,765,000</u>
	<u>Governmental Activities 2016</u>	<u>Business-Type Activities 2016</u>	<u>Totals</u>
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>

Additional information on the City of Appleton's long-term debt can be found in footnote 4.F. of this report.

City of Appleton, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS

Currently Known Facts/Economic Conditions

Paper manufacturing, insurance, health care, higher education and public sector institutions dominate the local employment base. The City's largest employer, Affinity Health Systems, a health care provider, employs more than 5,000 people and employment remains stable.

The City's unemployment rate showed steady improvement over the year, dropping from 3.5% in January, 2017 to 2.5% by the conclusion of the year. The average 2017 unemployment rate for the City was 3.1%.

The City's equalized value increased by \$284 million to \$5.2 billion, which represents 28.2% 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.

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, 2017

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016

	Governmental Activities	Business-type Activities	Totals		Component Units
			2017	2016	
ASSETS					
Cash and investments	\$ 29,343,038	\$ 29,107,876	\$ 58,450,914	\$ 90,138,251	\$ 495,563
Receivables					
Taxes and special charges	48,286,979	-	48,286,979	46,445,470	-
Accounts	2,249,372	3,598,230	5,847,602	5,256,300	-
Special assessments	233,415	225,375	458,790	888,406	61,105
Delinquent special assessments	-	-	-	654	-
Developer loans	2,131,543	-	2,131,543	3,077,090	-
Housing loans, net	6,483,281	-	6,483,281	6,487,184	-
Accrued interest	264,204	-	264,204	329,237	-
Other	176,574	6,092,217	6,268,791	6,235,346	-
Internal balances	695,194	(695,194)	-	-	-
Due from other governments	659,840	1,617,065	2,276,905	2,052,479	-
Due from component unit	14,840,455	15,000,000	29,840,455	-	-
Inventories	1,000,746	720,318	1,721,064	1,806,377	-
Prepaid items	30,737	27,374	58,111	59,001	-
Investment in WMIC	2,020,950	-	2,020,950	2,020,950	-
Assets held for resale	6,912,566	10,082	6,922,648	8,356,386	20,000
Restricted assets					
Cash and investments	-	21,639,727	21,639,727	26,415,857	-
Accrued interest	-	85,648	85,648	156,803	-
Capital assets, nondepreciable	163,962,035	19,707,350	183,669,385	147,495,757	-
Capital assets, depreciable	238,482,728	301,282,674	539,765,402	524,278,395	-
Total assets	517,773,657	398,418,742	916,192,399	871,499,943	576,668
DEFERRED OUTFLOWS OF RESOURCES					
Loss on advance refunding	94,438	2,686,939	2,781,377	3,052,786	-
Pension related amounts	18,863,044	4,092,822	22,955,866	32,200,970	-
Total deferred outflows of resources	18,957,482	6,779,761	25,737,243	35,253,756	-
LIABILITIES					
Accounts payable	7,826,687	2,376,544	10,203,231	7,380,091	28,541
Other accrued liabilities	1,950,411	198,396	2,148,807	2,209,072	-
Claims payable	4,837,000	-	4,837,000	4,837,000	-
Due to other governments	-	1,113,962	1,113,962	1,265,183	-
Due to primary government	-	-	-	-	29,840,455
Accrued interest payable	326,326	530,402	856,728	1,038,049	-
Special deposits	16,231	-	16,231	75,095	75,000
Unearned revenues	-	554,665	554,665	829,370	-
Long-term obligations					
Due within one year	10,879,444	6,128,170	17,007,614	13,566,287	-
Landfill post closure care	1,620,000	-	1,620,000	1,710,000	-
Due in more than one year	48,239,790	118,050,622	166,290,412	171,640,195	-
Net pension liability	2,439,945	535,264	2,975,209	5,803,784	-
Other postemployment benefits	1,194,316	-	1,194,316	1,005,728	-
Total liabilities	79,330,150	129,488,025	208,818,175	211,359,854	29,943,996
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue	46,879,627	-	46,879,627	44,858,038	196,751
Pension related amounts	7,815,411	1,714,512	9,529,923	12,326,989	-
Total deferred inflows of resources	54,695,038	1,714,512	56,409,550	57,185,027	196,751
NET POSITION					
Net investment in capital assets	356,166,240	211,019,686	567,185,926	550,852,455	-
Restricted	10,380,712	10,767,596	21,148,308	20,058,597	-
Unrestricted	36,158,999	52,208,684	88,367,683	67,297,766	(29,564,079)
Total net position	\$ 402,705,951	\$ 273,995,966	\$ 676,701,917	\$ 638,208,818	\$(29,564,079)

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, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 9,000,938	\$ 1,311,654	\$ 6,940	\$ -
Public safety	33,166,391	1,225,123	649,533	-
Public works	16,478,718	2,239,166	2,961,398	1,882,911
Culture and recreation	11,292,369	1,245,728	1,067,377	26,222
Conservation and development	7,569,648	735,438	1,092,664	29,840,455
Interest and fiscal charges	902,403	-	-	-
Total governmental activities	<u>78,410,467</u>	<u>6,757,109</u>	<u>5,777,912</u>	<u>31,749,588</u>
BUSINESS-TYPE ACTIVITIES				
Water utility	14,627,223	21,015,480	-	736,903
Wastewater utility	10,788,112	12,144,187	-	465,556
Transit utility	9,587,671	1,572,511	6,905,780	1,073,780
Stormwater utility	7,576,951	9,600,003	-	784,603
Other non-major enterprise funds	<u>2,784,861</u>	<u>3,549,496</u>	<u>3,195</u>	<u>-</u>
Total business-type activities	<u>45,364,818</u>	<u>47,881,677</u>	<u>6,908,975</u>	<u>3,060,842</u>
Total primary government	<u>\$ 123,775,285</u>	<u>\$ 54,638,786</u>	<u>\$ 12,686,887</u>	<u>\$ 34,810,430</u>
Component units	<u>\$ 30,260,180</u>	<u>\$ 196,388</u>	<u>\$ 250,000</u>	<u>\$ -</u>
General revenues				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Property taxes, levied for capital projects				
Other taxes				
Federal and state grants and other contributions not restricted to specific functions				
Investment return				
Miscellaneous				
Gain on sale of asset				
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**

Governmental Activities	Business-type Activities	Totals		Component Units
		2017	2016	
\$ (7,682,344)	\$ -	\$ (7,682,344)	\$ (6,101,069)	\$ -
(31,291,735)	-	(31,291,735)	(29,979,032)	-
(9,395,243)	-	(9,395,243)	(3,786,895)	-
(8,953,042)	-	(8,953,042)	(12,231,623)	-
24,098,909	-	24,098,909	(4,689,141)	-
(902,403)	-	(902,403)	(861,000)	-
<u>(34,125,858)</u>	<u>-</u>	<u>(34,125,858)</u>	<u>(57,648,760)</u>	<u>-</u>
-	7,125,160	7,125,160	5,608,896	-
-	1,821,631	1,821,631	1,574,701	-
-	(35,600)	(35,600)	(1,166,387)	-
-	2,807,655	2,807,655	2,253,135	-
-	767,830	767,830	614,218	-
<u>-</u>	<u>12,486,676</u>	<u>12,486,676</u>	<u>8,884,563</u>	<u>-</u>
<u>(34,125,858)</u>	<u>12,486,676</u>	<u>(21,639,182)</u>	<u>(48,764,197)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,813,792)</u>
37,341,289	-	37,341,289	36,444,149	-
2,431,082	-	2,431,082	3,207,847	-
3,871,561	-	3,871,561	2,928,106	-
2,899,637	-	2,899,637	2,843,219	-
11,498,209	-	11,498,209	11,403,088	-
891,771	519,177	1,410,948	1,062,248	3,601
482,150	17,898	500,048	157,595	3,000
179,507	-	179,507	14,508	-
2,621,836	(2,621,836)	-	-	-
<u>62,217,042</u>	<u>(2,084,761)</u>	<u>60,132,281</u>	<u>58,060,760</u>	<u>6,601</u>
28,091,184	10,401,915	38,493,099	9,296,563	(29,807,191)
<u>374,614,767</u>	<u>263,594,051</u>	<u>638,208,818</u>	<u>628,912,255</u>	<u>243,112</u>
<u>\$ 402,705,951</u>	<u>\$ 273,995,966</u>	<u>\$ 676,701,917</u>	<u>\$ 638,208,818</u>	<u>\$ (29,564,079)</u>

City of Appleton, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016

	General	Exhibition Center	Other Governmental Funds	Totals	
				2017	2016
ASSETS					
Cash and investments	\$ 11,444,770	\$ -	\$ 15,828,371	\$ 27,273,141	\$ 45,987,263
Receivables					
Taxes and special charges	36,149,719	-	12,137,260	48,286,979	46,445,470
Accounts	1,165,565	367,000	714,989	2,247,554	926,089
Special assessments	73,259	-	160,156	233,415	707,100
Delinquent special assessments	-	-	-	-	654
Developer loans	892,480	-	-	892,480	2,577,090
Housing loans, net	-	-	6,483,281	6,483,281	6,487,184
Notes receivable - component unit	-	-	1,239,063	1,239,063	500,000
Accrued interest payable	264,204	-	-	264,204	329,237
Other	6,011	-	159,026	165,037	286,340
Due from other funds	2,315,074	-	49,654	2,364,728	3,026,134
Advance to other funds	14,776,599	-	-	14,776,599	14,969,541
Due from other governments	247,256	-	412,584	659,840	625,001
Due from component unit	12,008,430	2,832,025	-	14,840,455	-
Inventories	922,307	-	-	922,307	980,250
Prepaid items	9,107	-	-	9,107	-
Total assets	<u>\$ 80,274,781</u>	<u>\$ 3,199,025</u>	<u>\$ 37,184,384</u>	<u>\$ 120,658,190</u>	<u>\$ 123,847,353</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 2,403,976	\$ 3,199,025	\$ 2,051,397	\$ 7,654,398	\$ 4,707,681
Other accrued liabilities	1,873,265	-	36,875	1,910,140	1,973,073
Claims payable	2,937,000	-	-	2,937,000	2,937,000
Due to other funds	1,082,652	-	353,180	1,435,832	1,306,743
Advance from other funds	-	-	14,626,599	14,626,599	14,814,541
Special deposits	16,231	-	-	16,231	75,095
Total liabilities	<u>8,313,124</u>	<u>3,199,025</u>	<u>17,068,051</u>	<u>28,580,200</u>	<u>25,814,133</u>
Deferred inflows of resources					
Unearned and unavailable revenue	<u>41,783,331</u>	<u>-</u>	<u>20,016,958</u>	<u>61,800,289</u>	<u>62,184,836</u>
Fund balances					
Nonspendable	9,766,708	-	-	9,766,708	9,084,808
Restricted	-	-	7,526,119	7,526,119	11,424,576
Committed	-	-	1,447,054	1,447,054	1,485,193
Assigned	11,700,563	-	5,919,162	17,619,725	18,891,451
Unassigned	<u>8,711,055</u>	<u>-</u>	<u>(14,792,960)</u>	<u>(6,081,905)</u>	<u>(5,037,644)</u>
Total fund balances	<u>30,178,326</u>	<u>-</u>	<u>99,375</u>	<u>30,277,701</u>	<u>35,848,384</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 80,274,781</u>	<u>\$ 3,199,025</u>	<u>\$ 37,184,384</u>	<u>\$ 120,658,190</u>	<u>\$ 123,847,353</u>

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

City of Appleton, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016**

	<u>2017</u>	<u>2016</u>
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total fund balances as shown on previous page	\$ 30,277,701	\$ 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 current financial resources and therefore are not reported in the funds.	390,161,503	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	6,912,566	8,346,304
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	14,920,662	17,326,798
Net position of the internal service fund is reported in the statement of net position as governmental activities	12,784,923	12,766,377
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Deferred outflows related to pensions	18,070,666	25,323,731
Deferred inflows related to pensions	(7,486,781)	(9,699,173)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(49,570,624)	(45,883,248)
Premium on debt	(2,312,499)	(1,856,142)
Compensated absences	(6,799,633)	(6,508,229)
Employee benefits	(64,046)	(68,970)
Net pension liability	(2,337,347)	(4,566,557)
Post-closure care costs liability	(1,620,000)	(1,710,000)
Loss on advance refunding	94,438	-
Accrued interest on long-term obligations	(325,578)	(322,902)
Net position of governmental activities as reported on the Statement of Net Position (see page 18)	<u>\$ 402,705,951</u>	<u>\$ 374,614,767</u>

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, 2017

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	General	Exhibition Center	Other Governmental Funds	Totals	
				2017	2016
REVENUES					
Taxes	\$ 34,767,096	\$ -	\$ 11,776,473	\$ 46,543,569	\$ 45,423,321
Special assessments	273,744	-	429,400	703,144	1,031,961
Intergovernmental	15,562,109	29,840,455	1,697,054	47,099,618	19,481,564
Licenses and permits	1,202,535	-	-	1,202,535	1,145,640
Fines and forfeits	255,440	-	-	255,440	264,084
Public charges for services	1,550,557	-	1,292,351	2,842,908	2,774,166
Investment income (loss)	2,459,973	3	160,417	2,620,393	2,388,774
Miscellaneous	1,638,391	367,000	4,244,315	6,249,706	4,546,476
Total revenues	<u>57,709,845</u>	<u>30,207,458</u>	<u>19,600,010</u>	<u>107,517,313</u>	<u>77,055,986</u>
EXPENDITURES					
Current					
General government	7,242,302	-	1,087,743	8,330,045	7,839,058
Public safety	30,607,510	-	461,141	31,068,651	29,772,547
Public works	14,105,324	-	3,348,898	17,454,222	16,623,060
Culture and recreation	8,437,946	-	-	8,437,946	8,043,834
Conservation and development	1,721,628	-	1,404,245	3,125,873	3,713,108
Debt service					
Principal	-	-	5,582,624	5,582,624	4,046,082
Interest and fiscal charges	-	-	2,125,377	2,125,377	1,757,116
Capital outlay	-	29,255,389	20,744,404	49,999,793	19,460,632
Total expenditures	<u>62,114,710</u>	<u>29,255,389</u>	<u>34,754,432</u>	<u>126,124,531</u>	<u>91,255,437</u>
Excess of revenues under expenditures	<u>(4,404,865)</u>	<u>952,069</u>	<u>(15,154,422)</u>	<u>(18,607,218)</u>	<u>(14,199,451)</u>
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	558,000	13,612,000	14,170,000	18,920,000
Premium on debt issued	-	-	790,738	790,738	1,527,653
Payment to advance refunding escrow agent	-	-	(4,994,438)	(4,994,438)	-
Proceeds from sale of capital assets	1,157	-	258,983	260,140	411,886
Transfers in	3,724,748	-	3,687,380	7,412,128	6,811,499
Transfers out	(723,956)	-	(3,878,077)	(4,602,033)	(3,629,301)
Total other financing sources (uses)	<u>3,001,949</u>	<u>558,000</u>	<u>9,476,586</u>	<u>13,036,535</u>	<u>24,041,737</u>
Net change in fund balances	<u>(1,402,916)</u>	<u>1,510,069</u>	<u>(5,677,836)</u>	<u>(5,570,683)</u>	<u>9,842,286</u>
Fund balances - January 1	<u>31,581,242</u>	<u>(1,510,069)</u>	<u>5,777,211</u>	<u>35,848,384</u>	<u>26,006,098</u>
Fund balances - December 31	<u>\$ 30,178,326</u>	<u>\$ -</u>	<u>\$ 99,375</u>	<u>\$ 30,277,701</u>	<u>\$ 35,848,384</u>

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, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2017</u>	<u>2016</u>
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net change in fund balances as shown on previous page	\$ (5,570,683)	\$ 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 assets reported as capital outlay in governmental fund statements	51,373,768	22,286,276
Contributed capital assets	1,453,511	-
Depreciation expense reported in the statement of activities	(7,548,067)	(7,629,936)
Net book value of disposals	(671,893)	(654,063)
Land held for resale	(1,497,948)	-
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	(2,406,136)	(1,226,094)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-term debt issued	(14,170,000)	(18,920,000)
Premiums issued on long-term debt	(790,738)	(1,527,653)
Principal repaid	10,482,624	4,046,082
Loss on advance refunding	94,438	-
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued interest on long-term debt	(2,676)	(106,975)
Amortization of premiums, discounts and loss on advance refunding	334,381	86,438
Landfill post-closure costs	90,000	90,000
Compensated absences	(286,480)	36,077
Net pension asset	-	(6,811,541)
Net pension liability	2,229,210	(4,566,557)
Deferred outflows of resources related to pensions	(7,253,065)	18,146,849
Deferred inflows of resources related to pensions	2,212,392	(9,699,173)
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.	<u>18,546</u>	<u>(446,831)</u>
Change in net position of governmental activities as reported in the statement of activities (see pages 19 - 20)	<u>\$ 28,091,184</u>	<u>\$ 2,945,185</u>

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, 2017

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016

	Enterprise Funds			
	Water Utility	Wastewater Utility	Valley Transit	Stormwater Utility
ASSETS				
Current assets				
Cash and investments	\$ 14,239,731	\$ 290,779	\$ 528,007	\$ 13,091,853
Receivables				
Customer accounts	1,355,506	914,599	158,847	1,145,448
Special assessments	-	159,072	-	66,303
Other	3,669,074	1,409,088	-	1,014,055
Due from other funds	459,898	358,624	-	214,476
Due from other governments				
Federal government	-	-	689,996	-
State government	-	-	709,436	-
Local government	1,486	-	216,147	-
Due from component unit	-	15,000,000	-	-
Inventories	330,596	126,406	263,316	-
Prepaid items	-	-	27,374	-
Restricted assets				
Cash and investments	5,214	3,280,612	-	2,897,411
Total current assets	<u>20,061,505</u>	<u>21,539,180</u>	<u>2,593,123</u>	<u>18,429,546</u>
Noncurrent assets				
Restricted assets				
Cash and investments	5,140,723	5,073,416	1,454,328	3,788,023
Accrued interest	32,288	34,239	-	19,121
Total restricted assets	<u>5,173,011</u>	<u>5,107,655</u>	<u>1,454,328</u>	<u>3,807,144</u>
Other assets				
Investment in WMIC	-	-	-	-
Assets held for resale	10,082	-	-	-
Total other assets	<u>10,082</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets				
Nondepreciable	1,828,217	1,890,969	896,241	13,098,468
Depreciable	121,276,155	82,349,400	2,838,299	87,669,203
Total capital assets	<u>123,104,372</u>	<u>84,240,369</u>	<u>3,734,540</u>	<u>100,767,671</u>
Total assets	<u>148,348,970</u>	<u>110,887,204</u>	<u>7,781,991</u>	<u>123,004,361</u>
DEFERRED OUTFLOWS OF RESOURCES				
Loss on advance refunding	1,557,641	-	-	1,129,298
Pension related amounts	831,522	1,254,135	1,127,451	641,886
Total deferred outflows of resources	<u>2,389,163</u>	<u>1,254,135</u>	<u>1,127,451</u>	<u>1,771,184</u>

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

Nonmajor Funds	Totals		Governmental Activities - Internal Service Funds	
	2017	2016	2017	2016
\$ 957,506	\$ 29,107,876	\$ 42,109,164	\$ 2,069,897	\$ 2,041,824
23,830	3,598,230	2,979,264	13,355	1,350,947
-	225,375	181,306	-	-
-	6,092,217	5,949,006	-	-
-	1,032,998	1,042,072	-	-
-	689,996	484,086	-	-
-	709,436	696,849	-	-
-	217,633	228,653	-	17,890
-	15,000,000	-	-	-
-	720,318	763,031	78,439	63,096
-	27,374	26,556	21,630	32,445
-	6,183,237	3,545,375	-	-
981,336	63,604,690	58,005,362	2,183,321	3,506,202
-	15,456,490	22,870,482	-	-
-	85,648	156,803	-	-
-	15,542,138	23,027,285	-	-
-	-	-	2,020,950	2,020,950
-	10,082	10,082	-	-
-	10,082	10,082	2,020,950	2,020,950
1,993,455	19,707,350	13,505,019	-	114,364
7,149,617	301,282,674	300,313,512	12,283,260	12,222,863
9,143,072	320,990,024	313,818,531	12,283,260	12,337,227
10,124,408	400,146,934	394,861,260	16,487,531	17,864,379
-	2,686,939	3,052,786	-	-
237,828	4,092,822	5,776,719	792,378	1,100,520
237,828	6,779,761	8,829,505	792,378	1,100,520

City of Appleton, Wisconsin

STATEMENT OF NET POSITION PROPRIETARY FUNDS

DECEMBER 31, 2017

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016

	Enterprise Funds			
	Water Utility	Wastewater Utility	Valley Transit	Stormwater Utility
LIABILITIES				
Current liabilities				
Accounts payable	\$ 906,025	\$ 343,739	\$ 445,408	\$ 653,480
Other accrued liabilities	66,112	35,145	57,315	25,192
Claims payable	-	-	-	-
Due to other funds	1,911,842	-	-	-
Due to other governments	-	-	1,113,962	-
Accrued interest payable	-	-	-	-
Compensated absences	249,804	141,006	208,962	73,765
Unearned revenue	-	-	478,213	-
Advance from other funds	-	-	-	-
Current portion of long-term debt	-	-	-	-
Payable from restricted assets				
Current portion of long-term debt	716,132	907,256	-	3,649,679
Accrued interest payable	-	90,645	-	431,975
Total current liabilities	<u>3,849,915</u>	<u>1,517,791</u>	<u>2,303,860</u>	<u>4,834,091</u>
Long-term obligations, less current portion				
Advance from other funds	-	-	-	-
General obligation debt	-	-	-	-
Revenue bonds	54,570,000	12,035,000	-	44,430,000
Debt premium	2,736,893	113,802	-	2,720,309
Compensated absences	82,343	91,922	94,150	88,666
Net pension liability	109,985	162,742	148,569	83,263
Other postemployment benefits	-	-	-	-
Total long-term liabilities	<u>57,499,221</u>	<u>12,403,466</u>	<u>242,719</u>	<u>47,322,238</u>
Total liabilities	<u>61,349,136</u>	<u>13,921,257</u>	<u>2,546,579</u>	<u>52,156,329</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	<u>352,295</u>	<u>521,281</u>	<u>475,883</u>	<u>266,701</u>
NET POSITION				
Net investment in capital assets	71,784,925	72,632,145	3,734,540	54,885,004
Restricted	5,214	6,823,498	1,454,328	2,484,556
Unrestricted	<u>17,246,563</u>	<u>18,243,158</u>	<u>698,112</u>	<u>14,982,955</u>
Total net position	<u>\$ 89,036,702</u>	<u>\$ 97,698,801</u>	<u>\$ 5,886,980</u>	<u>\$ 72,352,515</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
Net position of business-type activities as reported on the Statement of Net Position (see page 18)

