

CITY OF APPLETON

Appleton, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2011

FINANCE DEPARTMENT

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CITY OF APPLETON

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INTRODUCTORY SECTION



June 7, 2012

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

Presented for your review is the Comprehensive Annual Financial Report of the City of Appleton for the fiscal year ended December 31, 2011.

Management Representations

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City.

All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Report Organization

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the City's organizational chart and a directory of officials. The Financial Section includes the auditors report, management discussion and analysis, the government-wide and fund financial statements along with the notes and supplementary information. The Statistical Section includes selected financial and demographic information, generally presented on a multiyear basis. The Single Audit Section is described in the following paragraph.

The City is required to undergo an annual single audit in accordance with Generally Accepted Auditing Standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Information related to this single audit, including the schedule of federal and state financial assistance, findings and recommendations and auditors' reports on the internal control structures and compliance with applicable laws and regulations, are presented under this cover.

The Reporting Entity

The City provides a full range of services, including police and fire protection, sanitation services, construction and maintenance of highways, streets and infrastructure, health services, planning and development, library, recreational activities and cultural events. The Water Utility, Wastewater Utility, Valley Transit System, Parking Utility, Stormwater Utility and Reid Municipal Golf Course are reported as enterprise funds of the primary government. The Appleton Housing Authority, Business Improvement District and the Appleton Redevelopment Authority component units, are reported in the government-wide financial statements to emphasize that they are legally separate from the primary government. However, the school districts (Appleton, Menasha, Kimberly, Freedom), sanitary districts (Grand Chute Sanitary District #1, Town of Menasha Utility District, Waverly Sanitary District, Darboy Sanitary District) and Fox Valley Technical College do not meet the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report. These entities are independent jurisdictions with elected governing bodies and minimal financial interdependency with the City.

Background Information

In 1634, Jean Nicolet, commissioned by Champlain to explore this region, paddled his way down the Fox River from Green Bay. Various tribes of Indians roamed the lands of present day Appleton which was ceded by the Menominee Indians to the United States in the Treaty of 1831. During the first few years of its history, there were three villages where the City of Appleton now stands: Lawesburgh on the east side, Grand Chute on the west end and Appleton in the middle. The three villages were incorporated under the name of Appleton in 1857. Very early, the Fox River improvements -- the building of dams and canals making it possible to use the water power for industry -- gave impetus to the growth of our City. The residents of our community are proud of Appleton's past and present; they manifest a great confidence in its future and a dedication to its ongoing betterment.

Geographically, the City is located in northeast Wisconsin in Outagamie, Winnebago, and Calumet Counties. It lies 30 miles south of Green Bay and 90 miles north of Milwaukee on Lake Winnebago. The City has a mayor/aldermanic form of government and sixteen alderpersons. Alderpersons are elected for two-year alternating terms, while our mayor is elected for a four-year term.

Because of its strategic location and population, the City of Appleton is the Metropolitan Statistical Area (MSA) "central city" of the Appleton-Oshkosh-Neenah urban area as defined by the Federal Office of Management and Budget. Thus, the City is an "entitlement city" under the federal block grant program. Appleton is the county seat for Outagamie County and the largest city in both Outagamie and Calumet Counties.

City service units and facilities include: police services (134 full-time equivalents (FTE's)), fire protection (96 FTE's), public works (98 FTE's), administrative offices (60.7 FTE's), health services (14.2 FTE's), parks and recreation (7 FTE's), library services (44.5 FTE's), transportation (52 FTE's), facilities management (20.3 FTE's) and water, wastewater, stormwater and parking utilities (96.7 FTE's). Of the City's 624 employees, 222 are represented by the following bargaining units:

- International Association of Firefighters, representing City firefighters;

- Appleton Professional Policemen's Association, representing City non-supervisory police professionals;
- Teamster's Union Local 563, representing Valley Transit workers.

Economic Condition and Outlook/Major Initiatives

The City of Appleton and the Appleton MSA has a well established labor force and is known nationally for its industry clusters of food processing, paper converting, insurance, health care, and manufacturing industries. Although not yet at pre-recession levels, unemployment figures for the City continued a positive trend in 2011. The December, 2011 unemployment rate of 7.8% represented a .4% decrease from the December, 2010 rate of 8.2%. The City's 7.8% unemployment rate also compares favorably to the national average of 8.5%. Additionally, City residents continued to enjoy above average earnings evidenced by the average gross income per income tax return of \$50,653 (2010 rate).

The City has not escaped the effects of the national economic downturn as economic development activity experienced a decline in 2011. Suffering the largest decline was the commercial construction sector which saw the number of building permits decrease to a ten year low of 126 and, without any major commercial projects leading the way, saw only \$15 million added to the total construction value for the year. The trend continued in the residential sector with only 37 single-family building permits being issued in 2011 compared to 64 in 2010. However on the positive side, the average value for new single family construction increased from \$240,068 per unit in 2010 to \$308,094 in 2011. Overall, 572 building permits were issued in 2011, slightly higher then the 560 permits issued in 2010, but the value of those permits decreased \$12,314,837 from \$58,369,261 in 2010 to \$46,054,424 in 2011.

Despite the economic challenges, the promotion of commercial and industrial development continues to remain one of the City's top priorities. One way this has been accomplished is through the creation of several Tax Incremental Financing (TIF) Districts, which have allowed the City to install the infrastructure needed to stimulate development while also maintaining an adequate supply of industrial park land. While TIF district values have fluctuated considerably over the past few years, the City's newest district, TIF 8 which lies along the Fox River corridor, continues to experience considerable development. Phase I of Eagle Flats, a mixed residential and commercial development project, began in the spring with the construction of two residential apartment buildings. Future development in Phase I will include another residential complex, along with two commercial projects that will provide 16,000 square feet of office and retail space. Additionally in TIF 8, demolition on the Riverheath development site was completed and ground was broken for construction of the townhome portion of the project. This development will be focused on providing residential housing and commercial space while also providing public access to the river. Finally, the City took title to the former Foremost Farms USA property in TIF 8 in 2011. The site is in the process of being remediated and cleared, and is slated to be developed into low density single-family housing.

Despite the slowdown in the economy, businesses continue to gravitate towards the City. During the last year, 34 new businesses opened in the City while 27 closed, resulting in a net gain of 7. This improvement adds to the net gain of 9 businesses in the City in 2010.

In the City's northside growth area, several new office buildings were completed north of U.S. 41 in the office section of the Northeast Business Park. The first phases of the Villas at Apple Creek Center consisting of 60 units and a clubhouse were completed in 2010. An additional 12 units were in the process of being constructed in 2011 as part of Phase II. When fully developed, the residential condominium project will add 152 single family units. In the City's southside growth area, more than 100 acres of fully improved industrial sites are available in the Southpoint Commerce Park, while TIF 7 continues to support the rehabilitation and development of the urban corridor adjacent to State Highway 441.

Combined with a large selection of residential lots in the Apple Hill Farms, Glacier Ridge and Clearwater Creek subdivisions, and as redevelopment continues downtown and on the riverfront, Appleton is well positioned to continue to grow and remain a leader in the Fox Cities.

Financial Information

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal, state and county financial assistance, the City also is responsible for establishing an adequate internal control structure to ensure compliance with applicable laws and regulations related to those programs. This system of internal controls is subject to periodic evaluation by management.

As a part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal controls, including that portion related to federal and state financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations.

Budgetary Controls

The City of Appleton maintains budgetary controls in order to ensure compliance with legal provisions embodied in the annual budget approved by the Common Council. Activities of the general fund, special revenue funds, debt service funds, capital projects funds, enterprise funds and internal service funds are included in the annual budget. In addition, project length financial plans are adopted for most capital projects funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the

appropriated amount) is at the total fund expenditure level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Encumbered amounts lapse at year-end. However, encumbrances are reappropriated as part of the following year's budget through formal resolution.

As demonstrated by the statements and schedules included in the Financial Section of this report, the City continues to meet its responsibility for sound financial management.

Enterprise Operations

The City's enterprise operations are comprised of six separate and distinct activities: Water Utility, Wastewater Utility, Stormwater Utility, Valley Transit, Parking Utility, and Reid Municipal Golf Course.

Retirement Program: The City participates in the Wisconsin Retirement System, a cost-sharing multiple-employer defined benefit public employee system. Contribution benefit formulas and eligibility are all determined by the system, and explained in footnote V.A. of this report.

Debt Administration: As of December 31, 2011, the City had 32 debt issues outstanding. These issues included \$33,668,047 of general obligation bonds and notes and \$125,358,020 of revenue bonds. The City enjoys an "Aaa" rating from Moody's Investors Service on general obligation debt and an "Aa2" on sewerage, water and stormwater revenue bonds. Under Wisconsin statutes, general obligation debt is subject to a legal limitation based on 5% of total equalized value of real and personal property, however, the City's own policy limits debt to 40% of that calculated amount. As of December 31, 2011, the City's net general obligation debt of \$31,695,977 was well below the legal limit of \$239,855,175 (13.21%) and debt per capita equaled \$436. The City adheres to an aggressive repayment policy and uses capital financing to augment a "pay as you go" philosophy.

Cash Management: Cash temporarily idle during the year was invested in demand deposits, U.S. government and agency securities, corporate bonds, the State of Wisconsin Local Government Investment Pool, repurchase agreements, and Government Money Markets. The City and its proprietary funds earned investment revenue of \$5,246,597 on all investments for the year ended December 31, 2011.

The City's investment policy objective is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Deposits are insured by federal depository insurance up to \$250,000 for time and savings accounts, \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for non-interest bearing transaction accounts. Investments in the State of Wisconsin Local Government Investment Pool, although unsecured, are insured and considered very safe since the pool's primary investment is government securities.

Risk Management: The City became a member of the Cities and Villages Mutual Insurance Company on January 1, 1990. To join the insurance mutual, the City issued a \$2,300,000 taxable general obligation promissory note payable to the company. Our mutual insurance company is comprised of numerous Wisconsin cities and villages pooling

their risk in the exposure areas of general liability, auto liability, workers compensation, police professionals and public officials' liability. The pool is capitalized in excess of \$25,000,000 and has experienced 24 years of better than actuarially expected loss experience. The City anticipates substantial annual cost savings, increased self-insured levels (as accumulated funds grow) and advances in safety programs to further reduce our risk.

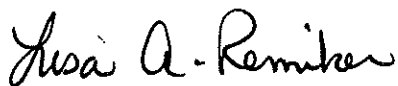
Independent Audit

City policy is in accordance with state and federal requirements to provide for an annual audit by independent certified public accountants. The accounting firm of Baker Tilly Virchow Krause, LLP was selected by the City. In addition to meeting the requirements set forth by the American Institute of Certified Public Accountants, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Circular A-133. The independent auditors' report is included in the Financial Section of this report. The independent auditors' reports related specifically to the single audit are also included in the Single Audit Section. As part of the examination, the independent auditor is also issuing an internal control letter covering their review of the City's system of internal control over financial reporting and tests of compliance with certain provisions of laws, regulations, contracts, and grants. The management and compliance letter will not modify or affect, in any way, this report.

Acknowledgements

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the City's Finance Department, our auditors, Baker Tilly Virchow Krause, LLP, and various other City personnel. We would like to express our sincere appreciation to all who assisted and contributed to its preparation. We would also like to thank Mayor Hanna and the Common Council for their interest and continuing support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Sincerely,