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

Nonmajor Funds	Totals		Governmental Activities - Internal Service Funds	
	2017	2016	2017	2016
\$ 27,892	\$ 2,376,544	\$ 1,607,135	\$ 172,289	\$ 1,065,275
14,632	198,396	194,458	40,271	41,541
-	-	-	1,900,000	1,900,000
-	1,911,842	1,911,136	50,052	850,327
-	1,113,962	1,265,183	-	-
7,782	7,782	8,173	748	911
61,566	735,103	693,043	210,005	203,028
76,452	554,665	829,370	-	-
5,000	5,000	5,000	-	-
120,000	120,000	120,000	27,751	27,376
-	5,273,067	3,480,000	-	-
-	522,620	706,063	-	-
<u>313,324</u>	<u>12,818,981</u>	<u>10,819,561</u>	<u>2,401,116</u>	<u>4,088,458</u>
145,000	145,000	150,000	-	-
1,040,000	1,040,000	1,160,000	106,625	134,376
-	111,035,000	117,060,000	-	-
-	5,571,004	7,552,492	-	-
47,537	404,618	432,141	28,051	27,437
30,705	535,264	1,039,736	102,598	197,491
-	-	-	1,194,316	1,005,728
<u>1,263,242</u>	<u>118,730,886</u>	<u>127,394,369</u>	<u>1,431,590</u>	<u>1,365,032</u>
<u>1,576,566</u>	<u>131,549,867</u>	<u>138,213,930</u>	<u>3,832,706</u>	<u>5,453,490</u>
<u>98,352</u>	<u>1,714,512</u>	<u>2,208,354</u>	<u>328,630</u>	<u>419,462</u>
7,983,072	211,019,686	213,741,324	12,148,884	12,175,475
-	10,767,596	9,183,575	-	-
704,246	51,875,034	40,343,582	969,689	916,472
<u>\$ 8,687,318</u>	<u>273,662,316</u>	<u>263,268,481</u>	<u>\$ 13,118,573</u>	<u>\$ 13,091,947</u>
	333,650	325,570		
	<u>\$ 273,995,966</u>	<u>\$ 263,594,051</u>		

City of Appleton, Wisconsin

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

	Enterprise Funds			
	Water Utility	Wastewater Utility	Valley Transit	Stormwater Utility
OPERATING REVENUES				
Charges for services	\$ 20,321,981	\$ 9,367,786	\$ 1,476,457	\$ 9,428,127
Other	693,499	2,776,401	96,054	171,876
Total operating revenues	21,015,480	12,144,187	1,572,511	9,600,003
OPERATING EXPENSES				
Operation and maintenance	8,373,876	7,494,136	8,982,721	3,608,192
Depreciation	4,532,727	2,872,797	622,352	2,553,534
Total operating expenses	12,906,603	10,366,933	9,605,073	6,161,726
Operating income (loss)	8,108,877	1,777,254	(8,032,562)	3,438,277
NONOPERATING REVENUES (EXPENSES)				
Investment income	177,736	174,762	7,759	145,558
Intergovernmental	-	-	-	-
Subsidies from other governmental units	-	-	6,905,780	-
Gain (loss) on disposal of capital assets	(39,965)	-	-	-
Interest and fiscal charges	(2,095,814)	(488,144)	-	(1,522,892)
Debt issuance costs	(20,500)	-	-	(76,889)
Amortization of prior losses on refunding of bonds	(229,730)	-	-	(136,117)
Amortization of debt discount/premium	660,996	18,053	-	405,852
Other	17,898	-	-	-
Total nonoperating revenues (expenses)	(1,529,379)	(295,329)	6,913,539	(1,184,488)
Income (loss) before contributions and transfers	6,579,498	1,481,925	(1,119,023)	2,253,789
Capital contributions	736,903	465,556	1,073,780	784,603
Transfers in	-	-	690,956	-
Transfers out - tax equivalent	(1,841,497)	-	-	-
Transfers out	(13,800)	(187,795)	-	(12,500)
Change in net position	5,461,104	1,759,686	645,713	3,025,892
Net position - January 1	83,575,598	95,939,115	5,241,267	69,326,623
Net position - December 31	<u>\$ 89,036,702</u>	<u>\$ 97,698,801</u>	<u>\$ 5,886,980</u>	<u>\$ 72,352,515</u>

Change in net position reported above

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Change in net position of business-type activities as reported on the Statement of Activities (see pages 19 - 20)

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

Nonmajor Funds	Totals		Governmental Activities - Internal Service Funds	
	2017	2016	2017	2016
\$ 3,077,986	\$ 43,672,337	\$ 43,615,724	\$ 7,087,883	\$ 6,679,910
474,705	4,212,535	3,482,636	75,590	1,722,555
<u>3,552,691</u>	<u>47,884,872</u>	<u>47,098,360</u>	<u>7,163,473</u>	<u>8,402,465</u>
2,166,916	30,625,841	29,155,543	7,078,081	8,932,332
608,980	11,190,390	11,109,637	2,386,197	2,305,308
<u>2,775,896</u>	<u>41,816,231</u>	<u>40,265,180</u>	<u>9,464,278</u>	<u>11,237,640</u>
<u>776,795</u>	<u>6,068,641</u>	<u>6,833,180</u>	<u>(2,300,805)</u>	<u>(2,835,175)</u>
13,362	519,177	374,788	2,546	1,265
-	-	-	-	1,000
-	6,905,780	6,442,345	-	-
-	(39,965)	(72,891)	178,855	329,146
(31,517)	(4,138,367)	(5,063,065)	(3,160)	(3,738)
-	(97,389)	(485,066)	-	-
-	(365,847)	(258,108)	-	-
-	1,084,901	514,425	-	-
-	17,898	18,518	5,219	3,892
<u>(18,155)</u>	<u>3,886,188</u>	<u>1,470,946</u>	<u>183,460</u>	<u>331,565</u>
758,640	9,954,829	8,304,126	(2,117,345)	(2,503,610)
-	3,060,842	1,063,521	2,332,230	2,222,708
-	690,956	631,686	-	-
-	(1,841,497)	(1,911,136)	-	-
<u>(1,257,200)</u>	<u>(1,471,295)</u>	<u>(1,574,150)</u>	<u>(188,259)</u>	<u>(328,598)</u>
(498,560)	10,393,835	6,514,047	26,626	(609,500)
<u>9,185,878</u>	<u>263,268,481</u>	<u>256,754,434</u>	<u>13,091,947</u>	<u>13,701,447</u>
<u>\$ 8,687,318</u>	<u>\$ 273,662,316</u>	<u>\$ 263,268,481</u>	<u>\$ 13,118,573</u>	<u>\$ 13,091,947</u>
	\$ 10,393,835	\$ 6,514,047		
	8,080	(162,669)		
	<u>\$ 10,401,915</u>	<u>\$ 6,351,378</u>		

City of Appleton, Wisconsin

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	Enterprise Funds			
	Water Utility	Wastewater Utility	Valley Transit	Stormwater Utility
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 20,749,829	\$ 11,969,520	\$ 1,781,355	\$ 9,234,880
Cash paid for employee wages and benefits	(2,549,222)	(2,428,943)	(3,935,305)	(1,493,679)
Cash paid to suppliers	(4,883,253)	(4,853,107)	(5,123,549)	(1,469,185)
Net cash provided (used) by operating activities	13,317,354	4,687,470	(7,277,499)	6,272,016
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Tax equivalent paid to municipality	(1,841,497)	-	-	-
Loan advanced to component unit	-	(15,000,000)	-	-
Intergovernmental operating subsidies	-	-	6,489,297	-
Nonoperating revenue	17,898	-	-	-
Change in due to/from other funds	706	-	-	-
Transfer in (out)	(13,800)	(187,795)	690,956	(12,500)
Net cash provided (used) by noncapital financing activities	(1,836,693)	(15,187,795)	7,180,253	(12,500)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(3,897,282)	(2,945,596)	(1,449,372)	(8,220,949)
Sale of capital assets	(39,965)	-	-	-
Contributed capital - federal	-	-	1,073,780	-
Special assessments billed	-	(247,087)	-	(247,074)
Special assessments received	-	243,853	-	206,239
Proceeds from issued long-term debt	-	-	-	5,000,000
Premium issued on long-term debt	-	-	-	251,480
Debt issuance costs	-	-	-	(76,889)
Principal paid on long-term debt	(6,900,000)	(860,000)	-	(2,620,000)
Principal paid on advance	-	-	-	-
Payments to refunding escrow agent	-	-	-	-
Interest paid on long-term debt	(2,315,328)	(493,215)	-	(1,502,250)
Net cash provided (used) by capital and related financing activities	(13,152,575)	(4,302,045)	(375,592)	(7,209,443)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	396,329	423,618	7,759	318,453
Interest received on special assessments	-	8,607	-	1,125
Investments sold and matured	6,106,016	5,033,354	-	4,058,855
Purchases of investments	(2,324,355)	(1,491,283)	-	(1,609,447)
Net cash provided (used) by investing and related financing activities	4,177,990	3,974,296	7,759	2,768,986
Change in cash and cash equivalents	2,506,076	(10,828,074)	(465,079)	1,819,059
Cash and cash equivalents - January 1	11,786,418	14,524,138	2,447,414	14,197,734
Cash and cash equivalents - December 31	\$ 14,292,494	\$ 3,696,064	\$ 1,982,335	\$ 16,016,793

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

Nonmajor Funds	Totals		Governmental Activities - Internal Service Funds	
	2017	2016	2017	2016
\$ 3,170,191	\$ 46,905,775	\$ 47,299,559	\$ 8,501,065	\$ 7,360,431
(1,103,872)	(11,511,021)	(11,263,776)	(2,218,722)	(2,146,194)
(1,062,999)	(17,392,093)	(17,512,568)	(5,439,547)	(5,720,381)
<u>1,003,320</u>	<u>18,002,661</u>	<u>18,523,215</u>	<u>842,796</u>	<u>(506,144)</u>
-	(1,841,497)	(1,911,136)	-	-
-	(15,000,000)	-	-	-
-	6,489,297	7,530,443	-	-
-	17,898	18,518	23,109	4,892
-	706	(39,010)	(800,275)	504,146
(1,257,200)	(780,339)	(1,574,150)	(188,259)	(328,598)
<u>(1,257,200)</u>	<u>(11,113,935)</u>	<u>4,024,665</u>	<u>(965,425)</u>	<u>180,440</u>
(59,913)	(16,573,112)	(11,593,553)	-	-
-	(39,965)	37,359	178,855	329,488
-	1,073,780	-	-	-
-	(494,161)	(243,811)	-	-
-	450,092	341,060	-	-
-	5,000,000	39,470,000	-	-
-	251,480	3,990,805	-	-
-	(76,889)	(485,066)	-	-
(120,000)	(10,500,000)	(32,855,000)	(27,376)	(18,918)
(5,000)	(5,000)	(5,000)	-	-
-	-	(14,264,819)	-	-
(31,908)	(4,342,701)	(4,868,708)	(3,323)	(3,738)
<u>(216,821)</u>	<u>(25,256,476)</u>	<u>(20,476,733)</u>	<u>148,156</u>	<u>306,832</u>
13,362	1,159,521	1,191,545	2,546	1,265
-	9,732	16,479	-	-
-	15,198,225	26,252,625	-	-
-	(5,425,085)	(27,791,032)	-	-
<u>13,362</u>	<u>10,942,393</u>	<u>(330,383)</u>	<u>2,546</u>	<u>1,265</u>
(457,339)	(7,425,357)	1,740,764	28,073	(17,607)
<u>1,414,845</u>	<u>44,370,549</u>	<u>42,629,785</u>	<u>2,041,824</u>	<u>2,059,431</u>
<u>\$ 957,506</u>	<u>\$ 36,945,192</u>	<u>\$ 44,370,549</u>	<u>\$ 2,069,897</u>	<u>\$ 2,041,824</u>

City of Appleton, Wisconsin

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017
 WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

	Enterprise Funds			
	Water Utility	Wastewater Utility	Valley Transit	Stormwater Utility
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 8,108,877	\$ 1,777,254	\$ (8,032,562)	\$ 3,438,277
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	4,532,727	2,872,797	622,352	2,553,534
Depreciation charged to sewer utility	198,291	-	-	-
Change in liability (asset) and deferred outflows and inflows of resources				
Pension	149,261	198,635	201,488	99,895
Other postemployment benefits	-	-	-	-
Change in operating assets and liabilities				
Customer accounts receivable	(191,496)	(103,030)	106,088	(425,489)
Other accounts receivable	(73,372)	(74,215)	-	4,376
Due from other funds	6,409	26,359	-	(23,694)
Due from other governments	(783)	2,578	-	55,990
Inventories and prepaid items	38,065	1,772	2,058	-
Accounts payable	540,392	(8,975)	(300,178)	573,050
Other accrued liabilities	5,512	857	(3,172)	(1,082)
Unearned revenue	-	-	102,756	-
Compensated absences	3,471	(6,562)	23,671	(2,841)
Net cash provided (used) by operating activities	<u>\$ 13,317,354</u>	<u>\$ 4,687,470</u>	<u>\$ (7,277,499)</u>	<u>\$ 6,272,016</u>
Reconciliation of cash and cash equivalents to the statement of net position				
Cash and cash equivalents in current assets	\$ 14,239,731	\$ 290,779	\$ 528,007	\$ 13,091,853
Restricted cash and investments				
Current	5,214	3,280,612	-	2,897,411
Non-current	5,140,723	5,073,416	1,454,328	3,788,023
Less: Non-cash investments	<u>(5,093,174)</u>	<u>(4,948,743)</u>	<u>-</u>	<u>(3,760,494)</u>
Total cash and cash equivalents	<u>\$ 14,292,494</u>	<u>\$ 3,696,064</u>	<u>\$ 1,982,335</u>	<u>\$ 16,016,793</u>
Noncash capital and related financing activities				
Contributed capital assets	\$ 736,903	\$ 465,556	\$ 1,073,780	\$ 784,603
Unrealized losses on investments	<u>(192,929)</u>	<u>(229,721)</u>	<u>-</u>	<u>(156,271)</u>
	<u>\$ 543,974</u>	<u>\$ 235,835</u>	<u>\$ 1,073,780</u>	<u>\$ 628,332</u>

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

Nonmajor Funds	Totals		Governmental Activities - Internal Service Funds	
	2017	2016	2017	2016
\$ 776,795	\$ 6,068,641	\$ 6,833,180	\$ (2,300,805)	\$ (2,835,175)
608,980	11,190,390	11,109,637	2,386,197	2,305,308
-	198,291	169,339	-	-
36,304	685,583	634,179	122,417	120,599
-	-	-	188,588	33,593
(5,039)	(618,966)	(113,727)	1,337,592	(1,035,019)
-	(143,211)	(82,978)	-	-
-	9,074	58,044	-	-
-	57,785	(58,568)	-	(7,015)
-	41,895	(107,310)	(4,528)	(3,135)
(34,880)	769,409	(456,263)	(892,986)	892,446
1,823	3,938	38,013	(1,270)	5,802
(377,461)	(274,705)	398,428	-	-
(3,202)	14,537	101,241	7,591	16,452
<u>\$ 1,003,320</u>	<u>\$ 18,002,661</u>	<u>\$ 18,523,215</u>	<u>\$ 842,796</u>	<u>\$ (506,144)</u>
\$ 957,506	\$ 29,107,876	\$ 42,109,164	\$ 2,069,897	\$ 2,041,824
-	6,183,237	3,545,375	-	-
-	15,456,490	22,870,482	-	-
-	(13,802,411)	(24,154,472)	-	-
<u>\$ 957,506</u>	<u>\$ 36,945,192</u>	<u>\$ 44,370,549</u>	<u>\$ 2,069,897</u>	<u>\$ 2,041,824</u>
\$ -	\$ 3,060,842	\$ 1,063,521	\$ 2,332,230	\$ 2,222,708
-	(578,921)	(620,841)	-	-
<u>\$ -</u>	<u>\$ 2,481,921</u>	<u>\$ 442,680</u>	<u>\$ 2,332,230</u>	<u>\$ 2,222,708</u>

City of Appleton, Wisconsin

STATEMENT OF FIDUCIARY NET POSITION

TAX COLLECTION AGENCY FUND

DECEMBER 31, 2017

WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets		
Cash and investments	\$ 62,710,616	\$ 57,764,133
Receivables		
Taxes	<u>10,353,932</u>	<u>14,047,344</u>
Total assets	<u>\$ 73,064,548</u>	<u>\$ 71,811,477</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 70,490	\$ 77,423
Due to other governments	<u>72,994,058</u>	<u>71,734,054</u>
Total liabilities	<u>\$ 73,064,548</u>	<u>\$ 71,811,477</u>

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

City of Appleton, Wisconsin

**COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2017**

	Business Improvement District	Appleton Redevelopment Authority	Totals
ASSETS			
Cash and investments	\$ 174,834	\$ 320,729	\$ 495,563
Receivables			
Special assessments	61,105	-	61,105
Assets held for resale	-	20,000	20,000
Total assets	<u>235,939</u>	<u>340,729</u>	<u>576,668</u>
LIABILITIES			
Accounts payable	28,541	-	28,541
Due to primary government	-	29,840,455	29,840,455
Special deposits	-	75,000	75,000
Total liabilities	<u>28,541</u>	<u>29,915,455</u>	<u>29,943,996</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	<u>196,751</u>	<u>-</u>	<u>196,751</u>
NET POSITION			
Unrestricted	<u>10,647</u>	<u>(29,574,726)</u>	<u>(29,564,079)</u>
Total net position	<u>\$ 10,647</u>	<u>\$ (29,574,726)</u>	<u>\$ (29,564,079)</u>

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

City of Appleton, Wisconsin

COMBINING STATEMENT OF ACTIVITIES
 COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Business Improvement District	\$ 187,420	\$ 196,388	\$ -	\$ -
Appleton Redevelopment Authority	<u>30,072,760</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
Total component units	<u>\$ 30,260,180</u>	<u>\$ 196,388</u>	<u>\$ 250,000</u>	<u>\$ -</u>
General revenues				
Investment income				
Miscellaneous				
Total general revenues				
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**

<u>Business Improvement District</u>	<u>Appleton Redevelopment Authority</u>	<u>Totals</u>
\$ 8,968	\$ -	\$ 8,968
<u>-</u>	<u>(29,822,760)</u>	<u>(29,822,760)</u>
<u>8,968</u>	<u>(29,822,760)</u>	<u>(29,813,792)</u>
473	3,128	3,601
<u>-</u>	<u>3,000</u>	<u>3,000</u>
<u>473</u>	<u>6,128</u>	<u>6,601</u>
9,441	(29,816,632)	(29,807,191)
<u>1,206</u>	<u>241,906</u>	<u>243,112</u>
<u>\$ 10,647</u>	<u>\$ (29,574,726)</u>	<u>\$ (29,564,079)</u>

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

NOTE 1: 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:

A. REPORTING ENTITY

The City is a municipal corporation governed by an elected Mayor and fifteen member board. 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. 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.

The City has identified the following component units that is required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

Business Improvement District

The Business Improvement District of the City of Appleton ("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 5.A. 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, 2017. 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 Redevelopment Authority of the City of Appleton ("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 5.A. 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, 2017. 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.

B. 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.

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

C. 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 of the nonfiduciary 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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.

Exhibition Center Capital Projects Fund

This fund accounts for the financing and expenditures associated with the construction of the Fox Cities Exhibition Center.

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

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, 2017

Additionally the City reports the following fund types:

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

Agency fund accounts for assets held by the City in a trustee capacity.

D. 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 and fiduciary 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.

Only the portion of special assessments receivable collected during the current year are recorded as revenue. 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 functions 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 proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the costs 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, 2017

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.

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

1. 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.

2. Property Taxes and Special Charges/Receivable

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against City properties. 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 and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in four 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.

3. Accounts Receivable

Accounts receivable are recorded at gross amounts 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.

4. Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. Installments placed on the 2017 tax roll are recognized as revenue in 2017. Special assessments are subject to collection procedures.

5. 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 and business-type activities.

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

6. 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 to indicate that they do not represent spendable available financial resources.

7. Prepaid Items

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

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

8. 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 a 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:

Assets	Years
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.

9. 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.

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

10. **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.

11. **Deferred Outflows/Inflows of Resources**

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Governmental funds may report deferred inflows of resources for unavailable revenues. The City reports unavailable revenues for delinquent property taxes, special assessments and notes and loans receivable. These inflows are recognized as revenues in the government-wide financial statements.

12. **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 as incurred.

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.

13. **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.

14. **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.

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

- ▶ **Committed fund balance.** Amounts that are constrained for specific purposes by action of the City Council. These constraints can only be removed or changed by the City Council using the same action that was used to create them.
- ▶ **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.

F. 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.

G. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the City's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

H. RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

NOTE 2: 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 used in governmental funds are not current 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	\$ 126,708,576
Construction in progress	37,071,724
Intangible assets	181,735
Depreciable capital assets, net of depreciation	238,482,728
Subtotal	<u>402,444,763</u>
Less: Internal service fund capital assets	<u>(12,283,260)</u>
Net adjustment for capital assets	<u>\$ 390,161,503</u>

NOTE 3: STEWARDSHIP AND COMPLIANCE

A. BUDGETS AND BUDGETARY ACCOUNTING

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

1. Prior to the end of July, the department heads submit to the mayor proposed budgets, including expenditures and applicable revenue projections.
2. 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.
3. Public hearings are conducted to obtain taxpayer comments.
4. The budget is adopted formally by resolution of the common council at the first finance committee meeting in November.
5. 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.
6. 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.
7. 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.
8. 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.

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

9. 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, 2017.

B. EXCESS OF EXPENDITURES OVER BUDGET APPROPRIATIONS

For the year ended December 31, 2017, there were no expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations.

C. DEFICIT FUND EQUITY

The following funds had deficit fund balance as of December 31, 2017:

<u>Funds</u>	<u>Deficit Fund Balance</u>
Special Revenue Funds	
Tax Incremental District No. 3	\$ 7,287,715
Community development block grant	1,622
Health grants	5,441
Police grants	6,451
Emergency shelter	2,283
Capital Project Funds	
Tax Incremental District No. 6	5,830,911
Tax Incremental District No. 8	156,151
Tax Incremental District No. 11	1,025
Tax Incremental District No. 12	1,025
City center facilities	82,076

TIF District deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for districts created before October 1, 1995 and 23 years for districts created through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20 - 27 years) and may be extended in some cases. The community development block grant, health grants, emergency shelter, and police grants fund deficits are anticipated to be funded with grant revenues. The City Center facilities fund is expected to be funded through future debt issue.