Lisa A. Remiker, CPA CPFO
Director of Finance

CITY OF APPLETON

Directory of Officials

MAYOR

Timothy M. Hanna

PRESIDENT OF THE COUNCIL

Christopher Croatt

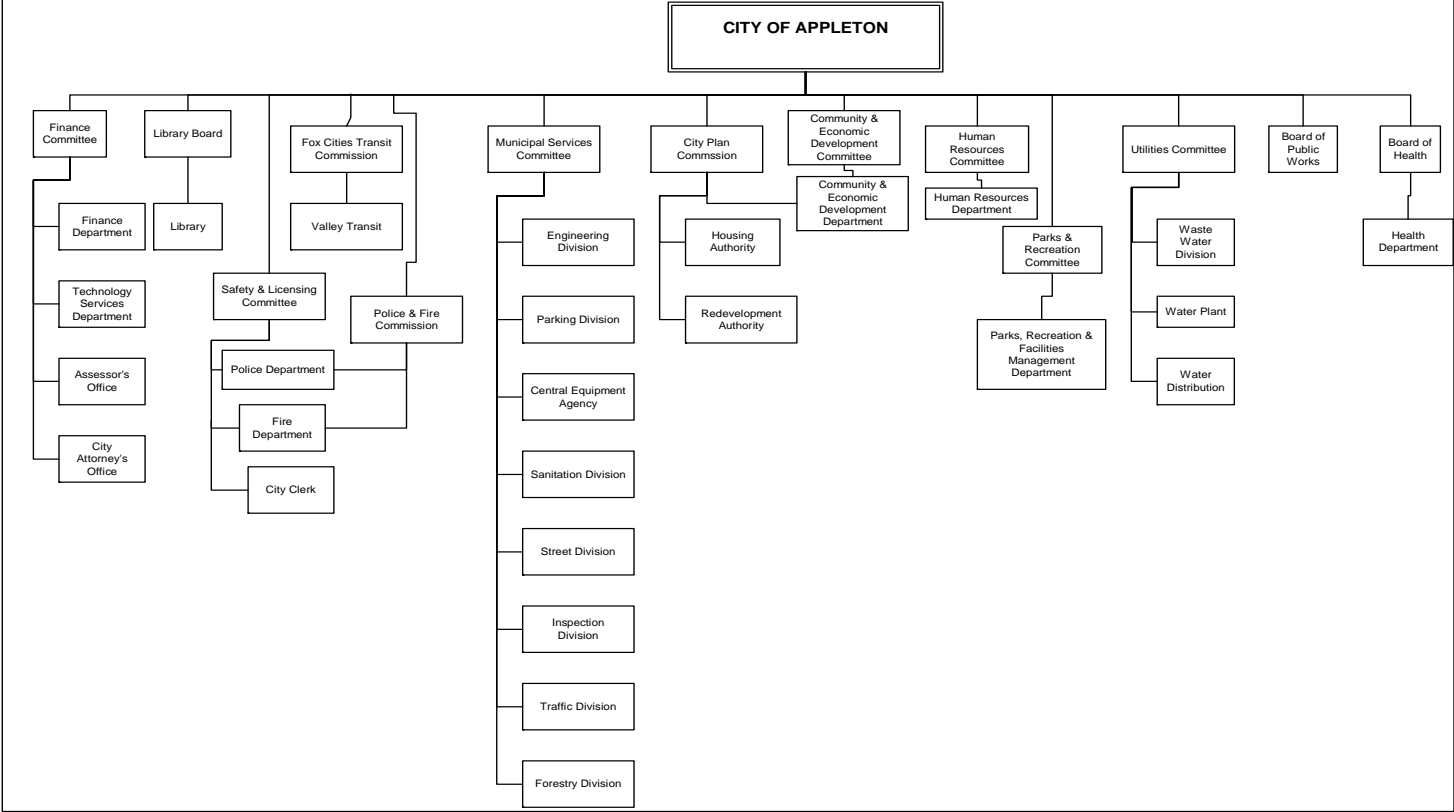
COUNCIL MEMBERS

District 1:	Christoph Wahl	District 10:	Michael R. Smith
District 2:	John Robin Hill	District 11:	Teege Mettille (old district)
District 3:	Curt J. Konetzke	District 11:	Patti Coenen (new district)
District 4:	Joseph Martin	District 12:	Cathy M. Spears
District 5:	Edward S. Baranowski	District 13:	James E. Clemons
District 6:	Greg Dannecker	District 14:	Christopher Croatt
District 7:	Kathy Plank	District 15:	Jeffrey M. Jirschele
District 8:	Kole Oswald		
District 9:	Peter J. Stueck		

DEPARTMENT/DIVISION HEADS

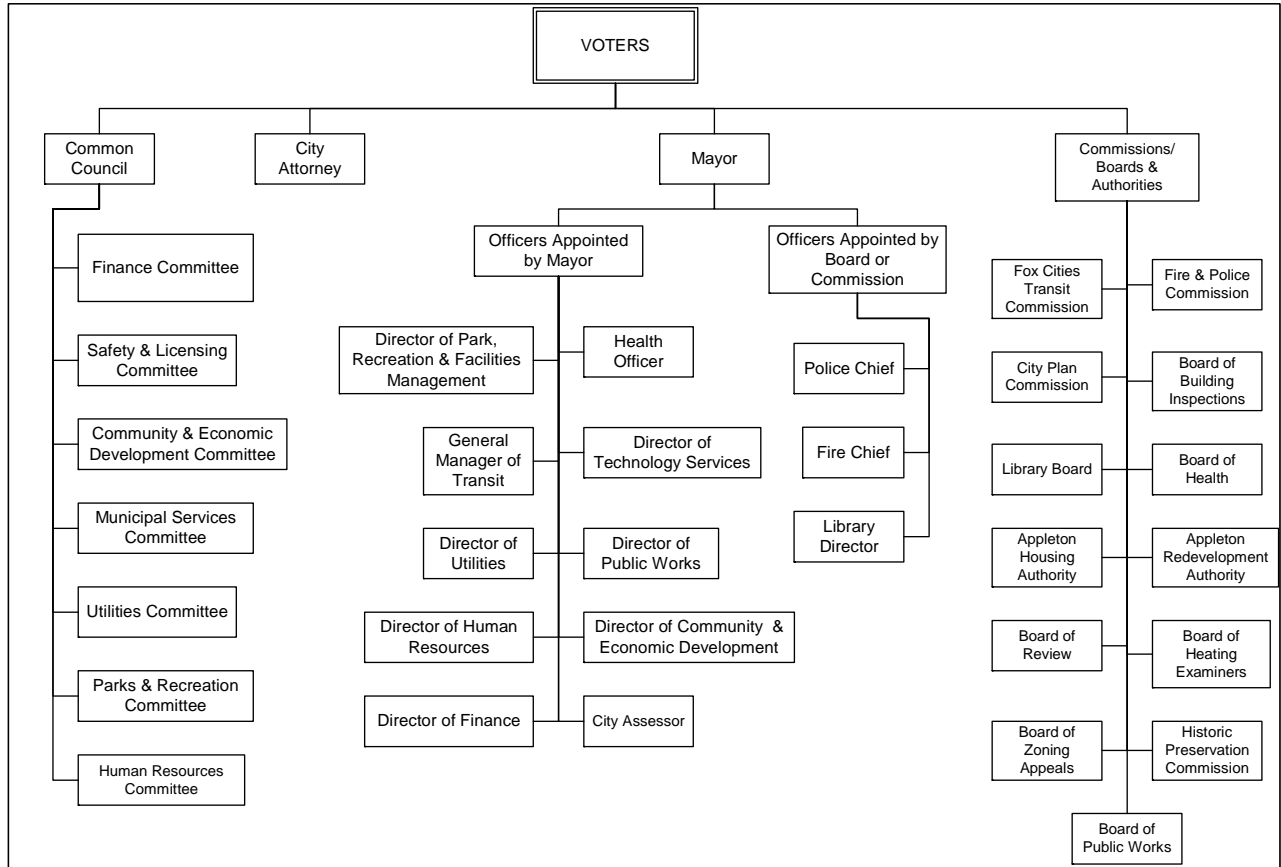
Director of Human Resources	Sandra A. Neisen
City Attorney	James P. Walsh
Fire Chief	Len Vander Wyst
Director of Library	Colleen Rortvedt
Director of Community Develop.	Karen Harkness
City Clerk	Charlene Peterson
Valley Transit General Manager	Deborah S. Wetter
Director of Utilities	Chris Shaw
Director of Information Services	Vacant
Police Chief	Peter Helein
Director of Public Works	Paula A. Vandehey
City Assessor	DeAnn L. Brosman
Health Officer	Kurt D. Eggebrecht
Director of Finance	Lisa A. Remiker
Director of Facilities, Parks & Recreation	Dean R. Gazza

City of Appleton Structure by Committee



City of Appleton

Structure by Voters



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Appleton, Wisconsin, as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Appleton's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the City of Appleton, which represent 97%, 99%, and 96%, respectively, of the assets, net assets, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Authority, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Appleton, Wisconsin, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the City adopted the provisions of GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, effective January 1, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 7, 2012 on our consideration of the City of Appleton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedule of funding progress, and schedule of funded status as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Appleton's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for additional analysis as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and the "State Single Audit Guidelines," and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Appleton's basic financial statements. The "Letter of Transmittal" and "Statistical Section" listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
June 7, 2012