D. 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 2017 and 2018 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2017 budget was 2.12%. The actual limit for the City for the 2018 budget was 1.46%. 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.

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

NOTE 4: DETAILED NOTES ON ALL FUNDS

A. 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.

The carrying amount of the City's cash and investments totaled \$142,801,257 on December 31, 2017 as summarized below:

Petty cash and cash on hand	\$ 46,158
Deposits with financial institutions	68,629,091
Investments	74,126,008
	<u>\$ 142,801,257</u>

Reconciliation to the basic financial statements:

Government-wide statement of net position	
Cash and investments	\$ 58,450,914
Restricted cash and investments	21,639,727
Fiduciary fund statement of net position	
Cash and investments	62,710,616
	<u>\$ 142,801,257</u>

Fair Value Measurements

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, 2017:

	<u>Fair Value Measurements Using:</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments			
Money market mutual funds	\$ 521,891	\$ -	\$ -
U.S. Treasury securities	4,726,134	1,334,954	-
FNMA	-	20,548,166	-
FHLMC	-	20,328,070	-
FFCB	-	5,457,008	-
FHLB	-	7,581,423	-
GNMA	-	43,445	-
	<u>\$ 5,248,025</u>	<u>\$ 55,293,066</u>	<u>\$ -</u>

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

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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 noninterest-bearing demand deposits per official custodian per insured depository institution. 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. This coverage has been considered in determining custodial credit risk.

As of December 31, 2017, \$65,780,399 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. \$53,094,010 was collateralized with securities held by the pledging financial institution or its trust department or agent by not in the City's name.

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 investment 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 the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
U.S. Treasury bonds	\$ 6,061,088	\$ 6,061,088	\$ -	\$ -	\$ -
Wisconsin local government investment pool	13,584,917	-	-	-	13,584,917
FNMA	20,548,166	-	-	18,302,334	2,245,832
FHLMC	20,328,070	-	-	19,428,538	899,532
FFCB	5,457,008	-	-	5,457,008	-
FHLB	7,581,423	-	-	7,406,411	175,012
GNMA	43,445	-	-	-	43,445
Totals	<u>\$ 73,604,117</u>	<u>\$ 6,061,088</u>	<u>\$ -</u>	<u>\$ 50,594,291</u>	<u>\$ 16,948,738</u>

At December 31, 2017, 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.

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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. Treasury notes	\$ 6,061,088	\$ 49,495	\$ 747,842	\$ 4,444,996	\$ 818,755
Wisconsin local government investment pool	13,584,917	13,584,917	-	-	-
FNMA	20,548,166	1,032,091	3,871,088	11,114,743	4,530,244
FHLMC	20,328,070	20,091	9,999,816	9,856,042	452,121
FFCB	5,457,008	172,805	2,761,845	2,179,309	343,049
FHLB	7,581,423	738,647	187,659	6,308,519	346,598
GNMA	43,445	429	-	-	43,016
Money market funds	521,891	521,891	-	-	-
Totals	<u>\$ 74,126,008</u>	<u>\$ 16,120,366</u>	<u>\$ 17,568,250</u>	<u>\$ 33,903,609</u>	<u>\$ 6,533,783</u>

Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$13,584,917 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, 2017, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

B. RESTRICTED ASSETS

Restricted assets on December 31, 2017 totaled \$21,725,375 and consisted of cash and investments of \$21,639,727 and accrued interest of \$85,648 held for the following purposes:

Funds	Cash and Investments	Accrued Interest	Total Restricted Assets
Water utility			
Bond reserve fund	\$ 5,145,937	\$ 32,288	\$ 5,178,225
Sewer utility			
Bond reserve account	1,474,124	-	1,474,124
Bond redemption fund	3,280,611	12,737	3,293,348
DNR replacement fund	3,599,293	21,502	3,620,795
	<u>8,354,028</u>	<u>34,239</u>	<u>8,388,267</u>
Storm water utility			
Bond reserve account	4,617,007	-	4,617,007
Bond redemption fund	2,068,427	19,121	2,087,548
	<u>6,685,434</u>	<u>19,121</u>	<u>6,704,555</u>
Valley Transit			
Capital equipment replacement	1,454,328	-	1,454,328
Total	<u>\$ 21,639,727</u>	<u>\$ 85,648</u>	<u>\$ 21,725,375</u>

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, nondepreciable:				
Land	\$ 11,317,326	\$ 240,090	\$ -	\$ 11,557,416
Right of ways	74,372,724	2,057,732	498	76,429,958
Improvements	38,721,202	-	-	38,721,202
Intangible assets	181,735	-	-	181,735
Construction in progress	9,579,486	31,858,474	4,366,236	37,071,724
Total capital assets, nondepreciable	<u>134,172,473</u>	<u>34,156,296</u>	<u>4,366,734</u>	<u>163,962,035</u>
Capital assets, depreciable:				
Intangible assets	88,683	-	-	88,683
Improvements	11,985,286	888,728	27,000	12,847,014
Buildings	47,556,222	800,865	64,968	48,292,119
Equipment, furniture and fixtures	34,319,859	13,286,346	1,634,499	45,971,706
Streets	177,979,475	8,878,124	1,290,438	185,567,161
Sidewalk	32,797,980	1,036,339	278,075	33,556,244
Traffic signals	5,874,830	414,837	101,473	6,188,194
Bridges	49,755,101	-	-	49,755,101
Subtotals	<u>360,357,436</u>	<u>25,305,239</u>	<u>3,396,453</u>	<u>382,266,222</u>
Less accumulated depreciation for:				
Intangible assets	5,921	5,921	-	11,842
Improvements	4,129,907	342,782	12,600	4,460,089
Buildings	15,941,423	944,043	33,164	16,852,302
Equipment, furniture and fixtures	19,030,628	2,788,732	1,521,622	20,297,738
Streets	74,869,258	4,379,792	974,850	78,274,200
Sidewalk	12,211,171	832,412	106,569	12,937,014
Traffic signals	1,933,552	143,032	76,253	2,000,331
Bridges	8,452,428	497,550	-	8,949,978
Subtotals	<u>136,574,288</u>	<u>9,934,264</u>	<u>2,725,058</u>	<u>143,783,494</u>
Total capital assets, depreciable, net	<u>223,783,148</u>	<u>15,370,975</u>	<u>671,395</u>	<u>238,482,728</u>
Governmental activities capital assets, net	<u>\$ 357,955,621</u>	<u>\$ 49,527,271</u>	<u>\$ 5,038,129</u>	402,444,763
Less: Capital related debt				44,060,462
Less: Debt premium				2,312,499
Add: Deferred charge on refunding				94,438
Net investment in capital assets				<u>\$ 356,166,240</u>

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, nondepreciable:				
Land	\$ 11,346,847	\$ 570,143	\$ -	\$ 11,916,990
Intangible assets	1,202,234	336,394	-	1,538,628
Construction in progress	2,158,172	5,359,857	1,266,297	6,251,732
Total capital assets, nondepreciable	<u>14,707,253</u>	<u>6,266,394</u>	<u>1,266,297</u>	<u>19,707,350</u>
Capital assets, depreciable:				
Buildings and land improvements	434,841,047	11,698,638	2,056,263	444,483,422
Machinery and equipment	77,722,743	1,901,397	37,652	79,586,488
Subtotals	<u>512,563,790</u>	<u>13,600,035</u>	<u>2,093,915</u>	<u>524,069,910</u>
Less accumulated depreciation for:				
Buildings and land improvements	154,713,214	8,712,034	2,016,307	161,408,941
Machinery and equipment	58,739,298	2,676,650	37,653	61,378,295
Subtotals	<u>213,452,512</u>	<u>11,388,684</u>	<u>2,053,960</u>	<u>222,787,236</u>
Total capital assets, depreciable, net	<u>299,111,278</u>	<u>2,211,351</u>	<u>39,955</u>	<u>301,282,674</u>
Business-type activities capital assets, net	<u>\$ 313,818,531</u>	<u>\$ 8,477,745</u>	<u>\$ 1,306,252</u>	320,990,024
Less: Capital related debt				105,938,206
Less: Debt premium				6,719,071
Add: Deferred charge on refunding				<u>2,686,939</u>
Net investment in capital assets				<u>\$ 211,019,686</u>

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

Governmental activities	
General government	\$ 310,567
Public safety	587,993
Public works	6,039,978
Culture and recreation	609,529
Subtotal	<u>7,548,067</u>
Capital assets held by City's internal service fund are charged to various functions based on their usage of the assets	
	2,386,197
Total depreciation expense - governmental activities	<u>\$ 9,934,264</u>
Business-type activities	
Water utility	\$ 4,532,727
Wastewater utility	2,872,797
Valley Transit	622,352
Stormwater	2,553,534
Parking	541,121
Reid Municipal Golf Course	67,859
Total depreciation expense - business-type activities	<u>11,190,390</u>
Depreciation charged to other functions and costs of removal	<u>198,294</u>
Total increase in accumulated depreciation	<u>\$ 11,388,684</u>

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

D. 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, 2017 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 2,315,074	\$ 1,082,652
Special Revenue Funds		
Sanitation & recycling program	49,654	-
Community development block grant	-	88,160
Police grants	-	16,461
Wheel tax	-	176,818
Business and neighborhood revitalization grant	-	53,792
Emergency shelter	-	17,949
Internal Service Fund		
Risk management	-	50,052
Enterprise Funds		
Water utility	459,898	1,911,842
Wastewater utility	358,624	-
Storm water utility	214,476	-
	<u> </u>	<u> </u>
Subtotal	<u>\$ 3,397,726</u>	3,397,726
Government-wide adjustments		
Fund eliminations		(3,909,270)
Internal service fund allocation		<u>(333,650)</u>
Internal balances - government-wide statement of net position		<u>\$ (845,194)</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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Allowance</u>
Parking utility	Special Revenue - Tax Incremental District No. 3	<u>\$ 22,682,496</u>	<u>\$ 2,727,923</u>	<u>\$ 25,410,419</u>

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Interfund advances for the year ended December 31, 2017 were as follows:

Receivable Fund	Payable Fund	Principal	Interest	Total Advance	Amount Not Due Within One Year
General	Special Revenue - Tax Incremental District No. 3	\$ 1,455,862	\$ 6,036,565	\$ 7,492,427	\$ 5,992,427
General	Capital Project - Tax Incremental District No. 6	6,034,952	681,268	6,716,220	6,216,220
General	Capital Project - Tax Incremental District No. 8	300,000	115,902	415,902	415,902
General	Capital Project - Tax Incremental District No. 11	1,000	25	1,025	1,025
General	Capital Project - Tax Incremental District No. 12	1,000	25	1,025	1,025
General	Enterprise - Reid Municipal Golf Course	150,000	-	150,000	145,000
Subtotal - fund financial statements		<u>\$ 7,942,814</u>	<u>\$ 6,833,785</u>	14,776,599	<u>\$ 12,771,599</u>
Less: fund eliminations				(14,626,599)	
Total - government-wide statements				<u>\$ 150,000</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
2018	\$ 5,000
2019	5,000
2025	60,000
2026	80,000
Totals	<u>\$ 150,000</u>

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Interfund transfers for the year ended December 31, 2017 were as follows:

Transfers from	General	Nonmajor Governmental Funds	Valley Transit	Total
Governmental activities:				
General fund	\$ -	\$ 33,000	\$ 690,956	\$ 723,956
Nonmajor governmental funds	1,641,956	2,236,121	-	3,878,077
Business-type activities:				
Water utility enterprise fund	1,855,297	-	-	1,855,297
Wastewater utility enterprise fund	187,795	-	-	187,795
Stormwater utility enterprise fund	12,500	-	-	12,500
Parking utility enterprise fund	9,300	1,230,000	-	1,239,300
Reid golf course enterprise fund	17,900	-	-	17,900
Internal Service Funds	-	188,259	-	188,259
Total transfers to:	<u>\$ 3,724,748</u>	<u>\$ 3,687,380</u>	<u>\$ 690,956</u>	8,103,084
Less: Government-wide eliminations				<u>(5,481,248)</u>
Total Government-wide Statement of Activities				<u><u>\$ 2,621,836</u></u>

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.

E. 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 related to receivables 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	\$ 46,801,620	\$ -	\$ 46,801,620
Interest on advances	-	6,833,785	6,833,785
Interest income	-	31,215	31,215
Developer loans	-	1,299,063	1,299,063
Rehabilitation loans	-	6,483,281	6,483,281
Accounts receivable	-	37,124	37,124
Special assessments not yet due	-	236,194	236,194
Grant drawdowns prior to meeting all eligibility requirements	78,007	-	78,007
Total	<u>\$ 46,879,627</u>	14,920,662	<u>\$ 61,800,289</u>
Reconciliation to government-wide financial statements		<u>(14,920,662)</u>	
Total government-wide unearned revenue		<u><u>\$ -</u></u>	

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

F. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2017:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
General obligation debt					
Bonds - General	\$ 6,750,000	\$ -	\$ 5,720,000	\$ 1,030,000	\$ 735,000
Notes - General	38,858,248	14,170,000	4,747,624	48,280,624	5,817,249
Notes - Internal service	161,752	-	27,376	134,376	27,751
Total general obligation debt	45,770,000	14,170,000	10,495,000	49,445,000	6,580,000
Promissory note	275,000	-	15,000	260,000	25,000
Debt premium	1,856,142	790,738	334,381	2,312,499	443,492
Compensated absences					
General	6,508,229	3,647,338	3,355,934	6,799,633	3,516,667
Internal service	230,465	210,620	203,029	238,056	210,004
Landfill liability	1,710,000	-	90,000	1,620,000	90,000
Disability benefits	68,970	-	4,924	64,046	14,281
Governmental activities Long-term obligations	<u>\$ 56,418,806</u>	<u>\$ 18,818,696</u>	<u>\$ 14,498,268</u>	<u>\$ 60,739,234</u>	<u>\$ 10,879,444</u>
Business-type activities:					
General obligation debt					
Bonds	\$ 575,000	\$ -	\$ 60,000	\$ 515,000	\$ 60,000
Notes	705,000	-	60,000	645,000	60,000
Total general obligation debt	1,280,000	-	120,000	1,160,000	120,000
Revenue bonds	120,540,000	5,000,000	10,380,000	115,160,000	4,125,000
Debt premium	7,552,492	251,480	1,084,901	6,719,071	1,148,067
Compensated absences	1,125,184	707,579	693,042	1,139,721	735,103
Business-type activities Long-term obligations	<u>\$ 130,497,676</u>	<u>\$ 5,959,059</u>	<u>\$ 12,277,943</u>	<u>\$ 124,178,792</u>	<u>\$ 6,128,170</u>

Total interest paid during the year on long-term debt totaled \$5,774,471.

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, 2017

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/17</u>
Governmental Activities					
General obligation bonds					
Series 2008B	11/26/08	04/01/18	3.75-5.00%	\$ 7,325,000	\$ 355,000
General obligation refunding bonds					
Series 2012B	08/30/12	04/01/20	0.40-3.00%	2,920,000	675,000
General obligation notes					
Series 2008A	08/05/08	04/01/18	3.00-4.00%	3,980,000	495,000
Series 2009A	08/05/09	04/01/19	2.50-3.125%	5,735,000	1,755,000
Series 2012A	11/07/12	04/01/22	2.00-3.00%	5,460,000	3,110,000
Series 2014A	09/10/14	04/01/24	1.50-2.375%	6,525,000	5,440,000
Series 2015A	10/28/15	04/01/25	2.00-3.00%	5,775,000	5,475,000
Series 2016	10/04/16	04/01/26	2.00-4.00%	18,920,000	17,970,000
General obligation refunding notes					
Series 2017	10/02/17	04/01/27	2.00-3.00%	14,170,000	<u>14,170,000</u>
Total governmental activities					<u>49,445,000</u>
Business-type Activities					
General obligation refunding bonds					
Series 2012B	08/30/12	04/01/25	0.40-3.00%	735,000	515,000
General obligation notes					
Series 2016	10/04/16	04/01/26	2.00-4.00%	705,000	<u>645,000</u>
					<u>1,160,000</u>
Total outstanding general obligation debt					<u>\$50,605,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$50,605,000 on December 31, 2017 are detailed below:

Year Ended December 31,	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 6,580,000	\$ 1,226,535	\$ 120,000	\$ 30,105	\$ 6,700,000	\$ 1,256,640
2019	6,740,000	1,078,695	125,000	27,925	6,865,000	1,106,620
2020	5,270,000	949,123	140,000	25,383	5,410,000	974,506
2021	5,265,000	827,414	145,000	21,825	5,410,000	849,239
2022	5,235,000	691,154	150,000	17,400	5,385,000	708,554
2023 - 2027	20,355,000	1,276,516	480,000	25,275	20,835,000	1,301,791
	<u>\$ 49,445,000</u>	<u>\$ 6,049,437</u>	<u>\$ 1,160,000</u>	<u>\$ 147,913</u>	<u>\$ 50,605,000</u>	<u>\$ 6,197,350</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, 2017

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	\$ 1,994,034
General fund - compensated absences	5,041,508
Debt service fund - general obligation debt	1,345,594
Special revenue fund - T uchscherer disability	<u>24,192</u>
 Total available	 <u><u>\$ 8,405,328</u></u>

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2017 was \$211,886,789 as follows:

Equalized valuation of the City		\$5,222,923,900
Statutory limitation percentage		<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		261,146,195
Total outstanding general obligation debt applicable to debt limitation	\$ 50,605,000	
Less: Amounts available for financing general obligation debt		
Debt service fund	<u>1,345,594</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>49,259,406</u>
Legal margin for new debt		<u><u>\$ 211,886,789</u></u>

In addition to the debt service fund, the City has assigned fund balance in the general fund of \$1,994,034 which may be used for debt service requirements.

Advance Refunding

During 2017, the City advance refunded a general obligation bonds issue from 2008. The City issued \$4,995,000 of general obligation promissory notes to provide resources 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. This advance refunding was undertaken to reduce total debt service payments over the next eleven years by \$905,355 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$761,785.

At December 31, 2017, \$4,900,000 of the outstanding 2008 general obligation bonds are considered defeased.

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Revenue Bonds

Revenue bonds outstanding on December 31, 2017 totaled \$115,160,000 and were comprised of the following issues:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/17</u>
Water Utility					
Water System Revenue Bonds					
Series 2011	08/24/11	01/01/31	2.00-4.20%	3,170,000	\$ 2,390,000
Series 2012	08/08/12	01/01/32	2.00-3.25%	2,510,000	1,980,000
Series 2013	08/07/13	01/01/33	2.00-4.50%	7,180,000	6,055,000
Series 2014	09/10/14	07/01/34	2.00-4.00%	3,850,000	3,380,000
Water System Revenue Refunding Bonds					
Series 2015	10/28/15	01/01/35	2.00-4.00%	22,735,000	21,395,000
Series 2016	10/04/16	01/01/36	2.00-4.00%	23,830,000	19,370,000
Total Water Utility					54,570,000
Wastewater Utility					
Sewerage System Revenue Bonds					
Series 2006	08/09/06	05/01/26	4.25-5.00%	3,265,000	1,850,000
Series 2007	09/05/07	05/01/27	4.25-5.00%	2,350,000	1,445,000
Series 2008	09/10/08	05/01/28	3.00-5.00%	4,330,000	2,810,000
Series 2010	05/22/10	05/01/30	2.00-4.00%	4,935,000	3,835,000
Series 2011	08/24/11	05/01/31	2.00-4.25%	3,735,000	2,985,000
Total Wastewater Utility					12,925,000
Stormwater Utility					
Stormwater System Revenue Bonds					
Series 2008	09/10/08	04/01/28	3.00-4.50%	6,010,000	275,000
Series 2009	12/30/09	04/01/29	2.00-4.45%	10,720,000	715,000
Series 2012	08/08/12	04/01/32	2.00-4.00%	13,190,000	8,865,000
Series 2013	08/07/13	04/01/33	2.00-4.50%	6,440,000	5,690,000
Series 2014	08/07/13	04/01/34	2.00-4.00%	3,450,000	3,175,000
Series 2015	10/28/15	04/01/35	2.00-4.00%	9,425,000	9,010,000
Series 2017	10/02/17	04/01/38	2.00-4.00%	5,000,000	5,000,000
Stormwater System Revenue Refunding Bonds					
Series 2016	10/04/16	01/01/36	2.00-4.00%	14,935,000	14,935,000
Total Stormwater Utility					47,665,000
Total outstanding revenue bonds					<u>#####</u>

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Annual principal and interest maturities of the outstanding revenue bonds of \$115,160,000 on December 31, 2017 are detailed below:

Year Ended December 31,	Business-type Activities		
	Principal	Interest	Total
2018	\$ 4,125,000	\$ 2,221,847	\$ 6,346,847
2019	10,820,000	3,980,527	14,800,527
2020	11,200,000	3,610,727	14,810,727
2021	11,310,000	3,194,451	14,504,451
2022	11,390,000	3,416,652	14,806,652
2023-2027	36,805,000	9,142,703	45,947,703
2028-2032	21,740,000	3,219,953	24,959,953
2033-2037	7,410,000	469,181	7,879,181
2038	360,000	5,850	365,850
	<u>\$ 115,160,000</u>	<u>\$ 29,261,891</u>	<u>\$ 144,421,891</u>

Advance Refunding

In prior years, the City Sewer Utility advance refunded \$3,610,000 of 2008 and \$8,220,000 of 2009 revenue bonds. As a result, the refunded bonds are also considered to be defeased and the liability have been removed from the financial statements. At December 31, 2017, \$11,830,000 of outstanding general obligation bonds are considered defeased.

Utility Revenues Pledged

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	Stormwater Utility
Net Customer Revenues			
Charges for services	\$ 20,321,981	\$ 9,367,786	\$ 9,428,127
Other income	693,499	2,776,401	171,876
Total Operating Revenues	<u>21,015,480</u>	<u>12,144,187</u>	<u>9,600,003</u>
Less: operating expenses	8,373,876	7,494,136	3,608,192
Net customer revenues	<u>\$ 12,641,604</u>	<u>\$ 4,650,051</u>	<u>\$ 5,991,811</u>
Debt Service			
Principal	\$ 6,900,000	\$ 860,000	\$ 2,620,000
Interest	2,339,657	559,084	1,609,550
Total Debt Service	<u>\$ 9,239,657</u>	<u>\$ 1,419,084</u>	<u>\$ 4,229,550</u>
Remaining principal and interest	<u>\$ 68,004,033</u>	<u>\$ 16,487,386</u>	<u>\$ 61,994,861</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, 2017

Promissory Note

During 2012, the Appleton Redevelopment Authority received a \$300,000 Wisconsin DNR Ready for Reuse Loan. 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. During 2017, the property funded with the loan was sold, and the obligation to make payments over to the DNR Ready for Reuse Loan payments reverted back to the City. No interest is being charged.

The repayment schedule is as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>
2018	\$ 25,000
2019	25,000
2020	35,000
2021	35,000
2022	45,000
2023	45,000
2024	50,000
	\$ 260,000

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 following is a schedule of the minimum lease payments under the lease agreements and the present values of the minimum lease payments at December 31, 2017:

<u>Year Ending</u>	<u>Governmental</u> <u>Activities</u>
2018	\$ 61,350
Less: Amount representing interest	1,350
Present value of future minimum lease payments	\$ 60,000

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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, 2017, a \$1,620,000 liability was estimated based on what it would cost to perform all postclosure care in 2017 and thereafter. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The City incurred approximately \$101,627 of closure costs in 2017.

G. 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, 2017, there were six series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$38,625,000.

H. PENSION PLAN

1. 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.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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, 2017

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.

2. Post-Retirement Adjustments

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2007	3%	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
2016	0.5	(5)

3. 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, including teachers, and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remaining amount 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 ending December 31, 2016, the WRS recognized \$3,449,998 in contributions from the City.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	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, 2017

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

At December 31, 2017, the City reported a liability of \$2,975,209 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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, 2016, the City's proportion was 0.36096444%, which was an increase of 0.00380421% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the City recognized pension expense of \$7,625,715.

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,134,448	\$ 9,356,773
Net differences between projected and actual earnings on pension plan investments	14,809,647	-
Changes in assumptions	3,110,696	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	45,433	173,150
Employer contributions subsequent to the measurement date	3,855,642	-
Total	<u>\$ 22,955,866</u>	<u>\$ 9,529,923</u>

\$3,855,642 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 (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Expense</u>
2017	\$ 3,915,431
2018	3,915,431
2019	2,650,019
2020	(914,716)
2021	4,136
Total	<u>\$ 9,570,301</u>

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

5. Actuarial Assumptions

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date:	December 31, 2015
Measurement date of net pension liability (asset):	December 31, 2016
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 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 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:

	<u>Current Asset Allocation %</u>	<u>Destination Target Asset Allocation %</u>	<u>Long-term Expected Nominal Rate of Return %</u>	<u>Long-term Expected Real Rate of Return %</u>
<u>Core Fund Asset Class</u>				
Global equities	50%	45%	8.3%	5.4%
Fixed income	24.5%	37%	4.2%	1.4%
Inflation sensitive assets	15.5%	20%	4.3%	1.5%
Real estate	8%	7%	6.5%	3.6%
Private equity/debt	8%	7%	9.4%	6.5%
Multi-asset	4%	4%	6.6%	3.7%
Total Core Fund	110%	120%	7.4%	4.5%
<u>Variable Fund Asset Class</u>				
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%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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 3.78%. 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 members 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 7.2 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	<u>1% Decrease to Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase to Discount Rate (8.20%)</u>
City's proportionate share of the net pension liability (asset)	\$ 39,140,779	\$ 2,975,209	\$ (24,873,919)

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>.

6. Payables to the Pension Plan

At December 31, 2017, the City reported a payable of \$526,654 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2017.

I. OTHER POSTEMPLOYMENT 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 another postemployment benefit (OPEB) for retirees, commonly referred to as an implicit rate subsidy.

Funding Policy. 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 2017, total member contributions were \$217,286.

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Annual OPEB Cost and Net OPEB Obligation. The City's other postemployment 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 City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Component	Amount
Annual required contribution	\$ 415,816
Interest on net OPEB	50,286
Adjustment to annual required contribution	(60,228)
Annual OPEB cost (expense)	405,874
Contributions made	(217,286)
Change in net OPEB obligation	188,588
OPEB obligation - beginning of year	1,005,728
OPEB obligation - end of year	<u>\$ 1,194,316</u>

The annual required contribution for the current year was determined as part of the January 1 actuarial valuation using the projected unit credit method. The actuarial assumptions include (a) 5% discount 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, 2017 is 30 years, and the remaining amount is \$3,593,900.

Trend Information. The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/15	\$ 390,423	0.00%	\$ 972,135
12/31/16	404,195	91.39%	1,005,728
12/31/17	405,874	53.54%	1,194,316

Funded Status and Funding Progress. As of January 1, 2017, 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 2017 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 in 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, 2017

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, 2017 was 30 years.

J. FUND EQUITY

Government-wide and Proprietary Fund Statements

Net position of the governmental activities reported on the government-wide statement of net position at December 31, 2017 include the following:

Net investment in capital assets	
Land	\$ 126,708,576
Intangible assets	181,735
Construction in progress	37,071,724
Other capital assets, net of accumulated depreciation/amortization	238,482,728
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(44,060,462)
Less: Unamortized debt premium	(2,312,499)
Add: Unamortized loss on refunding	94,438
Total net investment in capital assets	<u>356,166,240</u>
Restricted	
Debt service	1,080,016
TIF development activity	1,928,300
Housing rehabilitation	6,697,136
Special purposes	
Hazardous materials	320,295
Future claims	24,192
Room tax	6,115
Parks	324,658
Total restricted	<u>10,380,712</u>
Unrestricted	<u>36,158,999</u>
Total governmental activities net position	<u>\$ 402,705,951</u>

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2017, nonspendable fund balance was as follows:

General Fund	
Nonspendable	
Inventories and prepaid items	\$ 931,414
Advance to other funds (principal portion)	7,942,814
Developer loans	892,480
Total General Fund Nonspendable Fund Balance	<u>\$ 9,766,708</u>

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2017, restricted fund balance was as follows:

Special Revenue Funds	
Restricted for	
Rental rehabilitation grants - housing rehabilitation	\$ 8,951
Hazardous materials Level A - public safety	320,295
Continuum of care - housing rehabilitation	5,000
HOME Homeowner - housing rehabilitation	127,272
Housing rehabilitation grant - housing rehabilitation	21,049
Business and neighborhood revitalization grant	6,208
Lead hazard control grant - housing rehabilitation	45,375
Tuchscherer disability - future claims	24,192
Room tax	6,115
Peabody Estate - parks	65,914
Lutz Park - parks	137,346
Park purpose open space - parks	86,888
Union Spring Park - parks	2,547
Project city park - parks	5,989
Miracle League baseball - parks	25,974
Total special revenue funds	<u>889,115</u>
Debt Service Fund	
Restricted for	
Retirement of long-term debt	<u>1,345,594</u>
Capital Projects Funds	
Restricted for	
Tax incremental district no. 7	666,160
Tax incremental district no. 9	92,087
Tax incremental district no. 10	87,141
Public safety facilities - unspent bond proceeds	50,978
Public works equipment - unspent bond proceeds	1,609,598
Facilities capital projects - unspent bond proceeds	2,393,863
Information technology - unspent bond proceeds	391,583
Total capital projects funds	<u>5,291,410</u>
Total Restricted Fund Balance	<u>\$ 7,526,119</u>

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by City Council action. At December 31, 2017, governmental fund balance was committed as follows:

Special Revenue Funds	
Committed for	
Sanitation and recycling	<u>\$ 1,447,054</u>

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2017, fund balance was assigned as follows:

General Fund	
PILOT applied to the 2018 budget	\$ 1,911,842
Carryover appropriations	2,176,614
Compensated absences	5,041,508
Health insurance	576,565
Debt service	1,994,034
Subtotal	<u>11,700,563</u>

Capital Projects Funds

Assigned for subsequent year's expenditures

Capital Improvements	
Subdivision development projects	2,196,567
Industrial park land	796,724
Public safety facilities	9,669
CEA replacement	2,736,373
Community development	176,363
Information technology	3,466
Subtotal	<u>5,919,162</u>

Total	<u>\$ 17,619,725</u>
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City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Net Position

Net position of the business-type activities reported on the government-wide statement of net position at December 31, 2017 include the following:

Net investment in capital assets	
Land	\$ 11,916,990
Intangible assets	1,538,628
Construction in progress	6,251,732
Other capital assets, net of accumulated depreciation/amortization	301,282,674
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(116,320,000)
Less: Unamortized debt premium	(6,719,071)
Add: Unamortized loss on refunding	2,686,939
Add: Borrowed reserve and depreciation fund	10,381,794
Total net investment in capital assets	<u>211,019,686</u>
Restricted	
Debt service	5,692,473
DNR replacement fund	3,620,795
Capital replacement fund	1,454,328
Total restricted	<u>10,767,596</u>
Unrestricted	<u>52,208,684</u>
Total business-type activities net position	<u><u>\$ 273,995,966</u></u>

NOTE 5: OTHER INFORMATION

A. COMPONENT UNITS

This report also contains financial information for the Business Improvement District of the City of Appleton (the "Business Improvement District") and the Redevelopment Authority of the City of Appleton (the "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)

1. Basis of Accounting/Measurement Focus

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

2. Cash and Investments

At year end, the carrying amount of the BID's deposits was \$174,834 and is part of the City's commingled cash.

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Redevelopment Authority

1. Basis of Accounting/Measurement Focus

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

2. Cash and Investments

At year end, the carrying amount of the Redevelopment Authority's deposits was \$320,729 and is part of the City's commingled cash.

3. 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.

4. Amount due to the Primary Government

The City entered into a short-term loan agreement with the Appleton Redevelopment Authority (the "Authority") not to exceed \$31,000,000 to finance the Authority's responsibility to finance construction costs related to the Fox Cities Exhibition Center. As of December 31, 2017, the City had advanced the Authority \$27,008,430 while the Authority owed the Exhibition Center capital project fund \$2,832,025 for construction costs incurred through December 31, 2017, as follows:

Short-term loan	
General	\$ 12,008,430
Wastewater utility	15,000,000
Subtotal	<u>27,008,430</u>
Construction costs payable	
Exhibition center	<u>2,832,025</u>
	<u>\$ 29,840,455</u>

As of December 31, 2017, the Authority has advanced the Exhibition Center capital projects fund \$29,840,455. As of December 31, 2017, funds advanced were shown as Due from Primary Government and Due to Component Unit. On May 1, 2018, the Authority issued \$31,865,000 Taxable Lease Revenue Bonds, Series 2018 (see Note 5.G) and transferred the bond proceeds, net of issuance costs and other debt retirement funds, to the City to be recognized as an other financing source.

B. TAX INCREMENTAL FINANCING DISTRICTS

The City has established separate capital projects funds for 12 Tax Incremental District (TID) created by the City in accordance with Section 66.1105 of the Wisconsin Statutes, with 8 TID's currently active. At the time each District was created, the property tax base within the 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.

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

C. TAX ABATEMENTS

The City has created tax incremental financing districts (the "Districts") in accordance with Wisconsin State Statute 66.1105, *Tax Increment Law*. As part of the project plan for the Districts, the City entered into agreements with developers for a creation of tax base within the Districts. The agreements require the City to make annual repayments of property taxes collected within the Districts to the developers, based upon the terms of the agreements. As tax abatements, those developer payments and the related property tax revenues are not reported as revenues or expenditures in the financial statements.

For the year ended December 31, 2017, the City abated property taxes totaling \$1,121,546 under this program, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- ▶ A property tax abatement of \$447,134 to a developer within Tax Incremental District No. 6.
- ▶ A property tax abatement of \$383,598 to a developer within Tax Incremental District No. 7.
- ▶ A property tax abatement of \$66,089 to a developer within Tax Incremental District No. 8.
- ▶ A property tax abatement of \$224,725 to a developer within Tax Incremental District No. 8.

D. 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; and 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.

Risk Management Fund

All funds of the City participate in the Risk Management Fund. For 2017, 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 for each property damage claim. Deductibles range from \$1,000 to \$25,000 based on coverage. 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, 2017 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, 2017 and amounts expected to arise from claims which have been incurred but have not been reported to the City as of December 31, 2017. 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, 2017, the City has a net position of \$79,733 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, 2017

Changes in the claims payable follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability December 31
2016	\$ 1,900,000	\$ 1,753,304	\$ 1,753,304	\$ 1,900,000
2017	1,900,000	554,448	554,448	1,900,000

Health Care

The City provides health and dental care benefits to employees through a self-funded plan with specific insurance coverage. The plans are administered by United Health Care and Delta Dental. Insurance premiums, based on historical cost, are paid into the general fund from all other City funds and are available to pay claims, administrative costs, and stop loss claims.

Under this program, the City pays up to a maximum of \$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 2017 totaled approximately \$645,841.

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, 2017:

Reported and known claims	\$ 1,042,270
Incurred but not reported claims	1,894,730
Total	<u>\$ 2,937,000</u>

Changes in the claims payable follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability December 31
2016	\$ 2,937,000	\$ 9,150,239	\$ 9,150,239	\$ 2,937,000
2017	2,937,000	10,156,551	10,156,551	2,937,000

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 2017, 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 \$2,500,000 and reinsures \$4,500,000 with Great American 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, 2017

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 2016 and 2017, Transit Mutual returned surplus to Valley Transit pursuant to its surplus management policy; in addition, dividends were paid to Valley Transit in 2016 and 2017.

The City's share of this corporation is 5.02% for auto liability and 3.28% of physical damage liability. A list of other members and their share of participation is available in the TMI report which is available from TMI, PO Box 1135, Appleton, WI 54915-1483 or by email from contact@transitmutual.com.

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 \$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 2017 is calculated at 3.855%. 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, 2017

E. 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 other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast 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.

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, 2017. 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	\$ 204,632
Wastewater utility	1,104,306
Stormwater utility	2,231,412
Parking utility	120,259
Capital Project Funds	
Facilities	705,384
TIF No. 6	20,206
Information technology	377,000
Sanitation	4,150
Public works	418,812
Industrial Parkland	10,000
Exhibition center	462,332
Transit	225,747
Park and open space	3,540
General Fund	50,923
	<u>\$ 5,938,703</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, 2017

F. 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, 2017:

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	39
Metered	
Residential	25,532
Commercial	1,704
Industrial	76
Public authority	95
Multi-family	322
Wholesale	3
Total	27,771

Number of Customers - Sewer

Metered	
Residential	25,449
Commercial	1,583
Industrial	70
Public authority	80
Multi-family	330
Total	27,512

Number of Equivalent Run Off Units - Stormwater

Residential	24,350
Commercial	26,114
Industrial	4,118
Public authority	4,241
Multi-family	2,188
Total	61,011

City of Appleton, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

G. SUBSEQUENT EVENTS

On May 1, 2018, the Redevelopment Authority of the City of Appleton, Wisconsin (the "Authority") issued \$31,865,000 Taxable Lease Revenue Bonds, Series 2018 to reimburse the City for costs incurred in connection with the construction of the Fox Cities Exhibition Center. The Series 2018 Bonds are limited obligations of the Authority and do not constitute a general obligation of the Authority, the City, the State of Wisconsin or any political subdivision thereof and do not give rise to a charge against their general credit or the taxing powers of the City or the State of Wisconsin. The 2018 Bonds were secured under an Indenture of Trust dated as of May 1, 2018 between the Authority and Trustee which created a Revenue Fund, a Debt Service Reserve Fund and a Room Tax Stabilization Fund.

On May 1, 2018, the Cities of Appleton, Kaukauna, Neenah, and Menasha; the Villages of Kimberly, Little Chute, Fox Crossing and Sherwood; and the Towns of Neenah and Grand Chute (collectively, the "Municipalities") along with the Authority and Room Tax Commission entered into an Amended and Restated Cooperation Agreement (the "Cooperation Agreement"). The Cooperation Agreement requires each of the Municipalities to impose a 3% room tax (the "Exhibition Center Room Taxes") and requires the City to contribute the Fox Cities Exhibition Center and the Exhibition Center Property to the Authority. The Municipalities and Room Tax Commission also entered into a Pledge and Security Agreement with the Exhibition Center Room Taxes to be deposited directly with a Trustee into a Revenue Fund.

On May 1, 2018, the Authority and the City entered into a Lease Agreement (the "Lease") in which the Authority leases the Fox Cities Exhibition Center to the City. The rent to be paid by the City under the Lease are equal to the debt service on the Series 2018 Bonds, with the rent payment under the Lease reduced by (a) the amount of Exhibition Center Room Taxes then on deposit in the Revenue Fund and the Bond Fund and available to pay debt service on the Series 2018 Bonds and (b) amounts then held by the Trustee in the Room Tax Stabilization Fund.

H. UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued a new standard addressing accounting and financial reporting for postemployment benefits other than pensions (OPEB). GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment 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 OPEB liability. GASB No. 75 is effective for fiscal years beginning after June 15, 2017. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after June 15, 2018. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The City is currently evaluating the impact this standard 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, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget		Actual	Variance	2016 Actual
	Original	Final		Final Budget - Positive (Negative)	
REVENUES					
Taxes	\$ 34,750,823	\$ 34,750,823	\$ 34,767,096	\$ 16,273	\$ 33,909,483
Special assessments	287,200	287,200	273,744	(13,456)	337,210
Intergovernmental	15,398,072	15,398,072	15,562,109	164,037	15,268,615
Licenses and permits	1,112,791	1,112,791	1,202,535	89,744	1,145,640
Fines and forfeits	340,000	340,000	255,440	(84,560)	264,084
Public charges for services	1,323,200	1,364,200	1,550,557	186,357	1,311,212
Investment income	2,937,787	2,937,787	2,459,973	(477,814)	2,359,223
Miscellaneous	1,544,625	1,707,755	1,638,391	(69,364)	1,784,648
Total revenues	57,694,498	57,898,628	57,709,845	(188,783)	56,380,115
EXPENDITURES					
Current					
General government	7,511,656	9,526,611	7,242,302	2,284,309	6,816,633
Public safety	29,580,006	30,608,285	30,607,510	775	29,282,606
Public works	13,848,591	14,445,388	14,105,324	340,064	13,321,730
Culture and recreation	8,171,102	8,517,782	8,437,946	79,836	8,031,974
Conservation and development	1,789,369	1,725,853	1,721,628	4,225	1,755,615
Total expenditures	60,900,724	64,823,919	62,114,710	2,709,209	59,208,558
Excess of revenues over (under) expenditures	(3,206,226)	(6,925,291)	(4,404,865)	2,520,426	(2,828,443)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	7,000	7,000	1,157	(5,843)	2,709
Transfers in	3,832,950	3,832,950	3,724,748	(108,202)	3,447,562
Transfers out	(706,297)	(706,297)	(723,956)	(17,659)	(640,386)
Total other financing sources (uses)	3,133,653	3,133,653	3,001,949	(131,704)	2,809,885
Net change in fund balance	(72,573)	(3,791,638)	(1,402,916)	2,388,722	(18,558)
Fund balance - January 1	31,581,242	31,581,242	31,581,242	-	31,599,800
Fund balance - December 31	\$ 31,508,669	\$ 27,789,604	\$ 30,178,326	\$ 2,388,722	\$ 31,581,242

The notes to the required supplementary information are an integral part of this statement.

City of Appleton, Wisconsin

**SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN
FOR THE YEAR ENDED DECEMBER 31, 2017**

Actual Valuation Date January 1	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(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%

The notes to the required supplementary information are an integral part of this statement.

City of Appleton, Wisconsin

SCHEDULE OF EMPLOYER CONTRIBUTIONS OTHER POSTEMPLOYMENT BENEFIT PLAN FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Year Ended December 31,</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2014	\$ 247,447	\$ 361,337	68.48%
2015	-	361,337	0.00%
2016	370,602	415,816	89.13%
2017	217,286	415,816	52.26%

The notes to the required supplementary information are an integral part of this statement.

City of 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-Employee Payroll (plan year)	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%
12/31/17	0.36096444%	2,975,209	41,016,384	7.25%	99.12%

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-Employee Payroll (fiscal year)	Contributions as a Percentage of Covered-Employee Payroll
12/31/15	\$ 3,535,167	\$ 3,535,167	\$ -	\$ 41,437,908	8.53%
12/31/16	3,449,998	3,449,998	-	41,016,384	8.41%
12/31/17	3,855,642	3,855,642	-	40,487,112	9.52%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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 3A of the notes to the basic financial statements. The budget presentations are at the function level, whereas the legal level of control is at the total expenditure level.

WISCONSIN RETIREMENT SYSTEM

There were no changes of benefit terms or assumptions for any participating employer in the WRS.

The amounts reported 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.