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2011 UNAUDITED

As management of the City of Appleton, Wisconsin we offer readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2011. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Appleton exceeded its liabilities at the close of the most recent fiscal year by \$564,930,951. Of this amount, \$58,936,349 may be used to meet the City's obligations to citizens and creditors as the rest of the amount includes funds subject to external restrictions on how they may be used, or invested in infrastructure capital assets. This compares to \$45,683,542 that was available at the end of 2010. The majority of the increase in 2011 was due to an overall decrease in long-term obligations as noted on pages 53 and 54 of the financial statements. This decrease in long-term obligation was a result of the City not issuing new general obligation debt in 2011 and making its scheduled 2011 debt service payments.
- The City continues to maintain \$2,144,797 of reserves (included in the City's \$12,578,076 unassigned fund balance) to guard against uncertainties in the economy. The amounts and purposes of these individual reserves are described in more detail on page xxvii of this report.
- The City's total net assets increased by \$20,486,146. Despite the slowdown in the national economy, the number of building permits issued increased slightly from 560 in 2010 to 572 in 2011, and the average value of new single family home construction rose from \$240,086 to \$308,094 per unit during this period. The City has also experienced considerable development activity along its waterfront. New construction projects are underway along the river at Riverheath, Eagle Flats, and the former Foremost Farms site, with all developments either opening or starting new phases in 2011.
- As of the close of the current fiscal year, the City of Appleton's governmental funds reported combined ending fund balances of \$29,479,231, a decrease of \$1,800,312 in comparison to the prior year. Although there was a decrease in all governmental funds combined, the general fund actually experienced an increase of \$2,183,610 in 2011. The main factor for the increase was changes made at the State level which required most public employees to contribute to their pension plans as well as other changes to collective bargaining which resulted in higher employee contributions to health care premiums and decreased overtime costs. Other factors contributing to the increase in the general fund balance during the year were a decrease in the amount of funding necessary to support Valley Transit operations, favorable employee health insurance claims, and the delay of several public works and public safety projects into 2012. However, the general fund increase was more than offset by decreases in many of the capital projects funds whose planned use of remaining positive variances from past projects was utilized to pay for current year projects. The prudent use of these accumulated funds, along with scaled back overall capital projects as a result of the economy, allowed the City to avoid general obligation borrowing and related interest costs for the past two years.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2011 UNAUDITED

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE STATEMENTS

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

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City, you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

The *Statement of Activities* presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government; public safety; public works; education and recreation; and community development.

The major business-type activities of the City include Valley Transit and the Water, Stormwater, and Wastewater Utilities.

The government-wide financial statements include not only the City of Appleton itself (known as the primary government), but also three component units that are separate legal entities for which the City of Appleton is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 1 to 3 of this report.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2011 UNAUDITED

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS

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

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

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

The City maintains 47 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and TIF District No. 3, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Proprietary Funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Wastewater, Water, Stormwater and Parking Utilities in addition to Valley Transit and Reid Golf Course. The City uses internal service funds to account for its central equipment agency, and its facilities management, insurance, and post employment benefit programs. The services provided by these funds predominately benefit the government rather than the business-type functions. They have been included within the governmental activities in the government-wide financial statements.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2011 UNAUDITED

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

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

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

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

The basic fiduciary fund financial statements can be found on page 17 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 to 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 and TIF District # 3, as well as a schedule of funding progress for the City's post-employment benefits plan. These schedules and the related notes can be found on pages 80 to 84 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds, proprietary funds, and other information related to the individual funds are presented immediately following the required supplementary information. Combining and individual statements and schedules can be found on pages 85 to 109 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Appleton, assets exceeded liabilities by \$564,930,951 as of December 31, 2011.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2011 UNAUDITED

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

The largest portion of the City's net assets (approximately 86%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities

CITY OF APPLETON'S NET ASSETS

	<u>Governmental Activities 2011</u>	<u>Business- Type Activities 2011</u>	<u>Totals</u>
Current and Other Assets	\$ 102,606,092	\$ 65,785,363	\$ 168,391,455
Capital Assets	<u>326,845,855</u>	<u>295,130,219</u>	<u>621,976,074</u>
Total Assets	<u>429,451,947</u>	<u>360,915,582</u>	<u>790,367,529</u>
Long-term Liabilities	42,136,222	128,453,547	170,589,769
Other Liabilities	<u>50,661,772</u>	<u>4,185,037</u>	<u>54,846,809</u>
Total Liabilities	<u>92,797,994</u>	<u>132,638,584</u>	<u>225,436,578</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	304,733,210	184,841,387	487,906,774
Restricted	8,193,931	9,893,897	18,087,828
Unrestricted	<u>23,726,812</u>	<u>33,541,714</u>	<u>58,936,349</u>
Total Net Assets	<u>\$ 336,653,953</u>	<u>\$ 228,276,998</u>	<u>\$ 564,930,951</u>
	<u>Governmental Activities 2010</u>	<u>Business- Type Activities 2010</u>	<u>Totals</u>
Current and Other Assets	\$ 96,562,273	\$ 62,904,889	\$ 159,467,162
Capital Assets	<u>325,749,888</u>	<u>290,647,467</u>	<u>616,397,355</u>
Total Assets	<u>422,312,161</u>	<u>353,552,356</u>	<u>775,864,517</u>
Long-term Liabilities	48,927,805	129,533,051	178,460,856
Other Liabilities	<u>49,654,869</u>	<u>3,303,987</u>	<u>52,958,856</u>
Total Liabilities	<u>98,582,674</u>	<u>132,837,038</u>	<u>231,419,712</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	301,042,119	181,147,366	480,204,886
Restricted	7,014,412	11,541,965	18,556,377
Unrestricted	<u>15,672,956</u>	<u>28,025,987</u>	<u>45,683,542</u>
Total Net Assets	<u>\$ 323,729,487</u>	<u>\$ 220,715,318</u>	<u>\$ 544,444,805</u>

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2011 UNAUDITED

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

An additional portion of the City's net assets (approximately 3.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$58,936,349 may be used to meet the government's ongoing obligation to citizens and creditors.

Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended December 31, 2011. Governmental activities increased the City of Appleton's net assets by \$12,924,466. Of this amount, \$7,564,818 was contributed from others. Business-type activities increased the City's net assets by \$7,561,680. Capital contributions in the business-type activities were \$2,732,889.

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

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

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For the Year Ended December 31, 2011
UNAUDITED

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

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

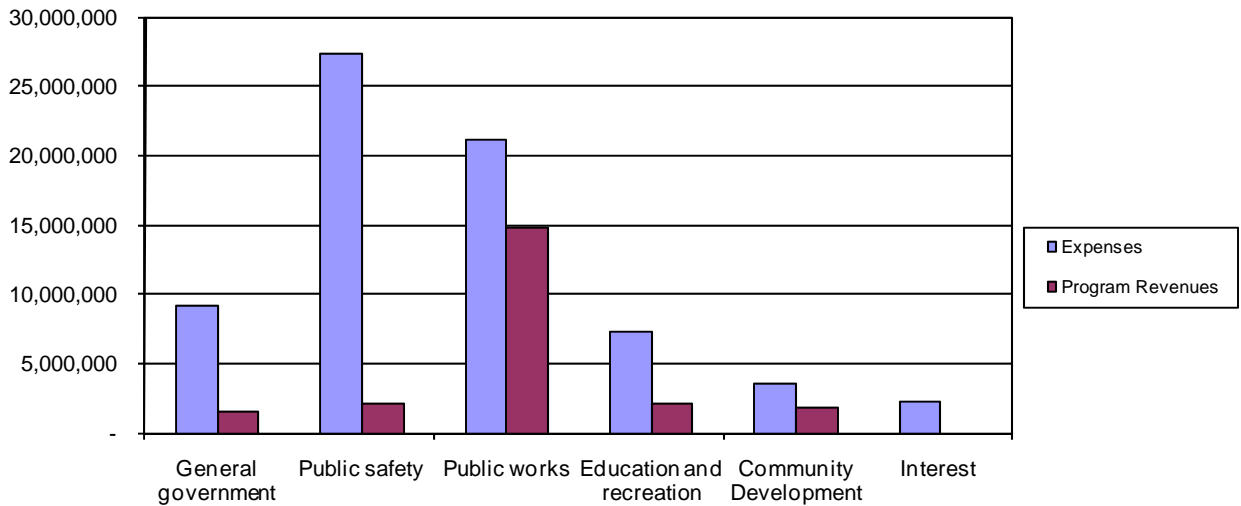
	Governmental Activities 2010	Business- Type Activities 2010	Totals
Revenues:			
Program Revenues:			
Charges for services	\$ 5,229,374	\$ 37,236,051	\$ 42,465,425
Operating grants and contributions	6,666,648	5,856,887	12,523,535
Capital grants and contributions	6,432,635	3,923,537	10,356,172
General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