SUPPLEMENTARY INFORMATION

City of Appleton, Wisconsin

GENERAL FUND

DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES AND OTHER FINANCING SOURCES FOR THE YEAR ENDED DECEMBER 31, 2017 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget		Actual	Variance	2016 Actual
	Original	Final		Final Budget - Positive (Negative)	
Taxes					
General property	\$ 34,322,323	\$ 34,322,323	\$ 34,322,323	\$ -	\$ 33,477,718
Payment in lieu of taxes	428,500	428,500	444,773	16,273	431,765
Total taxes	<u>34,750,823</u>	<u>34,750,823</u>	<u>34,767,096</u>	<u>16,273</u>	<u>33,909,483</u>
Special assessments					
Asphalt paving	54,600	54,600	51,612	(2,988)	77,854
Concrete paving	61,000	61,000	59,198	(1,802)	83,760
Sidewalks	1,600	1,600	9,358	7,758	11,303
Freeway fence	-	-	-	-	239
Snow removal	80,000	80,000	65,622	(14,378)	74,555
Weed cutting	16,000	16,000	17,051	1,051	17,745
Street light revenue	73,000	73,000	68,659	(4,341)	70,620
Miscellaneous	1,000	1,000	2,244	1,244	1,134
Total special assessments	<u>287,200</u>	<u>287,200</u>	<u>273,744</u>	<u>(13,456)</u>	<u>337,210</u>
Intergovernmental					
Federal	-	-	-	-	1,878
State					
State shared taxes	9,751,877	9,751,877	9,766,465	14,588	9,757,539
Tax exempt computer aid	350,000	350,000	405,987	55,987	350,938
Highway aid - connection streets	225,000	225,000	228,046	3,046	225,060
State tax disparity act	1,117,306	1,117,306	1,117,306	-	1,107,454
Local streets aid	2,440,306	2,440,306	2,313,635	(126,671)	2,400,497
Fire insurance dues	195,000	195,000	219,064	24,064	202,965
Miscellaneous state aids	233,744	233,744	425,813	192,069	79,312
Local					
Miscellaneous local aids	7,500	7,500	7,500	-	20,650
Library grants and aids	1,065,839	1,065,839	1,066,420	581	1,103,329
Health grants	11,500	11,500	11,873	373	18,993
Total intergovernmental	<u>15,398,072</u>	<u>15,398,072</u>	<u>15,562,109</u>	<u>164,037</u>	<u>15,268,615</u>
Licenses and permits					
Licenses					
Amusement devices	7,500	7,500	8,260	760	7,650
Cigarette	5,700	5,700	5,400	(300)	5,575
Health	149,661	149,661	139,694	(9,967)	138,999
Heating	-	-	-	-	30
Liquor and malt beverages	92,000	92,000	115,068	23,068	92,045
Operators	80,000	80,000	74,095	(5,905)	55,884
Commercial solicitation	4,200	4,200	3,685	(515)	4,225
Taxi cab/limousine	1,000	1,000	1,560	560	1,710
Taxi driver	2,000	2,000	2,550	550	2,950
Sundry	6,530	6,530	6,365	(165)	7,274
Secondhand/pawnbroker	1,200	1,200	2,145	945	2,384
Special events	20,000	20,000	29,682	9,682	24,025
Dog	25,000	25,000	16,638	(8,362)	18,530
Cat	10,000	10,000	6,257	(3,743)	6,970
Weights and measures	58,000	58,000	62,491	4,491	51,748

City of Appleton, Wisconsin

GENERAL FUND

DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES AND OTHER FINANCING SOURCES FOR THE YEAR ENDED DECEMBER 31, 2017 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget		Actual	Variance	2016 Actual
	Original	Final		Final Budget - Positive (Negative)	
Permits					
Building	320,000	320,000	361,674	41,674	369,104
Electrical	120,000	120,000	138,576	18,576	145,024
Heating	70,000	70,000	70,651	651	64,543
Plumbing and sewer	60,000	60,000	67,269	7,269	60,044
Burning	26,000	26,000	28,558	2,558	28,910
Trailer parking	9,000	9,000	7,637	(1,363)	10,731
State building	2,000	2,000	2,115	115	1,855
Signs	4,000	4,000	5,280	1,280	5,460
Street occupancy	8,500	8,500	8,547	47	8,710
Street excavating and patching	27,000	27,000	34,583	7,583	27,720
Sundry	3,500	3,500	3,755	255	3,540
Total licenses and permits	<u>1,112,791</u>	<u>1,112,791</u>	<u>1,202,535</u>	<u>89,744</u>	<u>1,145,640</u>
Fines and forfeits					
Court fines and penalties	<u>340,000</u>	<u>340,000</u>	<u>255,440</u>	<u>(84,560)</u>	<u>264,084</u>
Public charges for services					
Legal services	32,300	32,300	23,778	(8,522)	72,683
Mayor	12,500	12,500	13,076	576	12,590
Finance	4,000	4,000	4,159	159	3,807
Library	75,000	75,000	59,202	(15,798)	56,478
Community development	800	800	3,445	2,645	880
Parks and recreation	580,624	621,624	792,355	170,731	594,511
Public Works					
Street division	2,300	2,300	2,771	471	10,705
Traffic	60,000	60,000	71,132	11,132	34,776
Forestry	-	-	183	183	1,058
Inspection department	58,000	58,000	58,193	193	54,074
Health department	68,540	68,540	68,366	(174)	68,574
Police department	400,636	400,636	413,602	12,966	355,182
Fire department	28,500	28,500	40,295	11,795	45,894
Total public charges for services	<u>1,323,200</u>	<u>1,364,200</u>	<u>1,550,557</u>	<u>186,357</u>	<u>1,311,212</u>
Investment income					
Investment income	2,832,787	2,832,787	2,349,074	(483,713)	2,253,342
Interest on taxes	100,000	100,000	98,198	(1,802)	85,028
Interest - deferred specials	5,000	5,000	12,701	7,701	20,853
Total investment income	<u>2,937,787</u>	<u>2,937,787</u>	<u>2,459,973</u>	<u>(477,814)</u>	<u>2,359,223</u>

City of Appleton, Wisconsin

GENERAL FUND

DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES AND OTHER FINANCING SOURCES FOR THE YEAR ENDED DECEMBER 31, 2017 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget		Actual	Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
Miscellaneous					
Fees and commissions	833,480	833,480	742,897	(90,583)	804,901
Zoning and subdivision fees	20,000	20,000	17,425	(2,575)	16,430
Property inquiry fees	71,800	71,800	72,590	790	79,221
Miscellaneous revenue	55,025	55,025	52,770	(2,255)	42,089
Rental of city property	47,400	47,400	48,546	1,146	53,436
Insurance proceeds	-	-	2,003	2,003	-
Donation and memorials	11,750	33,878	35,261	1,383	33,374
Damage to city property	55,400	55,400	51,686	(3,714)	52,950
Other reimbursements	344,211	485,213	508,455	23,242	597,991
Leases	103,559	103,559	103,647	88	102,461
Refunds of prior year expenditures	-	-	886	886	-
Board of appeals	2,000	2,000	2,225	225	1,795
Total miscellaneous	<u>1,544,625</u>	<u>1,707,755</u>	<u>1,638,391</u>	<u>(69,364)</u>	<u>1,784,648</u>
Total Revenues	<u>57,694,498</u>	<u>57,898,628</u>	<u>57,709,845</u>	<u>(188,783)</u>	<u>56,380,115</u>
Other financing sources					
Proceeds from sale of capital assets	7,000	7,000	1,157	(5,843)	2,709
Transfers in	<u>3,832,950</u>	<u>3,832,950</u>	<u>3,724,748</u>	<u>(108,202)</u>	<u>3,447,562</u>
Total other financing sources	<u>3,839,950</u>	<u>3,839,950</u>	<u>3,725,905</u>	<u>(114,045)</u>	<u>3,450,271</u>
Total revenues and other financing sources	<u><u>\$ 61,534,448</u></u>	<u><u>\$ 61,738,578</u></u>	<u><u>\$ 61,435,750</u></u>	<u><u>\$ (302,828)</u></u>	<u><u>\$ 59,830,386</u></u>

City of Appleton, Wisconsin

GENERAL FUND

DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES AND OTHER FINANCING USES

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget		Actual	Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
General Government					
Common council	\$ 150,396	\$ 150,396	\$ 138,907	\$ 11,489	\$ 138,528
Mayor	365,360	439,004	415,226	23,778	354,315
Legal service	1,129,808	1,170,857	985,231	185,626	1,179,072
Finance	871,225	888,669	888,669	-	842,775
Information technology	1,817,213	1,859,699	1,844,846	14,853	1,704,413
Human resources	735,135	764,140	764,140	-	726,839
Other general government	2,442,519	4,253,846	2,205,283	2,048,563	1,870,691
Total general government	<u>7,511,656</u>	<u>9,526,611</u>	<u>7,242,302</u>	<u>2,284,309</u>	<u>6,816,633</u>
Public Safety					
Health services	1,172,966	1,182,648	1,182,648	-	1,175,670
Police	16,938,058	17,536,486	17,536,486	-	16,628,901
Fire	11,468,982	11,889,151	11,888,376	775	11,478,035
Total public safety	<u>29,580,006</u>	<u>30,608,285</u>	<u>30,607,510</u>	<u>775</u>	<u>29,282,606</u>
Public Works	<u>13,848,591</u>	<u>14,445,388</u>	<u>14,105,324</u>	<u>340,064</u>	<u>13,321,730</u>
Culture and Recreation					
Library	4,641,001	4,902,264	4,822,428	79,836	4,615,929
Parks and recreation	3,530,101	3,615,518	3,615,518	-	3,416,045
Total culture and recreation	<u>8,171,102</u>	<u>8,517,782</u>	<u>8,437,946</u>	<u>79,836</u>	<u>8,031,974</u>
Community and Development	<u>1,789,369</u>	<u>1,725,853</u>	<u>1,721,628</u>	<u>4,225</u>	<u>1,755,615</u>
Total expenditures	<u>60,900,724</u>	<u>64,823,919</u>	<u>62,114,710</u>	<u>2,709,209</u>	<u>59,208,558</u>
Other financing uses					
Transfers out	<u>706,297</u>	<u>706,297</u>	<u>723,956</u>	<u>(17,659)</u>	<u>640,386</u>
Total expenditures and other financing uses	<u><u>\$ 61,607,021</u></u>	<u><u>\$ 65,530,216</u></u>	<u><u>\$ 62,838,666</u></u>	<u><u>\$ 2,691,550</u></u>	<u><u>\$ 59,848,944</u></u>

City of Appleton, Wisconsin

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and investments	\$ 2,440,410	\$ 12,042,367	\$ 1,345,594	\$ 15,828,371
Receivables				
Taxes and special charges	3,095,914	3,799,966	5,241,380	12,137,260
Accounts	402,826	312,163	-	714,989
Special assessments	-	160,156	-	160,156
Housing loans, net	6,483,281	-	-	6,483,281
Notes receivable - component unit	-	1,239,063	-	1,239,063
Other	99,026	-	60,000	159,026
Due from other funds	49,654	-	-	49,654
Due from other governments	412,584	-	-	412,584
	<u>12,983,695</u>	<u>17,553,715</u>	<u>6,646,974</u>	<u>37,184,384</u>
Total assets	<u>\$ 12,983,695</u>	<u>\$ 17,553,715</u>	<u>\$ 6,646,974</u>	<u>\$ 37,184,384</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 409,591	\$ 1,641,806	\$ -	\$ 2,051,397
Other accrued liabilities	32,185	4,690	-	36,875
Due to other funds	353,180	-	-	353,180
Advance from other funds	7,492,427	7,134,172	-	14,626,599
	<u>8,287,383</u>	<u>8,780,668</u>	<u>-</u>	<u>17,068,051</u>
Total liabilities	<u>8,287,383</u>	<u>8,780,668</u>	<u>-</u>	<u>17,068,051</u>
Deferred inflows of resources				
Unearned and unavailable revenue	9,663,655	5,051,923	5,301,380	20,016,958
	<u>9,663,655</u>	<u>5,051,923</u>	<u>5,301,380</u>	<u>20,016,958</u>
Fund balances				
Restricted	889,115	5,291,410	1,345,594	7,526,119
Committed	1,447,054	-	-	1,447,054
Assigned	-	5,919,162	-	5,919,162
Unassigned	(7,303,512)	(7,489,448)	-	(14,792,960)
	<u>(4,967,343)</u>	<u>3,721,124</u>	<u>1,345,594</u>	<u>99,375</u>
Total fund balances	<u>(4,967,343)</u>	<u>3,721,124</u>	<u>1,345,594</u>	<u>99,375</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,983,695</u>	<u>\$ 17,553,715</u>	<u>\$ 6,646,974</u>	<u>\$ 37,184,384</u>

City of Appleton, Wisconsin

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	Special Revenue						
	Community Development Block Grant	Rental Energy Grants	Sanitation & Recycling Program	Tax Incremental District No. 3	Health Grants	Police Grants	Hazardous Materials Level A
ASSETS							
Cash and investments	\$ -	\$ 8,951	\$ 1,297,559	\$ 204,712	\$ 66,219	\$ -	\$ 320,387
Receivables							
Taxes and special charges	-	-	2,044,968	1,047,946	-	-	-
Accounts	-	-	115,060	-	1,013	-	1,221
Special assessments	-	-	-	-	-	-	-
Housing loans, net	-	-	-	-	-	-	-
Notes receivable - component unit	-	-	-	-	-	-	-
Other	-	-	99,026	-	-	-	-
Due from other funds	-	-	49,654	-	-	-	-
Due from other governments	99,404	-	-	-	8,350	16,462	-
Total assets	\$ 99,404	\$ 8,951	\$ 3,606,267	\$ 1,252,658	\$ 75,582	\$ 16,462	\$ 321,608
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 12,664	\$ -	\$ 85,494	\$ -	\$ 1,414	\$ -	\$ 1,313
Other accrued liabilities	202	-	28,751	-	1,602	-	-
Due to other funds	88,160	-	-	-	-	16,461	-
Advance from other funds	-	-	-	7,492,427	-	-	-
Total liabilities	101,026	-	114,245	7,492,427	3,016	16,461	1,313
Deferred inflows of resources							
Unearned and unavailable revenue	-	-	2,044,968	1,047,946	78,007	6,452	-
Fund balances							
Restricted	-	8,951	-	-	-	-	320,295
Committed	-	-	1,447,054	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	(1,622)	-	-	(7,287,715)	(5,441)	(6,451)	-
Total fund balances	(1,622)	8,951	1,447,054	(7,287,715)	(5,441)	(6,451)	320,295
Total liabilities, deferred inflows of resources, and fund balances	\$ 99,404	\$ 8,951	\$ 3,606,267	\$ 1,252,658	\$ 75,582	\$ 16,462	\$ 321,608

City of Appleton, Wisconsin

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	Special Revenue						
	Room Tax	Wheel Tax	Continuum of Care	HOME Homeowner	Housing Rehabilitation Grant	Business and Neighborhood Revitalization Grant	Emergency Shelter
ASSETS							
Cash and investments	\$ -	\$ -	\$ 3,564	\$ 127,272	\$ 17,521	\$ -	\$ -
Receivables							
Taxes and special charges	-	-	-	-	-	3,000	-
Accounts	285,382	-	-	-	150	-	-
Special assessments	-	-	-	-	-	-	-
Housing loans, net	-	-	-	898,495	5,425,964	-	-
Notes receivable - component unit	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	176,818	13,163	-	8,340	60,000	30,047
Total assets	\$ 285,382	\$ 176,818	\$ 16,727	\$ 1,025,767	\$ 5,451,975	\$ 63,000	\$ 30,047
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 279,267	\$ -	\$ 11,516	\$ -	\$ 3,542	\$ -	\$ 14,381
Other accrued liabilities	-	-	211	-	1,419	-	-
Due to other funds	-	176,818	-	-	-	53,792	17,949
Advance from other funds	-	-	-	-	-	-	-
Total liabilities	279,267	176,818	11,727	-	4,961	53,792	32,330
Deferred inflows of resources							
Unearned and unavailable revenue	-	-	-	898,495	5,425,965	3,000	-
Fund balances							
Restricted	6,115	-	5,000	127,272	21,049	6,208	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(2,283)
Total fund balances	6,115	-	5,000	127,272	21,049	6,208	(2,283)
Total liabilities, deferred inflows of resources, and fund balances	\$ 285,382	\$ 176,818	\$ 16,727	\$ 1,025,767	\$ 5,451,975	\$ 63,000	\$ 30,047

City of Appleton, Wisconsin

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	Special Revenue					
	Lead Hazard Control Grant	Tuchscherer Disability	Peabody Estate	Lutz Park	Park Purpose Open Space	Union Spring Park
ASSETS						
Cash and investments	\$ 45,375	\$ 24,192	\$ 65,914	\$ 137,346	\$ 86,888	\$ 2,547
Receivables						
Taxes and special charges	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Housing loans, net	158,822	-	-	-	-	-
Notes receivable - component unit	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Total assets	<u>\$ 204,197</u>	<u>\$ 24,192</u>	<u>\$ 65,914</u>	<u>\$ 137,346</u>	<u>\$ 86,888</u>	<u>\$ 2,547</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources						
Unearned and unavailable revenue	<u>158,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances						
Restricted	45,375	24,192	65,914	137,346	86,888	2,547
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>45,375</u>	<u>24,192</u>	<u>65,914</u>	<u>137,346</u>	<u>86,888</u>	<u>2,547</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 204,197</u>	<u>\$ 24,192</u>	<u>\$ 65,914</u>	<u>\$ 137,346</u>	<u>\$ 86,888</u>	<u>\$ 2,547</u>

City of Appleton, Wisconsin

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	Special Revenue		Total Nonmajor Special Revenue Funds
	Project City Park	Miracle League Baseball	
ASSETS			
Cash and investments	\$ 5,989	\$ 25,974	\$ 2,440,410
Receivables			
Taxes and special charges	-	-	3,095,914
Accounts	-	-	402,826
Special assessments	-	-	-
Housing loans, net	-	-	6,483,281
Notes receivable - component unit	-	-	-
Other	-	-	99,026
Due from other funds	-	-	49,654
Due from other governments	-	-	412,584
Total assets	<u>\$ 5,989</u>	<u>\$ 25,974</u>	<u>\$ 12,983,695</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 409,591
Other accrued liabilities	-	-	32,185
Due to other funds	-	-	353,180
Advance from other funds	-	-	7,492,427
Total liabilities	<u>-</u>	<u>-</u>	<u>8,287,383</u>
Deferred inflows of resources			
Unearned and unavailable revenue	-	-	9,663,655
Fund balances			
Restricted	5,989	25,974	889,115
Committed	-	-	1,447,054
Assigned	-	-	-
Unassigned	-	-	(7,303,512)
Total fund balances	<u>5,989</u>	<u>25,974</u>	<u>(4,967,343)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,989</u>	<u>\$ 25,974</u>	<u>\$ 12,983,695</u>

City of Appleton, Wisconsin

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	Capital Projects					
	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
ASSETS						
Cash and investments	\$ 1,759,683	\$ 798,422	\$ 924,216	\$ 666,160	\$ 259,751	\$ 92,087
Receivables						
Taxes and special charges	471,395	-	2,205,849	527,179	531,054	64,489
Accounts	288,030	-	-	-	-	-
Special assessments	160,156	-	-	-	-	-
Housing loans, net	-	-	-	-	-	-
Notes receivable - component unit	-	-	-	-	1,239,063	-
Other	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Total assets	<u>\$ 2,679,264</u>	<u>\$ 798,422</u>	<u>\$ 3,130,065</u>	<u>\$ 1,193,339</u>	<u>\$ 2,029,868</u>	<u>\$ 156,576</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 21,286	\$ 1,698	\$ 38,907	\$ -	\$ -	\$ -
Other accrued liabilities	1,255	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Advance from other funds	-	-	6,716,220	-	415,902	-
Total liabilities	<u>22,541</u>	<u>1,698</u>	<u>6,755,127</u>	<u>-</u>	<u>415,902</u>	<u>-</u>
Deferred inflows of resources						
Unearned and unavailable revenue	460,156	-	2,205,849	527,179	1,770,117	64,489
Fund balances						
Restricted	-	-	-	666,160	-	92,087
Committed	-	-	-	-	-	-
Assigned	2,196,567	796,724	-	-	-	-
Unassigned	-	-	(5,830,911)	-	(156,151)	-
Total fund balances	<u>2,196,567</u>	<u>796,724</u>	<u>(5,830,911)</u>	<u>666,160</u>	<u>(156,151)</u>	<u>92,087</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,679,264</u>	<u>\$ 798,422</u>	<u>\$ 3,130,065</u>	<u>\$ 1,193,339</u>	<u>\$ 2,029,868</u>	<u>\$ 156,576</u>

City of Appleton, Wisconsin

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	Capital Projects					
	Tax Incremental District No. 10	Tax Incremental District No. 11	Tax Incremental District No. 12	Public Safety Facilities	Public Works Equipment	CEA Replacement
ASSETS						
Cash and investments	\$ 87,141	\$ -	\$ -	\$ 65,626	\$ 1,614,303	\$ 2,741,173
Receivables						
Taxes and special charges	-	-	-	-	-	-
Accounts	-	-	-	-	24,133	-
Special assessments	-	-	-	-	-	-
Housing loans, net	-	-	-	-	-	-
Notes receivable - component unit	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Total assets	\$ 87,141	\$ -	\$ -	\$ 65,626	\$ 1,638,436	\$ 2,741,173
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 4,979	\$ 444,853	\$ 4,800
Other accrued liabilities	-	-	-	-	487	-
Due to other funds	-	-	-	-	-	-
Advance from other funds	-	1,025	1,025	-	-	-
Total liabilities	-	1,025	1,025	4,979	445,340	4,800
Deferred inflows of resources						
Unearned and unavailable revenue	-	-	-	-	24,133	-
Fund balances						
Restricted	87,141	-	-	50,978	1,609,598	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	9,669	-	2,736,373
Unassigned	-	(1,025)	(1,025)	-	(440,635)	-
Total fund balances	87,141	(1,025)	(1,025)	60,647	1,168,963	2,736,373
Total liabilities, deferred inflows of resources, and fund balances	\$ 87,141	\$ -	\$ -	\$ 65,626	\$ 1,638,436	\$ 2,741,173

City of Appleton, Wisconsin

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	<u>Capital Projects</u>				Total Nonmajor Capital Projects Funds
	Community Development	Facilities Capital Projects	City Center Facilities	Information Technology	
ASSETS					
Cash and investments	\$ 184,454	\$ 2,454,302	\$ -	\$ 395,049	\$ 12,042,367
Receivables					
Taxes and special charges	-	-	-	-	3,799,966
Accounts	-	-	-	-	312,163
Special assessments	-	-	-	-	160,156
Housing loans, net	-	-	-	-	-
Notes receivable - component unit	-	-	-	-	1,239,063
Other	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 184,454</u>	<u>\$ 2,454,302</u>	<u>\$ -</u>	<u>\$ 395,049</u>	<u>\$ 17,553,715</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 8,091	\$ 1,035,116	\$ 82,076	\$ -	\$ 1,641,806
Other accrued liabilities	-	2,948	-	-	4,690
Due to other funds	-	-	-	-	-
Advance from other funds	-	-	-	-	7,134,172
Total liabilities	<u>8,091</u>	<u>1,038,064</u>	<u>82,076</u>	<u>-</u>	<u>8,780,668</u>
Deferred inflows of resources					
Unearned and unavailable revenue	-	-	-	-	5,051,923
Fund balances					
Restricted	-	2,393,863	-	391,583	5,291,410
Committed	-	-	-	-	-
Assigned	176,363	-	-	3,466	5,919,162
Unassigned	-	(977,625)	(82,076)	-	(7,489,448)
Total fund balances	<u>176,363</u>	<u>1,416,238</u>	<u>(82,076)</u>	<u>395,049</u>	<u>3,721,124</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 184,454</u>	<u>\$ 2,454,302</u>	<u>\$ -</u>	<u>\$ 395,049</u>	<u>\$ 17,553,715</u>

City of Appleton, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds	Capital Projects Funds	Debt Service	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 5,473,830	\$ 2,431,082	\$ 3,871,561	\$ 11,776,473
Special assessments	-	429,400	-	429,400
Intergovernmental	1,481,100	215,954	-	1,697,054
Public charges for services	1,292,351	-	-	1,292,351
Investment income (loss)	14,843	145,587	(13)	160,417
Miscellaneous	320,308	3,832,015	91,992	4,244,315
	<u>8,582,432</u>	<u>7,054,038</u>	<u>3,963,540</u>	<u>19,600,010</u>
EXPENDITURES				
Current				
General government	1,048,218	39,525	-	1,087,743
Public safety	461,141	-	-	461,141
Public works	3,348,898	-	-	3,348,898
Conservation and development	1,358,258	45,987	-	1,404,245
Debt service				
Principal	-	-	5,582,624	5,582,624
Interest and fiscal charges	412,121	321,656	1,391,600	2,125,377
Capital outlay	240,090	20,504,314	-	20,744,404
	<u>6,868,726</u>	<u>20,911,482</u>	<u>6,974,224</u>	<u>34,754,432</u>
Excess of revenues over (under) expenditures	<u>1,713,706</u>	<u>(13,857,444)</u>	<u>(3,010,684)</u>	<u>(15,154,422)</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	8,617,562	4,994,438	13,612,000
Premium on debt issued	-	-	790,738	790,738
Payment to advance refunding escrow agent	-	-	(4,994,438)	(4,994,438)
Proceeds from sale of capital assets	-	258,983	-	258,983
Transfers in	1,200,000	341,259	2,146,121	3,687,380
Transfers out	(1,489,396)	(2,388,681)	-	(3,878,077)
	<u>(289,396)</u>	<u>6,829,123</u>	<u>2,936,859</u>	<u>9,476,586</u>
Net change in fund balances	1,424,310	(7,028,321)	(73,825)	(5,677,836)
Fund balances - January 1	<u>(6,391,653)</u>	<u>10,749,445</u>	<u>1,419,419</u>	<u>5,777,211</u>
Fund balances - December 31	<u>\$ (4,967,343)</u>	<u>\$ 3,721,124</u>	<u>\$ 1,345,594</u>	<u>\$ 99,375</u>

City of Appleton, Wisconsin

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Special Revenue						
	Community Development Block Grant	Rental Energy Grants	Sanitation & Recycling Program	Tax Incremental District No. 3	Health Grants	Police Grants	Hazardous Materials Level A
REVENUES							
Taxes	\$ -	\$ -	\$ 2,044,968	\$ 1,012,526	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental	393,010	-	259	4,947	128,037	136,402	118,791
Public charges for services	-	-	1,258,129	-	27,000	-	7,222
Investment income (loss)	-	-	6,605	1,877	-	-	2,087
Miscellaneous	-	-	798	-	-	-	5,400
Total revenues	<u>393,010</u>	<u>-</u>	<u>3,310,759</u>	<u>1,019,350</u>	<u>155,037</u>	<u>136,402</u>	<u>133,500</u>
EXPENDITURES							
Current							
General government	-	-	-	1,562	-	-	-
Public safety	-	-	-	-	155,039	132,675	173,427
Public works	-	-	3,348,898	-	-	-	-
Conservation and development	394,632	-	-	-	-	-	-
Debt service							
Interest and fiscal charges	-	-	-	412,121	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>394,632</u>	<u>-</u>	<u>3,348,898</u>	<u>413,683</u>	<u>155,039</u>	<u>132,675</u>	<u>173,427</u>
Excess of revenues over (under) expenditures	<u>(1,622)</u>	<u>-</u>	<u>(38,139)</u>	<u>605,667</u>	<u>(2)</u>	<u>3,727</u>	<u>(39,927)</u>
OTHER FINANCING SOURCES (USES)							
Long-term debt issued	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	1,200,000	-	-	-
Transfers out	-	-	-	(122,440)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,077,560</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(1,622)</u>	<u>-</u>	<u>(38,139)</u>	<u>1,683,227</u>	<u>(2)</u>	<u>3,727</u>	<u>(39,927)</u>
Fund balances - January 1	<u>-</u>	<u>8,951</u>	<u>1,485,193</u>	<u>(8,970,942)</u>	<u>(5,439)</u>	<u>(10,178)</u>	<u>360,222</u>
Fund balances - December 31	<u>\$ (1,622)</u>	<u>\$ 8,951</u>	<u>\$ 1,447,054</u>	<u>\$ (7,287,715)</u>	<u>\$ (5,441)</u>	<u>\$ (6,451)</u>	<u>\$ 320,295</u>

City of Appleton, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue						
	Room Tax	Wheel Tax	Continuum of Care	HOME Homeowner	Housing Rehabilitation Grant	Business and Neighborhood Revitalization Grant	Emergency Shelter
REVENUES							
Taxes	\$ 1,063,044	\$ 1,350,292	\$ -	\$ -	\$ -	\$ 3,000	\$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental	-	-	231,618	-	129,237	60,000	278,799
Public charges for services	-	-	-	-	-	-	-
Investment income (loss)	-	-	-	-	(20)	-	-
Miscellaneous	-	-	-	23,990	287,967	-	-
Total revenues	1,063,044	1,350,292	231,618	23,990	417,184	63,000	278,799
EXPENDITURES							
Current							
General government	1,040,265	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Conservation and development	-	-	231,618	220	396,135	60,014	275,639
Debt service							
Interest and fiscal charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	1,040,265	-	231,618	220	396,135	60,014	275,639
Excess of revenues over (under) expenditures	22,779	1,350,292	-	23,770	21,049	2,986	3,160
OTHER FINANCING SOURCES (USES)							
Long-term debt issued	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(16,664)	(1,350,292)	-	-	-	-	-
Total other financing sources (uses)	(16,664)	(1,350,292)	-	-	-	-	-
Net change in fund balances	6,115	-	-	23,770	21,049	2,986	3,160
Fund balances - January 1	-	-	5,000	103,502	-	3,222	(5,443)
Fund balances - December 31	\$ 6,115	\$ -	\$ 5,000	\$ 127,272	\$ 21,049	\$ 6,208	\$ (2,283)

City of Appleton, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue					
	Lead Hazard Control Grant	Tuchscherer Disability	Peabody Estate	Lutz Park	Park Purpose Open Space	Union Spring Park
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Public charges for services	-	-	-	-	-	-
Investment income (loss)	-	203	457	950	2,446	18
Miscellaneous	2,153	-	-	-	-	-
Total revenues	2,153	203	457	950	2,446	18
EXPENDITURES						
Current						
General government	-	6,391	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-
Debt service						
Interest and fiscal charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	240,090	-
Total expenditures	-	6,391	-	-	240,090	-
Excess of revenues over (under) expenditures	2,153	(6,188)	457	950	(237,644)	18
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	2,153	(6,188)	457	950	(237,644)	18
Fund balances - January 1	43,222	30,380	65,457	136,396	324,532	2,529
Fund balances - December 31	\$ 45,375	\$ 24,192	\$ 65,914	\$ 137,346	\$ 86,888	\$ 2,547

City of Appleton, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue		Total Nonmajor Special Revenue Funds
	Project City Park	Miracle League Baseball	
REVENUES			
Taxes	\$ -	\$ -	\$ 5,473,830
Special assessments	-	-	-
Intergovernmental	-	-	1,481,100
Public charges for services	-	-	1,292,351
Investment income (loss)	41	179	14,843
Miscellaneous	-	-	320,308
Total revenues	41	179	8,582,432
EXPENDITURES			
Current			
General government	-	-	1,048,218
Public safety	-	-	461,141
Public works	-	-	3,348,898
Conservation and development	-	-	1,358,258
Debt service			
Interest and fiscal charges	-	-	412,121
Capital outlay	-	-	240,090
Total expenditures	-	-	6,868,726
Excess of revenues over (under) expenditures	41	179	1,713,706
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	-	-
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	1,200,000
Transfers out	-	-	(1,489,396)
Total other financing sources (uses)	-	-	(289,396)
Net change in fund balances	41	179	1,424,310
Fund balances - January 1	5,948	25,795	(6,391,653)
Fund balances - December 31	<u>\$ 5,989</u>	<u>\$ 25,974</u>	<u>\$ (4,967,343)</u>

City of Appleton, Wisconsin

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Capital Projects					
	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
REVENUES						
Taxes	\$ 500,000	\$ -	\$ 1,755,202	\$ 66,431	\$ 32,009	\$ 41,234
Special assessments	429,400	-	-	-	-	-
Intergovernmental	-	-	64,206	60,319	3,005	71,006
Public charges for services	-	-	-	-	-	-
Investment income (loss)	22,957	6,852	(3,708)	3,240	56,048	818
Miscellaneous	288,030	31,048	5,981	-	1,220,477	28,612
Total revenues	<u>1,240,387</u>	<u>37,900</u>	<u>1,821,681</u>	<u>129,990</u>	<u>1,311,539</u>	<u>141,670</u>
EXPENDITURES						
Current						
General government	-	-	1,562	1,562	1,562	33,277
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Conservation and development	-	-	43,786	-	201	-
Debt service						
Interest and fiscal charges	-	-	288,311	-	33,295	-
Capital outlay	541,025	213,934	1,927,988	-	302,086	-
Total expenditures	<u>541,025</u>	<u>213,934</u>	<u>2,261,647</u>	<u>1,562</u>	<u>337,144</u>	<u>33,277</u>
Excess of revenues over (under) expenditures	<u>699,362</u>	<u>(176,034)</u>	<u>(439,966)</u>	<u>128,428</u>	<u>974,395</u>	<u>108,393</u>
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	258,983	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(275,000)	-	(1,548,585)	(16,300)	(458,796)	-
Total other financing sources (uses)	<u>(275,000)</u>	<u>-</u>	<u>(1,289,602)</u>	<u>(16,300)</u>	<u>(458,796)</u>	<u>-</u>
Net change in fund balances	424,362	(176,034)	(1,729,568)	112,128	515,599	108,393
Fund balances - January 1	<u>1,772,205</u>	<u>972,758</u>	<u>(4,101,343)</u>	<u>554,032</u>	<u>(671,750)</u>	<u>(16,306)</u>
Fund balances - December 31	<u>\$ 2,196,567</u>	<u>\$ 796,724</u>	<u>\$ (5,830,911)</u>	<u>\$ 666,160</u>	<u>\$ (156,151)</u>	<u>\$ 92,087</u>

City of Appleton, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Capital Projects					
	Tax Incremental District No. 10	Tax Incremental District No. 11	Tax Incremental District No. 12	Public Safety Facilities	Public Works Equipment	CEA Replacement
REVENUES						
Taxes	\$ 36,206	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Intergovernmental	4,968	-	-	-	-	-
Public charges for services	-	-	-	-	-	-
Investment income (loss)	313	-	-	(81)	4,705	11,205
Miscellaneous	-	-	-	-	-	2,257,867
Total revenues	<u>41,487</u>	<u>-</u>	<u>-</u>	<u>(81)</u>	<u>4,705</u>	<u>2,269,072</u>
EXPENDITURES						
Current						
General government	1,562	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Conservation and development	-	1,000	1,000	-	-	-
Debt service						
Interest and fiscal charges	-	25	25	-	-	-
Capital outlay	-	-	-	341,762	3,682,929	2,333,013
Total expenditures	<u>1,562</u>	<u>1,025</u>	<u>1,025</u>	<u>341,762</u>	<u>3,682,929</u>	<u>2,333,013</u>
Excess of revenues over (under) expenditures	<u>39,925</u>	<u>(1,025)</u>	<u>(1,025)</u>	<u>(341,843)</u>	<u>(3,678,224)</u>	<u>(63,941)</u>
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	-	-	-	387,866	3,610,196	250,000
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	251,259
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>387,866</u>	<u>3,610,196</u>	<u>501,259</u>
Net change in fund balances	<u>39,925</u>	<u>(1,025)</u>	<u>(1,025)</u>	<u>46,023</u>	<u>(68,028)</u>	<u>437,318</u>
Fund balances - January 1	<u>47,216</u>	<u>-</u>	<u>-</u>	<u>14,624</u>	<u>1,236,991</u>	<u>2,299,055</u>
Fund balances - December 31	<u>\$ 87,141</u>	<u>\$ (1,025)</u>	<u>\$ (1,025)</u>	<u>\$ 60,647</u>	<u>\$ 1,168,963</u>	<u>\$ 2,736,373</u>

City of Appleton, Wisconsin

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Capital Projects				Total Nonmajor Capital Projects Funds
	Community Development	Facilities Capital Projects	City Center Facilities	Information Technology	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,431,082
Special assessments	-	-	-	-	429,400
Intergovernmental	-	12,450	-	-	215,954
Public charges for services	-	-	-	-	-
Investment income (loss)	3,309	37,647	-	2,282	145,587
Miscellaneous	-	-	-	-	3,832,015
Total revenues	3,309	50,097	-	2,282	7,054,038
EXPENDITURES					
Current					
General government	-	-	-	-	39,525
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Conservation and development	-	-	-	-	45,987
Debt service					
Interest and fiscal charges	-	-	-	-	321,656
Capital outlay	292,551	10,308,776	82,076	478,174	20,504,314
Total expenditures	292,551	10,308,776	82,076	478,174	20,911,482
Excess of revenues over (under) expenditures	(289,242)	(10,258,679)	(82,076)	(475,892)	(13,857,444)
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	3,942,500	-	427,000	8,617,562
Proceeds from sale of capital assets	-	-	-	-	258,983
Transfers in	-	90,000	-	-	341,259
Transfers out	-	-	-	(90,000)	(2,388,681)
Total other financing sources (uses)	-	4,032,500	-	337,000	6,829,123
Net change in fund balances	(289,242)	(6,226,179)	(82,076)	(138,892)	(7,028,321)
Fund balances - January 1	465,605	7,642,417	-	533,941	10,749,445
Fund balances - December 31	\$ 176,363	\$ 1,416,238	\$ (82,076)	\$ 395,049	\$ 3,721,124

City of Appleton, Wisconsin

COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS DECEMBER 31, 2017

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016

	Parking Utility	Reid Municipal Golf Course	Totals	
			2017	2016
ASSETS				
Current assets				
Cash and investments	\$ 694,601	\$ 262,905	\$ 957,506	\$ 1,414,845
Receivables				
Customer accounts	19,314	4,516	23,830	18,791
Total current assets	713,915	267,421	981,336	1,433,636
Capital assets				
Nondepreciable	1,602,692	390,763	1,993,455	1,976,055
Depreciable	6,232,515	917,102	7,149,617	7,716,084
Total capital assets	7,835,207	1,307,865	9,143,072	9,692,139
Total assets	8,549,122	1,575,286	10,124,408	11,125,775
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	154,611	83,217	237,828	331,513
LIABILITIES				
Current liabilities				
Accounts payable	23,700	4,192	27,892	62,772
Other accrued liabilities	13,123	1,509	14,632	12,809
Accrued interest payable	4,538	3,244	7,782	8,173
Compensated absences	55,850	5,716	61,566	49,100
Advance from other funds	-	5,000	5,000	5,000
Unearned revenue	60,240	16,212	76,452	453,913
Current portion of long-term debt	60,000	60,000	120,000	120,000
Total current liabilities	217,451	95,873	313,324	711,767
Long-term obligations, less current portion				
Advance from other funds	-	145,000	145,000	150,000
General obligation debt	585,000	455,000	1,040,000	1,160,000
Compensated absences	47,537	-	47,537	63,205
Net pension liability	20,130	10,575	30,705	59,680
Total long-term liabilities	652,667	610,575	1,263,242	1,432,885
Total liabilities	870,118	706,448	1,576,566	2,144,652
DEFERRED INFLOWS OF RESOURCES				
Pension related amounts	64,478	33,874	98,352	126,758
NET POSITION				
Net investment in capital assets	7,190,207	792,865	7,983,072	8,403,293
Unrestricted	578,930	125,316	704,246	782,585
Total net position	\$ 7,769,137	\$ 918,181	\$ 8,687,318	\$ 9,185,878

City of Appleton, Wisconsin

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

	Parking Utility	Reid Municipal Golf Course	Totals	
			2017	2016
OPERATING REVENUES				
Charges for services	\$ 2,295,604	\$ 782,382	\$ 3,077,986	\$ 2,771,785
Other	396,690	78,015	474,705	482,980
Total operating revenues	2,692,294	860,397	3,552,691	3,254,765
OPERATING EXPENSES				
Operation and maintenance	1,466,730	700,186	2,166,916	2,023,141
Depreciation and amortization	541,121	67,859	608,980	592,210
Total operating expenses	2,007,851	768,045	2,775,896	2,615,351
Operating income	684,443	92,352	776,795	639,414
NONOPERATING REVENUES (EXPENSES)				
Investment income (loss)	12,784	578	13,362	9,167
Gain (loss) on disposal of capital assets	-	-	-	(15,861)
Interest and fiscal charges	(18,369)	(13,148)	(31,517)	(18,550)
Total nonoperating revenues (expenses)	(5,585)	(12,570)	(18,155)	(25,244)
Income before contributions and transfers	678,858	79,782	758,640	614,170
Transfers out	(1,239,300)	(17,900)	(1,257,200)	(1,430,400)
Change in net position	(560,442)	61,882	(498,560)	(816,230)
Net position - January 1	8,329,579	856,299	9,185,878	10,002,108
Net position - December 31	<u>\$ 7,769,137</u>	<u>\$ 918,181</u>	<u>\$ 8,687,318</u>	<u>\$ 9,185,878</u>

City of Appleton, Wisconsin

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	Parking Utility	Reid Municipal Golf Course	Totals	
			2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 2,308,806	\$ 861,385	\$ 3,170,191	\$ 3,616,389
Cash paid for employee wages and benefits	(751,042)	(352,830)	(1,103,872)	(923,047)
Cash paid to suppliers	(729,521)	(333,478)	(1,062,999)	(1,033,759)
Net cash provided by operating activities	<u>828,243</u>	<u>175,077</u>	<u>1,003,320</u>	<u>1,659,583</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer in (out)	<u>(1,239,300)</u>	<u>(17,900)</u>	<u>(1,257,200)</u>	<u>(1,430,400)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(40,164)	(19,749)	(59,913)	(665,284)
Sale of capital assets	-	-	-	211
Issuance of long-term debt	-	-	-	705,000
Principal paid on long-term debt	(60,000)	(60,000)	(120,000)	(60,000)
Principal paid on advance	-	(5,000)	(5,000)	(5,000)
Interest paid on long-term debt	(18,588)	(13,320)	(31,908)	(13,921)
Net cash used by capital and related financing activities	<u>(118,752)</u>	<u>(98,069)</u>	<u>(216,821)</u>	<u>(38,994)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>12,784</u>	<u>578</u>	<u>13,362</u>	<u>9,167</u>
Change in cash and cash equivalents	<u>(517,025)</u>	<u>59,686</u>	<u>(457,339)</u>	<u>199,356</u>
Cash and cash equivalents - January 1	<u>1,211,626</u>	<u>203,219</u>	<u>1,414,845</u>	<u>1,215,489</u>
Cash and cash equivalents - December 31	<u>\$ 694,601</u>	<u>\$ 262,905</u>	<u>\$ 957,506</u>	<u>\$ 1,414,845</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 684,443	\$ 92,352	\$ 776,795	\$ 639,414
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	541,121	67,859	608,980	592,210
Change in liability (asset) and deferred outflows and inflows of resources				
Pension	24,990	11,314	36,304	25,703
Change in operating assets and liabilities				
Accounts receivables	(1,584)	(3,455)	(5,039)	10,312
Accounts payable	(36,656)	1,776	(34,880)	21,765
Other accrued liabilities	1,948	(125)	1,823	713
Unearned revenue	(381,904)	4,443	(377,461)	351,312
Compensated absences	(4,115)	913	(3,202)	18,154
Net cash provided by operating activities	<u>\$ 828,243</u>	<u>\$ 175,077</u>	<u>\$ 1,003,320</u>	<u>\$ 1,659,583</u>
Reconciliation of cash and cash equivalents to the statement of net position				
Cash and cash equivalents in current assets	<u>\$ 694,601</u>	<u>\$ 262,905</u>	<u>\$ 957,506</u>	<u>\$ 1,414,845</u>
Noncash capital and related financing activities				
None				

City of Appleton, Wisconsin

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS DECEMBER 31, 2017

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Total
ASSETS					
Current assets					
Cash and investments	\$ 428,590	\$ -	\$ 177,062	\$ 1,464,245	\$ 2,069,897
Receivables					
Accounts	5,624	7,731	-	-	13,355
Inventories	78,439	-	-	-	78,439
Prepaid items	-	21,630	-	-	21,630
Total current assets	<u>512,653</u>	<u>29,361</u>	<u>177,062</u>	<u>1,464,245</u>	<u>2,183,321</u>
Other assets					
Investment in WMIC	-	2,020,950	-	-	2,020,950
Capital assets					
Depreciable	12,283,260	-	-	-	12,283,260
Total assets	<u>12,795,913</u>	<u>2,050,311</u>	<u>177,062</u>	<u>1,464,245</u>	<u>16,487,531</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	434,955	100,828	256,595	-	792,378
LIABILITIES					
Current liabilities					
Accounts payable	62,549	6,166	103,574	-	172,289
Other accrued liabilities	20,709	4,704	14,858	-	40,271
Claims payable	-	1,900,000	-	-	1,900,000
Due to other funds	-	50,052	-	-	50,052
Accrued interest payable	748	-	-	-	748
Compensated absences	96,416	54,953	58,636	-	210,005
Current portion of long-term debt	27,751	-	-	-	27,751
Total current liabilities	<u>208,173</u>	<u>2,015,875</u>	<u>177,068</u>	<u>-</u>	<u>2,401,116</u>
Long-term obligations, less current portion					
General obligation debt	106,625	-	-	-	106,625
Compensated absences	28,051	-	-	-	28,051
Net pension liability	56,464	13,212	32,922	-	102,598
Other postemployment benefits	-	-	-	1,194,316	1,194,316
Total noncurrent liabilities	<u>191,140</u>	<u>13,212</u>	<u>32,922</u>	<u>1,194,316</u>	<u>1,431,590</u>
Total liabilities	<u>399,313</u>	<u>2,029,087</u>	<u>209,990</u>	<u>1,194,316</u>	<u>3,832,706</u>
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	180,859	42,319	105,452	-	328,630
NET POSITION					
Net investment in capital assets	12,148,884	-	-	-	12,148,884
Unrestricted	501,812	79,733	118,215	269,929	969,689
Total net position	<u>\$ 12,650,696</u>	<u>\$ 79,733</u>	<u>\$ 118,215</u>	<u>\$ 269,929</u>	<u>\$ 13,118,573</u>

City of Appleton, Wisconsin

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Total
OPERATING REVENUES					
Charges for services	\$ 2,786,086	\$ 1,721,859	\$ 2,579,938	\$ -	\$ 7,087,883
Other	5,794	69,796	-	-	75,590
Total operating revenues	<u>2,791,880</u>	<u>1,791,655</u>	<u>2,579,938</u>	<u>-</u>	<u>7,163,473</u>
OPERATING EXPENSES					
Operation and maintenance	2,829,155	1,433,286	2,627,052	188,588	7,078,081
Depreciation and amortization	2,386,197	-	-	-	2,386,197
Total operating expenses	<u>5,215,352</u>	<u>1,433,286</u>	<u>2,627,052</u>	<u>188,588</u>	<u>9,464,278</u>
Operating income (loss)	<u>(2,423,472)</u>	<u>358,369</u>	<u>(47,114)</u>	<u>(188,588)</u>	<u>(2,300,805)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	2,469	77	-	-	2,546
Gain (loss) on disposal of capital assets	178,855	-	-	-	178,855
Interest and fiscal charges	(3,160)	-	-	-	(3,160)
Other	-	-	5,219	-	5,219
Total nonoperating revenues (expenses)	<u>178,164</u>	<u>77</u>	<u>5,219</u>	<u>-</u>	<u>183,460</u>
Income (loss) before contributions and transfers	(2,245,308)	358,446	(41,895)	(188,588)	(2,117,345)
Capital contributions	2,332,230	-	-	-	2,332,230
Transfers out	(178,759)	-	(9,500)	-	(188,259)
Change in net position	(91,837)	358,446	(51,395)	(188,588)	26,626
Net position - January 1	<u>12,742,533</u>	<u>(278,713)</u>	<u>169,610</u>	<u>458,517</u>	<u>13,091,947</u>
Net position - December 31	<u>\$ 12,650,696</u>	<u>\$ 79,733</u>	<u>\$ 118,215</u>	<u>\$ 269,929</u>	<u>\$ 13,118,573</u>