CITY OF APPLETON

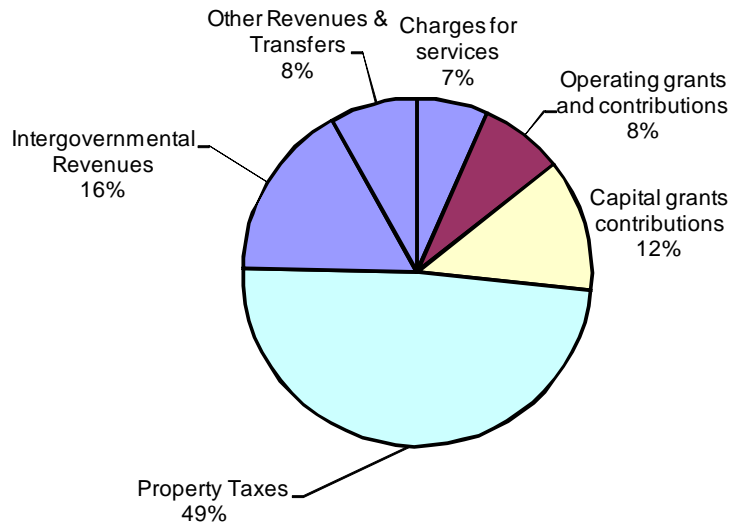
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
 For the Year Ended December 31, 2011
 UNAUDITED

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

Expenses and Program Revenues - Governmental Activities



Revenue by Source - Governmental Activities

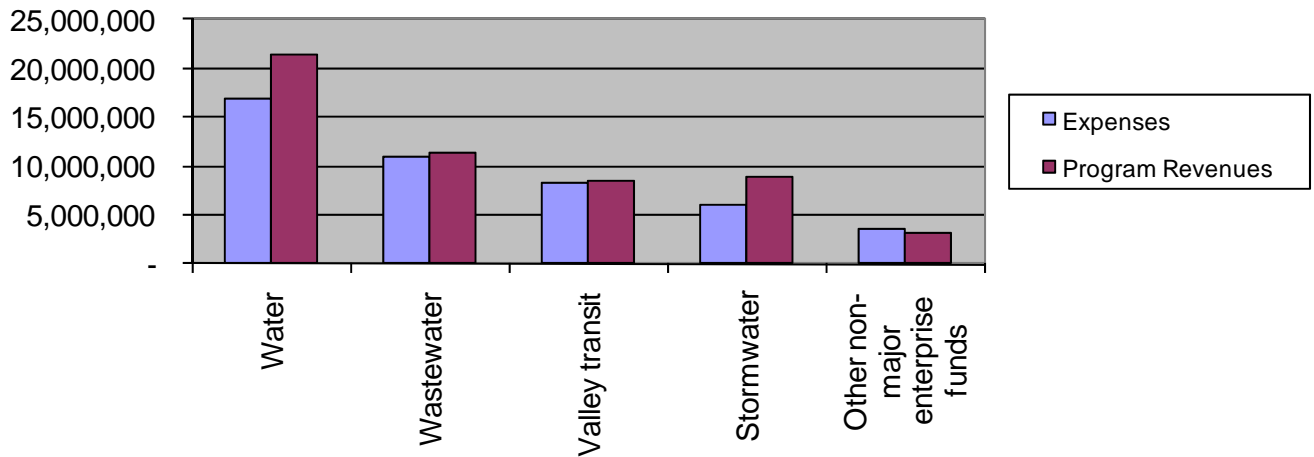


CITY OF APPLETON

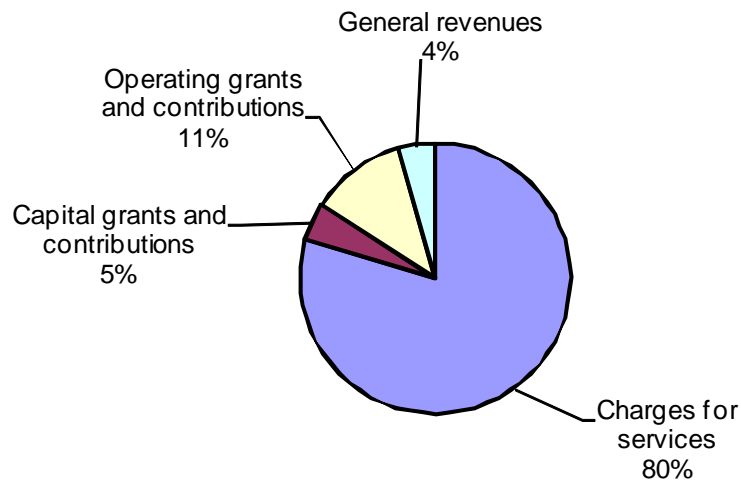
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
 For the Year Ended December 31, 2011
 UNAUDITED

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

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For the Year Ended December 31, 2011
UNAUDITED

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

GOVERNMENTAL FUNDS

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

At the end of current fiscal year, the City of Appleton's governmental funds reported combined ending fund balances of \$29,479,231. In accordance with Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, the City has classified the governmental fund balance as follows: 1) nonspendable \$12,301,761; 2) restricted \$1,868,147; 3) committed \$1,036,165; 4) assigned \$16,369,872; and 5) unassigned \$(2,096,714). Nonspendable funds include amounts that cannot be spent because they are not in spendable form (inventories or prepaid expenses, for example), or are legally required to remain intact. Restricted funds consist of amounts that have limitations placed on their use that are externally enforceable by creditors, grantors, contributors, or other governments, or by law through constitutional provisions or enabling legislation. Committed funds include amounts that are constrained for specific purposes through formal action of the highest level of decision making authority, usually the City Council. Assigned funds consist of spendable amounts that are intended to be used for specific purposes that are not considered restricted or committed. Unassigned funds include the residual balance within the general fund which has not been classified within the other categories. Unassigned fund balance may also include deficit balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes. Further explanations of fund balance classifications can be found in Note I.D.10 of the financial statements.