City of Appleton, Wisconsin

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 2,786,933	\$ 3,134,194	\$ 2,579,938	\$ -	\$ 8,501,065
Cash paid for employee wages and benefits	(1,174,376)	(335,407)	(708,939)	-	(2,218,722)
Cash paid to suppliers	(1,581,041)	(1,998,589)	(1,859,917)	-	(5,439,547)
Net cash provided by operating activities	<u>31,516</u>	<u>800,198</u>	<u>11,082</u>	<u>-</u>	<u>842,796</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Nonoperating revenues	17,890	-	5,219	-	23,109
Change in due to/from other funds	-	(800,275)	-	-	(800,275)
Transfer in (out)	(178,759)	-	(9,500)	-	(188,259)
Net cash used by noncapital financing activities	<u>(160,869)</u>	<u>(800,275)</u>	<u>(4,281)</u>	<u>-</u>	<u>(965,425)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Sale of capital assets	178,855	-	-	-	178,855
Principal paid on long-term debt	(27,376)	-	-	-	(27,376)
Interest paid on long-term debt	(3,323)	-	-	-	(3,323)
Net cash provided by capital and related financing activities	<u>148,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,156</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	2,469	77	-	-	2,546
Change in cash and cash equivalents	21,272	-	6,801	-	28,073
Cash and cash equivalents - January 1	<u>407,318</u>	<u>-</u>	<u>170,261</u>	<u>1,464,245</u>	<u>2,041,824</u>
Cash and cash equivalents - December 31	<u>\$ 428,590</u>	<u>\$ -</u>	<u>\$ 177,062</u>	<u>\$ 1,464,245</u>	<u>\$ 2,069,897</u>

City of Appleton, Wisconsin

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (2,423,472)	\$ 358,369	\$ (47,114)	\$ (188,588)	\$ (2,300,805)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	2,386,197	-	-	-	2,386,197
Change in liability (asset) and deferred outflows and inflows of resources					
Pension	69,951	17,158	35,308	-	122,417
Other postemployment benefits	-	-	-	188,588	188,588
Change in operating assets and liabilities					
Accounts receivables	(4,947)	1,342,539	-	-	1,337,592
Inventories and prepaid items	(15,343)	10,815	-	-	(4,528)
Accounts payable	13,432	(928,091)	21,673	-	(892,986)
Other accrued liabilities	(902)	(112)	(256)	-	(1,270)
Compensated absences	6,600	(480)	1,471	-	7,591
Net cash provided by operating activities	<u>\$ 31,516</u>	<u>\$ 800,198</u>	<u>\$ 11,082</u>	<u>\$ -</u>	<u>\$ 842,796</u>
Reconciliation of cash and cash equivalents to the statement of net position					
Cash and cash equivalents in current assets	<u>\$ 428,590</u>	<u>\$ -</u>	<u>\$ 177,062</u>	<u>\$ 1,464,245</u>	<u>\$ 2,069,897</u>
Noncash capital and related financing activities					
Contributed capital assets	<u>\$ 2,332,230</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,332,230</u>

City of Appleton, Wisconsin

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
TAX COLLECTION AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2017</u>
ASSETS				
Cash and cash equivalents	\$ 57,764,133	\$ 62,710,616	\$ 57,764,133	\$ 62,710,616
Receivables				
Taxes	14,047,344	10,353,932	14,047,344	10,353,932
Total assets	<u>\$ 71,811,477</u>	<u>\$ 73,064,548</u>	<u>\$ 71,811,477</u>	<u>\$ 73,064,548</u>
LIABILITIES				
Accounts payable	\$ 77,423	\$ 70,490	\$ 77,423	\$ 70,490
Due to other governments	71,734,054	72,994,058	71,734,054	72,994,058
Total liabilities	<u>\$ 71,811,477</u>	<u>\$ 73,064,548</u>	<u>\$ 71,811,477</u>	<u>\$ 73,064,548</u>

STATISTICAL SECTION

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net investment in capital assets	\$ 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	\$ 356,166,240
Restricted	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	10,380,712
Unrestricted	13,815,530	20,215,128	15,672,956	23,726,812	29,431,129	29,867,808	30,042,223	37,652,618	26,628,614	36,158,999
Total Governmental Activities Net Position	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	402,705,951
Business-type Activities										
Net investment in capital assets	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	211,019,686
Restricted	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	10,767,596
Unrestricted	23,317,930	19,762,345	28,025,987	33,541,714	39,547,284	43,996,538	35,428,417	45,777,259	40,669,152	52,208,684
Total Business-type Activities Net Position	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	273,995,966
Primary Government										
Net investment in capital assets	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	567,185,926
Restricted	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	21,148,308
Unrestricted	39,711,802	42,266,904	45,683,542	58,936,349	70,316,605	74,858,908	66,107,573	83,690,726	67,297,766	88,367,683
Total Primary Government Net Position	\$ 509,364,446	\$ 534,889,835	\$ 544,444,805	\$ 564,930,951	\$ 581,144,450	\$ 587,938,285	\$ 599,123,382	\$ 628,912,255	\$ 638,208,818	\$ 676,701,917

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities:										
General Government	\$ 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	\$ 9,000,925
Public Safety	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	33,166,399
Public Works	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	16,478,720
Education & Recreation	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	11,292,372
Community Development	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	7,569,648
Interest	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	902,403
Total Governmental Activities	<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>	<u>78,410,467</u>
Business-type Activities										
Water	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	14,627,223
Wastewater	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	10,788,112
Valley Transit	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	9,587,671
Stormwater	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	7,576,951
Other non-major enterprise funds	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	2,784,861
Total Business-type Activities	<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>	<u>45,364,818</u>
Total - Primary Government	<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>	<u>\$ 123,775,285</u>
Program Revenues										
Governmental Activities:										
Charges for Service	\$ 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	\$ 6,757,109
Operating Grants & Contributions	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	5,777,912
Capital Grants & Contributions	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	31,749,588
Total Governmental Activities	<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>	<u>44,284,609</u>
Business-type Activities										
Charges for Service										
Water	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	21,015,480
Wastewater	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	12,144,187
Valley Transit	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	1,572,511
Stormwater	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	9,600,003
Other non-major enterprise funds	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	3,549,496
Operating Grants & Contributions	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	6,908,975
Capital Grants & Contributions	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	3,060,842
Total Business-type Activities	<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>	<u>57,851,494</u>
Total - Primary Government	<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>	<u>\$ 102,136,103</u>
Net (Expense)/Revenue										
Governmental Activities	(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)	(34,125,858)
Business-Type Activities	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	12,486,676
Total Primary Government Net Position	<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>	<u>\$ (21,639,182)</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues & Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes	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	43,643,932
Other Taxes	869,514	743,076	862,279	840,215	801,134	838,567	879,474	2,221,892	2,843,219	2,899,637
Intergovernmental revenues not restricted to specific programs	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	11,498,209
Investment income	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	891,771
Gain(Loss) on the sale of assets	275,699	298,632	208,401	297,709	358,693	128,766	163,000	581,314	87,399	179,507
Miscellaneous	130,482	116,175	190,944	92,842	94,767	93,731	93,078	109,739	139,077	482,150
Transfers	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	2,621,836
Total general revenues and transfers	<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>	<u>62,217,042</u>
Business-type Activities										
Investment income	3,726,367	475,003	2,412,385	2,310,471	977,420	(350,702)	1,211,173	487,109	374,788	519,177
Gain(Loss) on the sale of assets	1,251	255	-	-	4,100	(3,362)	-	16,203	-	-
Miscellaneous	6,219	49	6,555	16,827	5,169	16,833	12,260	18,906	18,518	17,898
Transfers	(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)	(2,621,836)
Total Business-type Activities	<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>	<u>(2,084,761)</u>
Total Primary Government	<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>	<u>\$ 60,132,281</u>
Change in Net Position										
Governmental Activities:	\$ 19,987,535	\$ 21,417,919	\$ 4,647,041	\$ 12,924,466	\$ 9,036,742	\$ 2,750,493	\$ 2,923,827	\$ 5,918,993	\$ 2,945,185	\$ 28,091,184
Business-type Activities	<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>	<u>10,401,915</u>
Total Primary Government	<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>	<u>\$ 38,493,099</u>

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

	<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>	<u>2017</u>
Function/Program										
Governmental Activities:										
General Government	\$ 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	\$ 1,318,594
Public Safety	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	1,874,656
Public Works	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	7,083,475
Education & Recreation	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	2,339,327
Community Development	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	31,668,557
Total Governmental Activities	<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>	<u>44,284,609</u>
Business-type Activities										
Water	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	22,413,379
Wastewater	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	12,627,796
Valley Transit	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	9,552,071
Stormwater	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	10,790,458
Other non-major enterprise funds	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	3,552,691
Total Business-type Activities	<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>	<u>58,936,395</u>
Total - Primary Government	<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>	<u>\$ 103,221,004</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved for:										
Inventories	\$ 575,485	\$ 684,658	\$ 890,237	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items	1,856	7,155	34,111	-	-	-	-	-	-	-
Noncurrent receivables/advances	10,040,207	8,935,430	10,479,175	-	-	-	-	-	-	-
Encumbrances	1,997,140	2,257,554	2,031,468	-	-	-	-	-	-	-
Unreserved	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	9,766,708
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	107,259	-	-	-	-	-	-
Assigned	-	-	-	10,027,784	9,921,339	10,983,149	10,792,122	11,828,526	9,286,118	11,700,563
Unassigned (Deficit)	-	-	-	12,578,076	14,328,372	11,261,464	11,272,648	11,429,020	13,210,316	8,711,055
Total General Fund	<u>\$ 33,397,474</u>	<u>\$ 31,206,112</u>	<u>\$ 32,797,615</u>	<u>\$ 34,981,225</u>	<u>\$ 36,818,583</u>	<u>\$ 33,499,822</u>	<u>\$ 31,448,933</u>	<u>\$ 31,599,800</u>	<u>\$ 31,581,242</u>	<u>\$ 30,178,326</u>
All Other Governmental Funds										
Reserved for:										
Prepaid items	\$ 539,196	\$ 52,860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	584,586	391,516	184,868	-	-	-	-	-	-	-
Encumbrances	4,721,695	3,187,167	2,195,894	-	-	-	-	-	-	-
Trust purposes	33,746	34,043	33,652	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	(3,480,930)	1,248,662	(10,485,197)	-	-	-	-	-	-	-
Capital projects funds	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	7,526,119
Committed	-	-	-	928,906	980,818	1,087,732	1,026,519	1,276,478	1,485,193	1,447,054
Assigned	-	-	-	6,342,088	10,497,302	6,337,120	5,916,918	5,652,454	6,769,421	5,919,162
Unassigned (Deficit)	-	-	-	(14,674,790)	(15,940,164)	(16,932,262)	(15,800,019)	(16,001,465)	(15,412,048)	(14,792,960)
Total All Other Governmental Funds	<u>11,819,059</u>	<u>10,050,456</u>	<u>(1,518,072)</u>	<u>(5,501,994)</u>	<u>(1,262,030)</u>	<u>(7,189,996)</u>	<u>(5,361,292)</u>	<u>(5,593,702)</u>	<u>4,267,142</u>	<u>99,375</u>
Total Governmental Funds	<u>\$ 45,216,533</u>	<u>\$ 41,256,568</u>	<u>\$ 31,279,543</u>	<u>\$ 29,479,231</u>	<u>\$ 35,556,553</u>	<u>\$ 26,309,826</u>	<u>\$ 26,087,641</u>	<u>\$ 26,006,098</u>	<u>\$ 35,848,384</u>	<u>\$ 30,277,701</u>

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES										
Taxes	\$ 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	\$ 46,543,569
Intergovernmental	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	47,099,618
Licenses and permits	809,009	823,787	990,827	895,927	1,018,228	1,086,494	1,035,280	1,147,980	1,145,640	1,202,535
Fines and forfeitures	346,338	342,923	356,971	359,662	384,340	334,540	310,674	273,814	264,084	255,440
Special assessments	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	703,144
Investment income	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	2,620,393
Charges for services	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	2,842,908
Other	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	6,249,706
Total Revenues	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	107,517,313
EXPENDITURES										
Current:										
General government	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	8,330,032
Public safety	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	31,068,659
Public works	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	17,454,224
Education and recreation	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	8,437,949
Community development	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	3,125,873
Capital Outlay	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	49,999,793
Debt Service:										
Principal retirement	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	5,582,624
Interest and fiscal charges	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	2,125,377
Total Expenditures	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	126,124,531
Excess (deficiency) of revenues over (under) expenditures	(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)	(18,607,218)
OTHER FINANCING SOURCES (USES)										
Debt issued	11,195,000	5,735,000	-	-	8,380,000	-	6,375,000	5,775,000	18,920,000	14,170,000
Premium on debt issued	19,785	57,086	-	-	267,514	-	46,266	222,457	1,527,653	790,738
Refunding debt issued	(126,196)	-	-	-	-	-	-	-	-	-
Payments to escrow agents	-	-	-	-	-	-	-	-	-	(4,994,438)
Promissory note issued	-	-	-	500,000	300,000	-	-	-	-	-
Sale of city properties	362,631	93,404	34,854	11,962	102,799	10,714	7,702	21,139	411,886	260,140
Transfers in	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	7,412,128
Transfers out	(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)	(4,602,033)
Total Other Financing Sources (Uses)	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	13,036,535
Net Change in Fund Balances	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	(5,570,683)
FUND BALANCES - BEGINNING	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
FUND BALANCES - ENDING	\$ 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	\$ 30,277,701
Debt service as a percent of non-capital expenditures	15.0%	19.2%	17.5%	17.8%	18.9%	12.2%	10.5%	9.9%	9.2%	11.5%

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

<u>Levy Year</u>	<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Agricultural Property</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u> ^A	<u>Total Direct Tax Rate</u> ^B	<u>Estimated Actual Taxable Value</u> ^C	<u>Assessed as Percent of Estimated Actual Value</u> ^D
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%
2017	2018	3,415,037,700	1,243,345,400	138,818,900	1,443,600	138,130,400	4,936,776,000	8.9200	5,222,923,900	94.52%

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, Statement of Changes in Equalized Value.

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
2008	2009	\$ 7.20	\$ 0.76	\$ 7.96	\$ 8.13	\$ 1.71	\$ 4.37	\$ 0.17	\$ 25.97	\$ 1.36	\$ 20.98
2009	2010	7.18	0.77	7.95	8.50	1.73	4.41	0.17	26.55	1.30	21.46
2010	2011	7.21	0.84	8.05	9.29	1.82	4.53	0.17	26.54	1.31	22.55
2011	2012	7.48	0.67	8.15	9.21	1.80	4.58	0.17	24.14	1.31	22.60
2012	2013	7.36	0.67	8.03	9.03	1.91	4.56	0.16	23.90	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 *
2017	2018	7.82	1.10	8.92	9.29	1.15	4.87	-	24.23	1.76	22.47

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
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 *
2017	2018	7.82	1.10	8.92	12.07	1.15	4.87	-	27.01	1.76	25.25

* 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

<u>Levy Year</u>	<u>Collection Year</u>	<u>Basic Rate</u>	<u>G.O. Debt Service</u>	<u>City of Appleton Direct Rate ⁽¹⁾</u>	<u>Freedom School District</u>	<u>FVTC</u>	<u>Outagamie County</u>	<u>State of Wisconsin</u>	<u>Gross Tax Rate</u>	<u>State Tax Credits</u>	<u>Net Tax Rate</u>
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
2017	2018	7.82	1.10	8.92	7.56	1.15	4.87	-	22.50	1.76	20.75 *

OUTAGAMIE COUNTY/HORTONVILLE SCHOOL DISTRICT

Per \$1,000 of Assessed Value

<u>Levy Year</u>	<u>Collection Year</u>	<u>Basic Rate</u>	<u>G.O. Debt Service</u>	<u>City of Appleton Direct Rate ⁽¹⁾</u>	<u>Hortonville School District</u>	<u>FVTC</u>	<u>Outagamie County</u>	<u>State of Wisconsin</u>	<u>Gross Tax Rate</u>	<u>State Tax Credits</u>	<u>Net Tax Rate</u>
2008	2009	\$ 7.20	\$ 0.76	\$ 7.96	\$ 8.22	\$ 1.71	\$ 4.37	\$ 0.17	\$ 22.43	\$ 1.36	\$ 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
2017	2018	7.82	1.10	8.92	8.91	1.15	4.87	-	23.85	1.76	22.09

* 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
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 *
2017	2018	7.82	1.10	8.92	9.28	1.15	5.17	-	24.52	1.55	22.97

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
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 *
2017	2018	7.82	1.10	8.92	8.82	1.15	5.17	-	24.06	1.55	22.51

* 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
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
2017	2018	7.67	1.08	8.75	9.11	1.13	5.30	-	24.29	1.67	22.61 *

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
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
2017	2018	7.67	1.08	8.75	11.81	1.13	5.30	-	26.99	1.67	25.32

* 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>2017</u>			<u>2008</u>		
		<u>Taxable Assessed Value ^(A)</u>	<u>Percent of Total Assessed Value ^(B)</u>	<u>Rank</u>	<u>Taxable Assessed Value ^(A)</u>	<u>Percent of Total Assessed Value ^(B)</u>	<u>Rank</u>
Pfefferle/Hoffman/Evans et al Ptshps	Real Estate Development	\$ 55,031,300	1.11%	1	\$ 27,968,200	0.60%	2
Plank Inv/Eisenhower /Kensington Prop	Real Estate Development	48,208,700	0.98%	2		0.00%	
Thomas Wright et al	Rental Properties	42,445,000	0.86%	3	26,420,900	0.57%	3
Winters Properties et al	Real Estate Development	40,948,500	0.83%	4	34,172,400	0.74%	1
North Appleton Ambulatory Care Ctr	Medical Clinic	30,474,500	0.62%	5		0.00%	
Parkside Luxury Apartments LP/Vandeyacht	Rental Properties	26,165,300	0.53%	6		0.00%	
TheDACare	Hospital	22,429,300	0.45%	7		0.00%	
Thrivent/North Meadows	Insurance ^(C)	19,370,400	0.39%	8	18,937,800	0.41%	6
LHPT Appleton	Hospital	17,390,100	0.35%	9		0.00%	
Appleton Holdings (Paper Valley Hotel)	Hotel	17,176,900	0.35%	10	22,014,600	0.47%	5
Appvion, Inc. (Appleton Papers)	NCR Paper Products				24,258,100	0.52%	4
Livesey	Real Estate Development				16,288,500	0.35%	7
Voith Allis, Inc.	Industrial Machines/Papermaker Felts				16,106,300	0.35%	8
Wal-Mart	Retail Sales				15,173,800	0.33%	9
RF-ACM Appleton, LLC	Real Estate Development				14,835,300	0.32%	10
	TOTAL	\$ 319,640,000	6.47%		\$ 216,175,900	4.66%	

(A) Per City Assessor's records.

(B) Based on the city's total January 1, 2017 and 2008 assessed valuation of \$4,936,776,000 and \$4,641,955,900, 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
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
2017	40,741,852	40,405,500	99.17	40,722,307	99.95	19,545	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**

	City Direct <u>Rate</u>	Outagamie County Direct <u>Rate</u>	Calumet County Direct <u>Rate</u>	Winnebago County Direct <u>Rate</u>	<u>Wisconsin</u>
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	Bonds for Business-type Activities	Capital Leases	Water Revenue Bonds	Wastewater Revenue Bonds	Stormwater Revenue Bonds			
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	5.98%	2,256
2017	49,445,000	1,160,000	-	54,570,000	12,925,000	47,665,000	165,765,000	N/A	2,222

* N/A = Not Available.