The \$2,096,714 unassigned deficit noted above represents \$12,578,076 of positive unassigned general fund balance offset by a \$14,496,133 deficit in TIF funds and \$178,657 reimbursement receivable in various grant funds. The TIF deficits are expected to be recovered through future tax increments in the districts and the grant deficit is related primarily to the timing of grant draws and is expected to be recovered in the subsequent year.

General Fund: The general fund is the main operating fund of the City. The general fund has a detailed reserve policy that ensures financial stability for the City of Appleton. The City's reserve policy has not been updated to reflect the new terminology of GASB No. 54. However, as described in notes to the financial statements, the City has adopted the provision of GASB Statement No. 54, effective January 1, 2011. The reserve policy stipulates that the total unreserved fund balances (excluding designations for debt service) will be 25% of the following year's budgeted appropriations. It also calls for a designated balance for debt service of 25% of the ensuing year's debt service requirements. Any excess funds over that amount will have at least 75% used for the reduction of long-term liabilities. Utilization of the remaining funds is subject to recommendation from the Finance Committee to be used for additional reduction of long-term liabilities or general fund expenditures with final council approval. This policy has allowed the City to keep its debt outstanding well below the legal debt limit. We are currently at 13.21% of the limit and have a debt per capita of \$436.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2011 UNAUDITED

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

In 2011, the general fund balance increased \$2,183,610. One driving factor for the increase was the implementation of State of Wisconsin Act 10 which, among other provisions, required non-represented employees to contribute one-half of their required pension contribution to the Wisconsin Retirement System (5.8% of salary in 2011) and, in some cases, increased health insurance premium contributions. These unanticipated employee contributions, along with favorable health insurance claims experience for the year, led to positive personnel expense budget variances in many general fund departments fueling the general fund balance increase.

Other factors contributing to the rise in fund balance were an increase in the payment in lieu of taxes from the City's water utility due to the increased value of infrastructure within the City, and a decrease in the City's local share of funding for Valley Transit, the area's regional mass transit system. The decrease in funding to Valley Transit in 2011 was a result of increased fixed route farebox revenues, increased investment income, and an increase in the federal/state subsidy rate (60%) over the budgeted estimate (58.5%). These unanticipated surplus revenues reduced Valley Transit's reliance on the City's local share.

Additionally in 2011, the City Council approved a retroactive change to the interest rate charged to the City's golf course for funds that were advanced from the general fund in 2002. The change resulted in an interest free loan versus a planned 5% rate. This change converted previous years' interest payments of \$221,256 into principal payments which were applied to the outstanding balance. As a result of this change, \$480,000 that was previously recorded as an allowance on the advance due to the questionability of collection was reversed (as collection is now expected).

Tax Incremental District 3: Tax Increment District 3 is closed for project expenditures, but continues to exist in order to recover project costs from tax increments over its remaining statutory life. The increment continues to fail to cover debt service obligations. Funding was made available from an advance from the Parking Utility of \$1,000,000 in 2011. The District is estimated to close prior to paying the majority of principal or any interest to the Parking Utility (meaning the Parking Utility paid for a portion of the ramps rather than tax increment). This projection is subject to change if more development occurs in the district than anticipated.

PROPRIETARY FUNDS

The City of Appleton's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Water Utility: The Water Utility operating income was \$8,944,281 in 2011, or a 7.63% rate of return on the net investment rate base. This compares to operating income of \$7,344,586 in 2010, or a 6.27% rate of return. The increase in operating income was caused mainly by a 10% average rate increase that went into effect on December 31, 2010. The rate increase generated over \$2 million in additional revenue in 2011. However, this additional revenue was partially offset by increased operating expenses related to water treatment and water main breaks. The raw water quality diminished in 2011 requiring increased treatment which resulted in higher chemical and lime waste disposal costs. Additionally, there were 37 more water main breaks in 2011 than in 2010 causing increased maintenance costs. The combination of these factors resulted in operating expenses increasing \$521,304 in 2011.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2011 UNAUDITED

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

Wastewater Utility: The Wastewater Utility realized an operating loss of \$541,797 in 2011 compared to an operating loss of \$2,085,932 in 2010. These operational losses were expected due to high maintenance costs of Digesters #1 and #2 as both interior and exterior maintenance was required as the age of the digesters exceeded fifteen years. A 5% average wastewater rate increase went into effect on July 1, 2011. The rate increase, coupled with a slight increase in consumption by the larger industrial customers, resulted in operating revenues increasing over \$1.2 million. Finally, a decrease of \$221,735 in depreciation expense was due to the final year of depreciation being recorded on equipment installed during the 1995 expansion of the treatment plant.

Valley Transit: Operating revenues increased \$129,064 due mainly to an increase in passenger fares collected which was attributable to increased ridership. Operating expenses were up slightly, \$66,562 (0.8%) due to increased fuel, purchased transportation services, and depreciation expenses. These factors, coupled with federal, state and local subsidies, resulted in the net assets of Valley Transit increasing \$190,455 in 2011.

Stormwater Utility: The Stormwater Utility operating income was \$2,846,973 in 2011 compared to an operating income of \$2,203,752 in 2010. The increase in operating income was due mainly to a full year's impact of a rate increase that went into effect on July 1, 2010 causing operating revenues to increase \$419,973 in 2011. Additionally, operation and maintenance costs were down \$365,788 due mainly to decreased labor time and efficiencies related to the annual leaf collection program, and fewer maintenance needs to the stormwater collection system.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended General Fund budget had total appropriations (including transfers) of \$2,736,613 more than the original budget. The total original appropriations, including those for transfers out, were \$56,638,598, while the final appropriations were \$59,375,211. The majority of the difference, \$2,144,797, was related to contingency funds established in the past that will again be carried over into 2012 to safeguard against uncertainties in the economy. This includes fuel (\$137,315), wage reserve (\$148,370), an amount to guard against future expected State aid reductions (\$1,086,440), and an overall general contingency fund for unforeseen emergencies or catastrophic events (\$573,000), along with unspent cable settlement funds (\$199,672). The remaining funds carried over relate to departmental projects budgeted in 2010, but not completed until 2011.

In 2011, the largest budget increase was an additional \$486,440 appropriated to supplement the existing State budget contingency. This increase brought the balance in that fund up to \$1,086,440 which was carried forward into 2012. The remaining increase in 2011 of approximately \$218,705 was for various items approved by the City Council throughout the year.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2011 UNAUDITED

CAPITAL ASSETS

By the end of 2011, the City had invested a total of \$621,976,074 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 \$4.5 million of expenses and will continue to be a focus due to an aging distribution system. Major improvements made in this area include the water main crossing under the Fox River at Lawe Street. This extension provides the distribution system with a sixth river crossing. Other capital additions during the year include a \$347,000 addition to the lake station building to provide additional storage capacity for chemicals and emergency pumping equipment, and equipment purchases including the addition of two chemical feed systems and the replacement of the lime mixer.

Wastewater: Significant additions included \$4.4 million in improvements to the wastewater collection system. Included in the improvements to the collection system was \$2.9 million related to the completion of the Reid Drive interceptor sewer relocation project. The project eliminated existing sewer routes along steep river banks and private property easements and relocated them into the public right-of-way. The remaining \$1.5 million represents expenditures for collection system upgrades throughout the City.

Stormwater: Improvements necessary to continue our efforts in the management of stormwater in the City accounted for \$6.2 million in additions to land, mains, detention ponds and facilities in order to comply with regulations. In 2011, the Memorial Park South Pond was completed, the second of two ponds on the property, and the Conkey Street pond in the Northeast Industrial Park and the Northland creek channel were also completed.

General: The promotion of commercial and industrial development continues to remain a top priority of the City. In 2011, the City took ownership of the former Foremost Farms site along the Fox River in the City's TIF 8, with payment for the site deferred until 2013. The City did start to incur costs (\$281,062) for building demolition and environmental remediation of the property. Upon completion of the remediation, this prime piece of riverfront property will be marketed for development. Additionally along the river, demolition of the former water treatment plant was completed in 2011. Approximately \$740,000 was spent to complete the demolition and grade the land which is currently zoned for park use.

A new Miracle League Baseball field was dedicated to the City in 2011. The \$440,000 field, funded by private donations, allows children ages 4-19 with cognitive and/or physical disabilities the chance to participate in an organized baseball league. In addition, other park and recreation expenditures during the year included approximately \$171,000 to replace pavilion roofs and make improvements to concrete walkways at Hoover, Jaycee, Linwood, Lions and Pierce parks and the Mead Pool facility. Finally, approximately \$30,000 was invested in design work for upcoming improvements to Houdini Plaza and \$11,500 for trail improvements.

The City also continued its commitment to technology investing \$405,000 in Radio Frequency Identification (RFID) and Automated Material Handling (AMH) technology at the Library. The new technology automates many of the repetitive functions performed during the check-in and check-out process and is expected to increase staff efficiencies, provide improved patron privacy, and enhance security and inventory capabilities. Additionally, the City invested \$121,000 in other technological improvements including upgrading the City's storage area network, purchasing a backup network server, and purchasing a centralized call recording system which ensures that all public safety calls are recorded as required and other calls can be recorded on-demand by other City departments.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For the Year Ended December 31, 2011
UNAUDITED

CAPITAL ASSETS (cont.)

Finally, maintaining existing infrastructure remains a high priority with approximately \$4.7 million invested in various street, sidewalk and related infrastructure projects throughout the City.

CAPITAL ASSETS AT YEAR-END NET OF ACCUMULATED DEPRECIATION

	<u>Governmental Activities 2011</u>	<u>Business-Type Activities 2011</u>	<u>Totals</u>
Land	\$ 9,141,578	\$ 29,792,222	\$ 38,933,800
Right-of-ways	72,849,349	-	72,849,349
Land improvements	38,350,231	-	38,350,231
Intangible assets	49,289	435,843	485,132
Improvements	7,934,434	-	7,934,434
Buildings	44,451,961	355,223,889	399,675,850
Equipment, furniture and fixtures	31,855,321	71,097,835	102,953,156
Streets	152,739,749	-	152,739,749
Sidewalks	28,277,269	-	28,277,269
Traffic signals	4,975,006	-	4,975,006
Bridges	41,175,654	-	41,175,654
Construction in progress	1,768,491	6,789,023	8,557,514
	<u>\$ 433,568,332</u>	<u>\$ 463,338,812</u>	<u>\$ 896,907,144</u>
Totals			

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

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For the Year Ended December 31, 2011
UNAUDITED

LONG-TERM DEBT

During 2011, the City issued no new general obligation debt and retired \$7,029,292 of general obligation bonds and notes resulting in an outstanding balance of \$33,668,047 at December 31, 2011. This results in a per capita general obligation debt of \$436. Of this outstanding debt, \$21,766,811 is to be repaid with general property taxes with the remaining amount supported by revenue from tax incremental districts and industrial park funds.

Under Wisconsin State Statutes Chapter 67, the City of Appleton's aggregate indebtedness may not exceed 5% of the equalized value of taxable property located in the City. The net amount of debt that is applicable to the statutory limit is \$31,695,977 (\$33,668,047 less reserves on hand) which is considerably below the maximum of \$239,855,175.

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

	Governmental Activity 2011	Business-Type Activity 2011	Totals
General obligation bonds and notes payable	\$ 32,959,538	\$ 708,509	\$ 33,668,047
Revenue bonds	-	125,358,020	125,358,020
Total Outstanding General Obligation and Revenue Bonds	<u>\$ 32,959,538</u>	<u>\$ 126,066,529</u>	<u>\$ 159,026,067</u>

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

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

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

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

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2011 UNAUDITED

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS (cont.)

The City's unemployment rate showed steady improvement over the year dropping .4% from 8.2% in December, 2010 to 7.8% in December, 2011.

The City's equalized value decreased by \$54.5 million to \$4.7 billion which still represents 28.9% of the equalized value of the Fox Cities area. There are many reasons for the drop in values from the revaluation of residential properties to the decline in the national economy. This is not an isolated case to the City of Appleton or the Fox Cities region, equalized values dropped in every major city within the State of Wisconsin in 2011.

Despite these economic challenges, the promotion of commercial and industrial development remains one of the City's top priorities. This has been accomplished through the creation of several TIF Districts, which have allowed the City to install the infrastructure necessary to stimulate development while maintaining an adequate supply of industrial park land and developable sites. Development continues along the Fox River corridor with the construction of two apartment complexes at Eagle Flats, a residential and commercial development project which added residential housing as well as office and retail space. Additionally, construction continues at the Riverheath development site, a mixed-use project that will provide residential and commercial space as well as public access to the river, and development of the former Foremost Dairy site continues. This site is slated to be developed into a low density single-family residence area.

In TID 6, the City's Southpoint Commerce Park is poised for development with over 100 acres of fully improved industrial sites. These parcels, coupled with a large selection of residential lots in the Apple Hill Farms, Glacier Ridge, and Clearwater Creek subdivisions, and continuing development of the downtown and riverfront, position the City of Appleton for healthy growth for years to come.