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u> ⁽¹⁾	<u>Less Assets Restricted for Debt Service</u>	<u>Total Net Debt</u>	<u>Percentage of Actual Taxable Value of Property</u> ⁽²⁾	<u>Per Capita</u> ⁽³⁾
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
2017	50,605,000	(1,345,594)	49,259,406	0.94	660

(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)	\$ 49,259,406	100.0000 %	<u>\$ 49,259,406</u>
<u>Overlapping Debt</u>			
Appleton Area School District	37,912,946	63.0000	23,885,156
Menasha Joint School District	42,020,000	4.0561	1,704,385
Kimberly Area School District	23,865,000	2.3500	560,828
Freedom Area School District	575,000	11.2000	64,400
Hortonville Area School District	30,285,000	0.0010	298
Fox Valley Technical College	82,060,084	13.8100	11,332,498
Outagamie County	64,108,442	29.6000	18,976,099
Calumet County	15,370,878	17.1000	2,628,420
Winnebago County	31,360,673	0.5461	<u>171,261</u>
Total Overlapping Debt			<u>59,323,345</u>
Total Direct And Overlapping Debt			<u><u>\$ 108,582,751</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 2017:

Equalized Value of Real & Personal Property	\$ 5,222,923,900
Outagamie County	4,405,393,200
Calumet County	730,004,600
Winnebago County	87,526,100
 Legal Debt Limit (5% of equalized value)	 <u>\$ 261,146,195</u>
 Amount of Debt Applicable to Debt Limitation:	
Total General Obligation Bonds and Notes Outstanding at December 31, 2017	 \$ 50,605,000
 Less: Assets in Government Fund Types Available for Debt Service	 <u>(1,345,594)</u>
 Amount of Debt Applicable to Debt Limit	 <u>49,259,406</u>
 Remaining Legal Debt Margin	 <u>\$ 211,886,789</u>

	<u>Fiscal Year</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>	<u>2017</u>
Debt Limit	\$ 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	\$ 261,146,195
Total net debt applicable to limit	<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>	<u>49,259,406</u>
Legal Debt Margin	<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>	<u>\$ 211,886,789</u>
 Total net debt applicable to limit as a percentage of debt limit	 19.39%	 18.75%	 15.81%	 13.21%	 13.32%	 11.35%	 12.10%	 12.39%	 18.48%	 18.86%

**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	
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
2017	21,193,216	8,373,876	12,819,340	6,900,000	2,064,390	8,964,390	1.43

(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	
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	6,878,487	4,873,335	860,000	559,084	1,419,084	3.43
2017	12,318,949	7,494,136	4,824,813	1,000,000	418,365	1,418,365	3.40

(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	
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
2017	9,745,561	3,608,192	6,137,369	3,370,000	1,877,764	5,247,764	1.17

⁽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⁾
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	37,050	8.3
2013	73,150	2,480,000,000	53,720	16,042	37,222	7.9
2014	73,463	2,571,979,850	55,550	16,231	37,881	4.8
2015	73,737	2,685,661,219	57,588	16,300	38,297	4.0
2016	74,286	2,800,934,090	59,817	16,407	39,076	3.8
2017	74,598	N/A *	N/A *	16,304	39,574	3.2

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

* N/A = Not Available

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

Company Name	Product or Service	2017			2008		
		Number of Employees *	Rank	Percentage of Total City Employment	Number of Employees *	Rank	Percentage of Total City Employment
Affinity Health Sys./ St. Elizabeth Hosp	Medical & Health Care Facility	5,228	1	13.2 %	1,398	5	3.8 %
Thrivent Investment Management, Inc.	Insurance	1,800	2	4.5	1,836	1	4.9
Appleton Area School District	Education	1,563	3	3.9	1,758	2	4.7
Miller Electric Manufacturing	Electric Arc Welders	1,390	4	3.5	1,600	3	4.3
Outagamie County	Government	1,250	5	3.2	1,243	6	3.3
Appleton Medical Center	Medical & Health Care Facility	1,184 **	6	3.0	1,230	7	3.3
Appvion, Inc. (Appleton Papers)	Paper Products Manufacturing	1,000	7	2.5	1,535	4	4.1
West Business Services	Communications Services	1,000	8	2.5	1,000	8	2.7
Gulfstream Aerospace Corp.	Aircraft Maintenance	1,000	9	2.5			
Valley Packaging Industries, Inc.	Hi-speed Packager	750	10	1.9	790	9	2.1
Voith Allis, Inc.	Paper Machines & Fabric Mfg.				770	10	2.1
Total		16,165		41 %	13,160		35 %
Total Employment		39,574			37,215		

* Includes Full- and Part-Time employees
 ** Appleton Medical Center only, part of ThedaCare group, which includes Appleton and Theda Clark Medical Centers, New London Hospital, and various clinics, home care, and rehabilitation facilities and has approximately 5,000 employees throughout the Fox River Valley.
 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>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>	OK <u>2017</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	15.80	16.00	16.00	15.00	15.00	14.50	14.00	14.00	14.00	14.00
Human Resources	8.60	8.60	8.80	8.80	8.80	8.80	8.80	8.80	8.80	8.80
Information Technology	15.40	15.00	15.00	12.00	12.00	12.00	11.00	11.00	11.00	11.00
Mayor's Office	3.00	3.00	3.00	2.00	2.00	2.00	3.00	3.00	3.00	4.00
Facilities Management	8.00	8.00	8.00	10.62	10.98	10.62	10.62	10.65	11.65	11.93
Total - General Government	60.80	60.60	60.80	58.42	58.77	57.92	57.42	57.45	58.45	59.73
Community Development ⁽²⁾	17.00	17.00	16.63	19.88	19.13	19.13	19.13	19.13	19.13	18.13
Recreation/Library/Transit										
Parks & Recreation ⁽³⁾	36.17	35.87	33.87	16.25	16.22	16.73	16.88	18.93	19.27	18.99
Library	45.50	45.50	45.50	45.00	44.50	45.00	45.50	46.50	46.00	46.50
Valley Transit	53.03	53.03	52.65	52.65	51.83	54.13	53.97	54.35	54.35	56.20
Total - Recreation/Library/Transit	134.70	134.40	132.02	113.90	112.55	115.86	116.35	119.78	119.62	121.69
Public Works	153.00	153.00	150.50	156.50	154.53	153.53	154.13	154.13	154.13	154.33
Public Health & Safety										
Health Department	17.20	16.20	16.15	15.95	14.20	14.00	14.20	14.20	13.70	13.23
Fire Department										
Firefighters and Officers	83.00	83.00	84.00	84.00	84.00	84.00	84.00	84.00	84.00	84.00
Civilian & Administrative	18.00	18.00	14.50	13.00	12.00	12.00	12.00	12.00	12.00	12.00
Police Department										
Sworn	109.00	109.00	109.00	108.00	108.00	108.00	109.00	110.00	110.00	110.00
Civilian	26.00	27.00	26.50	26.00	26.00	26.00	27.00	27.00	27.00	27.00
Total - Public Health & Safety	253.20	253.20	250.15	246.95	244.20	244.00	246.20	247.20	246.70	246.23
Water & Sewer Utilities	35.00	35.00	35.00	34.00	34.00	34.00	34.00	34.00	34.00	34.00
Total Regular Employees	<u>653.70</u>	<u>653.20</u>	<u>645.10</u>	<u>629.64</u>	<u>623.18</u>	<u>624.43</u>	<u>627.23</u>	<u>631.69</u>	<u>632.02</u>	<u>634.10</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Building permits issued	577	552	560	572	511	537	478	524	433	407
Est. construction value (\$000)	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	115,948.4
School aged children vaccinated	99.5%	99.5%	94.8%	97.1%	99.1%	98.8%	99.0%	99.7%	98.9%	99.0%
Accurate weights & measures devices	93.5%	92.0%	94.4%	96.5%	96.6%	96.9%	96.7%	94.2%	96.7%	97.4%
Food-borne disease outbreaks	1	1	0	0	0	0	0	0	0	0
Police										
Calls for service	54,494	50,796	51,183	50,163	52,309	51,003	48,809	47,694	49,854	51,184
Reported Group A crimes ⁽¹⁾	2,824	4,370	4,194	4,046	4,603	4,469	4,229	4,125	4,363	4,414
Reported Group B crimes ⁽¹⁾	14,515	7,650	7,213	7,025	7,096	6,401	5,939	5,664	5,163	5,297
Fire										
Emergency response < 4 min.	67.0%	66.1%	61.0%	64.0%	65.0%	63.0%	64.0%	63.0%	63.0%	66.0%
Fire loss (\$000)	1,580.5	2,196.8	1,177.1	846.7	740.8	744.4	919.5	1,187.6	1,293.0	1,378.3
Fire-related deaths	0	0	0	0	0	0	0	0	1	0
Emergency calls	2,991	2,721	3,524	3,516	3,701	3,930	4,273	4,414	4,718	4,705
Public Works										
Tons of refuse collected ⁽⁴⁾	29,301	22,126	22,214	22,085	20,987	20,236	19,555	19,934	20,209	19,692
Tons of recycling collected	6,704	6,046	5,368	4,405	5,416	6,250	6,492	6,626	6,792	6,065
Cu. Yds. of debris - street sweeping	3,351	3,368	3,130	2,995	3,884	4,124	3,920	5,565	4,059	5,570
Cost/ton - residential auto pickup	\$ 67.47	\$ 71.21	\$ 82.20	\$ 83.34	\$ 85.81	\$ 86.01	\$ 87.50	\$ 86.82	\$ 87.57	\$ 89.14
Miles of street reconstructed	3.37	7.24	2.89	4.25	1.48	2.45	2.90	2.31	5.73	3.30
% of trees < 6" dia. pruned annually	50	60	60	50	50	60	50	50	50	50
Average pruning cycle, trees > 6" dia.	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	8.0 yrs
Parks & Recreation										
Sports league participants ⁽⁵⁾	5,425	5,538	2,284	2,207	2,109	1,826	2,010	3,263	3,400	3,397
Aquatics program participants ^{(2), (3)}	2,750	2,616	2,950	3,087	3,475	3,240	3,399	3,294	6,932	3,678
Open swim attendance ⁽³⁾	75,846	64,372	72,086	81,282	81,949	65,930	64,512	73,071	68,461	86,600
Rounds of golf played ⁽⁷⁾	34,666	35,545	31,530	29,044	32,305	18,037	30,720	33,247	35,888	34,351
Public Library										
Titles in collection ⁽⁶⁾	307,777	316,182	298,221	273,951	282,677	276,609	281,743	291,739	292,085	286,602
Materials circulated	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	1,015,573
Annual door count	554,125	590,528	586,677	569,898	570,743	556,874	510,874	459,780	487,795	467,884
Water										
Avg. daily consumption (000 gal.)	7,593	7,515	8,456	8,875	9,020	8,618	8,715	8,924	8,803	8,936
Peak daily consumption (000 gal.)	11,659	11,636	10,419	11,718	14,775	11,651	11,534	12,641	12,473	11,877
Number of invoices per quarter	27,257	27,336	27,507	27,650	27,725	27,897	28,192	28,316	28,480	28,640
Wastewater										
Avg. daily sewage treatment (000 gal.)	13,122	11,120	12,300	13,000	10,800	10,117	12,293	11,600	12,800	13,769
Valley Transit ⁽⁸⁾										
Total route miles	895,168	869,611	876,760	915,688	933,924	949,830	938,471	939,354	943,299	944,423
Passengers	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	969,379
Cost per trip	\$ 4.72	\$ 4.86	\$ 5.50	\$ 4.92	\$ 4.75	\$ 5.04	\$ 5.42	\$ 5.42	\$ 5.73	\$ 6.27

(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.
(8) Transit statistics include Downtown Trolley service beginning in 2017.

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

	<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>	<u>2017</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	83	83	83	84	84	84	85	85	85	85
Fire										
Stations	6	6	6	6	6	6	6	6	6	6
Fire suppression units	11	10	10	10	10	10	10	10	10	11
Public Works										
Miles of streets	337.9	339.5	340.3	342.2	342.2	343.0	343.0	343.0	343.0	344.0
Refuse packers	13	12	12	12	12	12	12	12	12	12
Single- and tri-axle dump trucks	23	25	25	24	26	26	26	26	26	26
Other heavy vehicles	20	21	21	21	25	25	25	25	25	25
Parks & Recreation										
Parks	32	32	32	32	32	32	34	34	34	34
Acreage	495.3	495.3	495.9	495.9	495.9	495.9	500.3	500.3	500.3	501.7
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	366.6	372.3	374.5	378.2	378.3	376.7	376.8	373.3	373.0	375.3
Storage capacity (000 gallons)	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,800	12,500
Wastewater										
Miles of mains	307.3	309.4	309.6	310.0	308.3	310.3	308.4	302.3	300.4	298.4
Stormwater										
Miles of mains	293.5	297.6	298.3	301.6	302.7	304.0	304.8	306.8	308.9	308.0

(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 financial statements performed in accordance with *Government Auditing Standards*

To the Mayor and Common Council
City of Appleton, 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 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 22, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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'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'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's internal control and on compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants

Green Bay, Wisconsin

June 22, 2018

SINGLE AUDIT

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, Wisconsin

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM

We have audited City of Appleton, Wisconsin's (the "City'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's major federal and state programs for the year ended December 31, 2017. The City'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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the City'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 the City'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's compliance.

OPINION ON EACH MAJOR FEDERAL AND STATE PROGRAM

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2017.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City 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 the City'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 and 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'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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, 2018

City of Appleton, Wisconsin

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Community Development Block Grant (CDBG)		
Entitlement Program	14.218	Direct Program
Program Income	14.218	Direct Program
Total CDBG		
Emergency Solutions Grant Program (ESG)	14.231	WI Department of Administration
Supportive Housing Program (SHP)	14.235	Direct Program
Total U.S. Department of Housing and Urban Development		
U.S. DEPARTMENT OF JUSTICE		
Bullet Proof Vest Partnership Program	16.607	Direct Program
Edward Byrne Memorial Justice Assistance Grant 2017	16.738	Outagamie County
Total U.S. Department of Justice		
U.S. DEPARTMENT OF TRANSPORTATION		
Federal Transit Cluster		
Federal Transit Formula Grants (Urbanized Area Formula Program)		
2015	20.507	Direct Program
2016	20.507	Direct Program
2017	20.507	Direct Program
Total Federal Transit Formula Grants (Urbanized Area Formula Program)		
Bus and Bus Facilities Formula Program		
2013 & 2014	20.526	Direct Program
2015 & 2016	20.526	Direct Program
Total Bus and Bus Facilities Formula Program		
Total Federal Transit Cluster		
Transit Services Programs Cluster		
Enhanced Mobility of Seniors and Individuals with Disabilities 2014 & 2015	20.513	Direct Program
State and Community Highway Safety Seatbelt Enforcement 2017	20.609	WI Department of Transportation
Total U.S. Department of Transportation		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Refugee and Entrant Assistance	93.566	WI Department of Children and Families
Public Health Emergency Preparedness	93.069	WI Department of Health Services
Immunization Cooperative Agreements	93.268	WI Department of Health Services
Capacity Building Assistance to Strengthen Public Health Immunization	93.733	WI Department of Health Services
Preventive Health and Health Services Block Grant	93.758	WI Department of Health Services
Medical Assistance Cluster	93.778	WI Department of Health Services
Maternal and Child Health Services Block Grant to the States	93.994	WI Department of Health Services
Hospital Preparedness (HPP) and Public Health Emergency Preparedness (HPP) Aligned Cooperative Agreement	93.074	WI Department of Health Services
Project Grant Cooperative Agreement for Tuberculosis for Control Programs	93.116	WI Department of Health Services
Total U.S. Department of Health and Human Services		
U.S. DEPARTMENT OF HOMELAND SECURITY		
Department of Military Affairs Homeland Security/HS Hazmat Radiological Equipment	97.044	WI Department of Military Affairs
TOTAL FEDERAL AWARDS		

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 1/1/17	Cash Received (Refunded)	Accrued (Deferred) Revenue 12/31/17	Total Expenditures	Subrecipient Payments
N/A	\$ (91,843)	\$ 566,346	\$ 107,744	\$ 582,247	\$ 137,586
N/A	-	314,110	-	314,110	-
	(91,843)	880,456	107,744	896,357	137,586
14.231	-	278,799	-	278,799	263,161
N/A	-	231,618	-	231,618	216,165
	(91,843)	1,390,873	107,744	1,406,774	616,912
16.607	-	8,695	-	8,695	-
16.738	-	10,815	-	10,815	-
	-	19,510	-	19,510	-
N/A	-	31,494	-	31,494	-
N/A	(472,273)	810,595	-	338,322	-
N/A	-	1,523,576	625,349	2,148,925	-
	(472,273)	2,365,665	625,349	2,518,741	-
N/A	-	567,758	-	567,758	-
N/A	-	506,022	-	506,022	-
	-	1,073,780	-	1,073,780	-
	(472,273)	3,439,445	625,349	3,592,521	-
N/A	(9,235)	139,892	64,647	195,304	-
#FG-2017-APPLETON-03332	-	87,777	-	87,777	-
	(481,508)	3,667,114	689,996	3,875,602	-
437004-116-0000762-000-01	-	11,873	-	11,873	-
155050	-	7,635	-	7,635	-
155020	1,290	24,666	1,552	27,508	-
155020	-	5,323	-	5,323	-
159220	1,301	7,902	(1,301)	7,902	-
159320	-	1,927	-	1,927	-
159320	1,387	34,824	-	36,211	-
11111, 155015	71,812	27,722	(65,820)	33,714	-
N/A	1,643	1,643	(1,643)	1,643	-
	77,433	123,515	(67,212)	133,736	-
2014-HSW-02A-10733	-	48,717	-	48,717	-
	\$ (495,918)	\$ 5,249,729	\$ 730,528	\$ 5,484,339	\$ 616,912

City of Appleton, Wisconsin

SCHEDULE OF EXPENDITURES OF STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	Pass-Through Entity Identifying Number
DEPARTMENT OF TRANSPORTATION			
Transit Operating Aids	395.104	Direct Program	N/A
2010			
2011			
2013			
2015			
2016			
2017			
Total Transit Operating Aids			
Paratransit Aids	395.104	Direct Program	N/A
Total Department of Transportation			
DEPARTMENT OF HEALTH SERVICES			
Lead Poisoning	435.157720	Direct Program	N/A
Consolidated Contract Public Health	435.159320	Direct Program	N/A
Total Department of Health Services			
DEPARTMENT OF MILITARY AFFAIRS			
Regional Emergency Response Team	465.306	Direct Program	N/A
Radiological Field Team Services	465.306	Direct Program	N/A
Total Department of Military Affairs			
DEPARTMENT OF JUSTICE			
Law Enforcement Training Fund - Local Assistance Program	455.231	Direct Program	N/A
MEG Drug Enforcement	455.231	Direct Program	N/A
Total Department of Justice			
TOTAL STATE PROGRAMS			

The notes to the schedule of expenditures of state awards are an integral part of this schedule.

<u>(Accrued) Deferred Revenue 1/1/17</u>	<u>Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 12/31/17</u>	<u>Total Expenditures</u>	<u>Subrecipient Payments</u>
\$ (91,224)	\$ 91,224	\$ -	\$ -	\$ -
(223,482)	-	223,482	-	-
(1)	-	1	-	-
(249,019)	249,019	-	-	-
(238,398)	-	238,398	-	-
-	2,274,598	247,555	2,522,153	-
<u>(802,124)</u>	<u>2,614,841</u>	<u>709,436</u>	<u>2,522,153</u>	<u>-</u>
-	105,200	-	105,200	105,200
<u>(802,124)</u>	<u>2,720,041</u>	<u>709,436</u>	<u>2,627,353</u>	<u>105,200</u>
1,958	6,112	1,820	9,890	-
-	1,927	-	1,927	-
<u>1,958</u>	<u>8,039</u>	<u>1,820</u>	<u>11,817</u>	<u>-</u>
-	45,075	-	45,075	-
-	24,999	-	24,999	-
-	70,074	-	70,074	-
-	2,453	-	2,453	-
-	16,388	-	16,388	-
-	18,841	-	18,841	-
<u>\$ (800,166)</u>	<u>\$ 2,816,995</u>	<u>\$ 711,256</u>	<u>\$ 2,728,085</u>	<u>\$ 105,200</u>

City of Appleton, Wisconsin

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards for the City are presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

The Schedules of Expenditures of Federal and State Awards include all federal and state awards of the City. Because the schedules present only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules 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 2017 fund 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 unearned revenue represents advances for federal and state programs that exceed recorded City expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

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

NOTE 3: OVERSIGHT AGENCIES

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

Federal - U.S. Department of Transportation – Federal Transit Administration

State - Wisconsin Department of Transportation

NOTE 4: STATE OF WISCONSIN COMMUNITY AIDS REPORTING SYSTEM

The Wisconsin Departments of Health Services (DHS) and Children and Families (DCF) utilize the Community Aids Reporting System (CARS) and the System for Payments and Reports of Contracts (SPARC) for reimbursing the City for various federal and state program expenditures. The expenditures reported on the Schedules of Expenditures of Federal and State Awards for various DHS & DCF programs agree with the expenditures reported on the April 2017 CARS for the Human Services and Public Health Departments.

City of Appleton, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

BASIC FINANCIAL STATEMENTS

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

FEDERAL AND STATE AWARDS

Internal control over major program:	
▶ Material weakness(es) identified?	No
▶ Significant deficiency(ies) 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 Uniform Guidance?	No
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ?	No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Programs/Cluster</u>
	Federal Transit Cluster
20.507	Federal Transit Formula Grant
20.526	Bus and Bus Facilities Formula

Identification of major state program:

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

Audit threshold used to determine between Type A and Type B programs:

Federal Awards	\$750,000
State Awards	\$250,000

Auditee qualified as low-risk auditee	Yes
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City of Appleton, Wisconsin

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2017


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, 2017.

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, 2017.

SECTION IV - OTHER ISSUES

- | | |
|--|---|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : | |
| Department of Transportation | No |
| Department of Health Services | No |
| Department of Military Affairs | |
| Department of Justice | No |
| Department of Administration | No |
| Department of Children and Families | No |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | Yes |
| 4. Name and signature of partner |  |
| | _____
David L. Maccoux, CPA |
| 5. Date of report | June 22, 2018 |

City of Appleton, Wisconsin

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN FOR THE YEAR ENDED DECEMBER 31, 2017

PRIOR YEAR AUDIT FINDINGS

There were no findings or questioned costs for federal and state awards for the year ended December 31, 2016.

CORRECTIVE ACTION PLAN

There were no findings or questioned costs for federal and state awards for the year ended December 31, 2017.

City of Appleton, Wisconsin

SETTLEMENT OF DHS COST REIMBURSEMENT AWARD FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Childhood Lead</u>	<u>Immunization</u>	
	CARS profile	CARS profile	CARS profile
DHS identification number	157720	155020	155032
Award amount	\$ 9,808	\$ 27,531	\$ 5,323
Award period	1/1/17 - 12/31/17	1/1/17 - 12/31/17	5/1/16 - 6/30/17
Period of award within audit period	1/1/17 - 12/31/17	1/1/17 - 12/31/17	1/1/17 - 6/30/17
Expenditures reported to DHS for payment	<u>\$ 9,808</u>	<u>\$ 27,508</u>	<u>\$ 5,323</u>
Actual allowable cost of reward			
Program expenses			
Grants and other assistance to individuals in the US	60	\$ -	\$ -
Other salaries and wages	9,830	21,007	4,065
Other program expenses (supplies, training, etc.)	-	6,501	1,258
Total program expenses	<u>9,890</u>	<u>27,508</u>	<u>5,323</u>
Less: Program revenue and other offsets to costs*	<u>-</u>	<u>-</u>	<u>-</u>
Total allowable costs	<u>\$ 9,890</u>	<u>\$ 27,508</u>	<u>\$ 5,323</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

Maternal Child Health	Preventative Health	Bioterrorism		
CARS profile	CARS profile	CARS profile	CARS profile	CARS profile
159320	159220	11111	155015	155050
\$ 38,677	\$ 7,902	\$ 1,500	\$ 56,768	\$ 7,635
1/1/17 - 12/31/17	1/1/17 - 12/31/17	7/1/16 - 6/30/17	7/1/16 - 6/30/17	7/1/16 - 6/30/17
1/1/17 - 12/31/17	1/1/17 - 12/31/17	1/1/17 - 6/30/17	1/1/17 - 6/30/17	1/1/17 - 6/30/17
<u>\$ 38,677</u>	<u>\$ 7,902</u>	<u>\$ 1,500</u>	<u>\$ 30,224</u>	<u>\$ 7,635</u>
\$ -	\$ -		\$ -	\$ -
36,891	-	1,500	35,019	7,635
3,176	7,902	-	20,195	-
<u>40,067</u>	<u>7,902</u>	<u>1,500</u>	<u>55,214</u>	<u>7,635</u>
-	-	-	(23,000)	-
<u>\$ 40,067</u>	<u>\$ 7,902</u>	<u>\$ 1,500</u>	<u>\$ 32,214</u>	<u>\$ 7,635</u>