REQUESTS FOR INFORMATION

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

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

CITY OF APPLETON

STATEMENT OF NET ASSETS
As of December 31, 2011

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
ASSETS				
Cash and investments	\$ 30,362,693	\$ 27,876,380	\$ 58,239,073	\$ 2,387,656
Receivables				
Taxes	44,608,450	-	44,608,450	-
Deferred loans	6,253,289	-	6,253,289	-
Accounts	85,290	7,464,143	7,549,433	-
Special assessments	1,543,006	553,902	2,096,908	-
Delinquent special assessments	9,516	-	9,516	-
Developer loans	1,355,711	-	1,355,711	3,565,739
Accrued interest	342,330	-	342,330	-
Other	1,248,216	430,177	1,678,393	739,294
Due from other governments	7,522,250	1,105,876	8,628,126	-
Internal balances - interfunds	(587,262)	587,262	-	-
Internal balances - advances	234,744	(234,744)	-	-
Inventories	889,859	701,034	1,590,893	31,449
Prepaid items	74,239	10,542	84,781	50,149
Restricted Assets				
Temporarily restricted:				
Cash and investments	-	25,608,808	25,608,808	506,095
Accrued interest	-	147,131	147,131	-
Investment in WMIC	2,020,950	-	2,020,950	-
Property held for future use	-	95,011	95,011	-
Other assets	131,150	1,439,841	1,570,991	-
Land held for resale	6,511,661	-	6,511,661	-
Capital Assets				
Land	120,341,158	29,792,222	150,133,380	985,486
Construction in progress	1,768,491	6,789,023	8,557,514	17,588
Intangible assets	10,421	435,843	446,264	-
Depreciable capital assets, net of depreciation	<u>204,725,785</u>	<u>258,113,131</u>	<u>462,838,916</u>	<u>6,608,837</u>
Total Assets	<u>429,451,947</u>	<u>360,915,582</u>	<u>790,367,529</u>	<u>14,892,293</u>
LIABILITIES				
Accounts payable	1,492,721	2,288,472	3,781,193	247,655
Other accrued liabilities and deposits	2,408,593	878,668	3,287,261	136,010
Claims payable	4,437,000	-	4,437,000	-
Due to other governments	115	981,225	981,340	-
Unearned revenue	41,823,343	36,672	41,860,015	236,586
Deposits	500,000	-	500,000	-
Security deposit	-	-	-	110,382
Tenant FSS escrow	-	-	-	65,328
Noncurrent Liabilities				
Due within one year	9,530,056	3,819,019	13,349,075	2,324
Due in more than one year	<u>32,606,166</u>	<u>124,634,528</u>	<u>157,240,694</u>	<u>76,335</u>
Total Liabilities	<u>92,797,994</u>	<u>132,638,584</u>	<u>225,436,578</u>	<u>874,620</u>
NET ASSETS				
Invested in capital assets, net of related debt	304,733,210	184,841,387	487,906,774	7,533,252
Restricted	8,193,931	9,893,897	18,087,828	4,392,753
Unrestricted	<u>23,726,812</u>	<u>33,541,714</u>	<u>58,936,349</u>	<u>2,091,668</u>
TOTAL NET ASSETS	<u>\$ 336,653,953</u>	<u>\$ 228,276,998</u>	<u>\$ 564,930,951</u>	<u>\$ 14,017,673</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 9,109,045	\$ 1,065,366	\$ 442,573	\$ -
Public safety	27,370,398	1,125,051	931,589	-
Public works	21,159,672	2,035,033	2,997,686	9,814,952
Education and recreation	7,337,247	797,241	868,357	440,007
Community development	3,525,353	538,908	1,200,354	-
Interest	2,201,902	-	-	-
Total Governmental Activities	<u>70,703,617</u>	<u>5,561,599</u>	<u>6,440,559</u>	<u>10,254,959</u>
Business-Type Activities				
Water	14,960,496	20,334,751	-	126,992
Wastewater	10,792,194	9,687,803	-	912,143
Valley transit	8,292,425	1,512,804	5,911,742	605,512
Stormwater	6,042,858	7,196,739	-	738,507
Other non-major enterprise funds	1,919,267	2,820,305	-	-
Total Business-Type Activities	<u>42,007,240</u>	<u>41,552,402</u>	<u>5,911,742</u>	<u>2,383,154</u>
Total Primary Government	<u>\$ 112,710,857</u>	<u>\$ 47,114,001</u>	<u>\$ 12,352,301</u>	<u>\$ 12,638,113</u>
Component Units				
Housing Authority	\$ 4,941,702	\$ 906,122	\$ 4,481,157	\$ 83,972
Business Improvement District	208,315	213,117	-	-
Appleton Redevelopment Authority	1,933	1,800	-	-
Total Component Units	<u>\$ 5,151,950</u>	<u>\$ 1,121,039</u>	<u>\$ 4,481,157</u>	<u>\$ 83,972</u>
General Revenues				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Other taxes				
Intergovernmental revenues not restricted to specific programs				
Investment income				
Gain on the sale of assets				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Special Item - asset impairment				
Change in net assets				
NET ASSETS - Beginning				
NET ASSETS - ENDING				

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Totals	
\$ (7,601,106)	\$ -	\$ (7,601,106)	\$ -
(25,313,758)	-	(25,313,758)	-
(6,312,001)	-	(6,312,001)	-
(5,231,642)	-	(5,231,642)	-
(1,786,091)	-	(1,786,091)	-
(2,201,902)	-	(2,201,902)	-
<u>(48,446,500)</u>	<u>-</u>	<u>(48,446,500)</u>	<u>-</u>
-	5,501,247	5,501,247	-
-	(192,248)	(192,248)	-
-	(262,367)	(262,367)	-
-	1,892,388	1,892,388	-
-	901,038	901,038	-
<u>-</u>	<u>7,840,058</u>	<u>7,840,058</u>	<u>-</u>
(48,446,500)	7,840,058	(40,606,442)	-
-	-	-	529,549
-	-	-	4,802
-	-	-	(133)
36,872,614	-	36,872,614	-
3,852,111	-	3,852,111	-
840,215	-	840,215	-
13,873,673	-	13,873,673	-
2,936,126	2,310,471	5,246,597	31,675
297,709	-	297,709	-
92,842	16,827	109,669	184,175
2,605,676	(2,605,676)	-	-
<u>61,370,966</u>	<u>(278,378)</u>	<u>61,092,588</u>	<u>215,850</u>
-	-	-	(4,701,339)
12,924,466	7,561,680	20,486,146	(3,951,271)
<u>323,729,487</u>	<u>220,715,318</u>	<u>544,444,805</u>	<u>17,968,944</u>
<u>\$ 336,653,953</u>	<u>\$ 228,276,998</u>	<u>\$ 564,930,951</u>	<u>\$ 14,017,673</u>

See accompanying notes to financial statements.

CITY OF APPLETON

BALANCE SHEET - GOVERNMENTAL FUNDS
As of December 31, 2011

	General	Tax Incremental District No. 3	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 16,418,695	\$ 271,570	\$ 26,460	\$ 11,681,812	\$ 28,398,537
Receivables					
Taxes	34,311,863	984,084	3,070,688	6,241,815	44,608,450
Deferred loans	-	-	-	6,253,289	6,253,289
Accounts	70,165	-	-	15,125	85,290
Special assessments	1,042,481	-	-	500,525	1,543,006
Delinquent special assessments	9,516	-	-	-	9,516
Developer loans	1,355,711	-	-	-	1,355,711
Accrued interest	342,330	-	-	-	342,330
Other	276,670	-	536,667	302,327	1,115,664
Due from other governments	7,216,724	-	-	305,526	7,522,250
Due from other funds	2,742,111	-	-	35,210	2,777,321
Inventories	804,777	-	-	-	804,777
Prepaid items	35,305	-	-	-	35,305
Advances to other funds	16,906,129	-	-	-	16,906,129
TOTAL ASSETS	\$ 81,532,477	\$ 1,255,654	\$ 3,633,815	\$ 25,335,629	\$ 111,757,575
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 506,103	\$ -	\$ -	\$ 879,752	\$ 1,385,855
Other accrued liabilities	1,837,343	-	-	53,102	1,890,445
Due to other governments	115	-	-	-	115
Claims payable	2,937,000	-	-	-	2,937,000
Due to other funds	1,565,090	-	-	237,681	1,802,771
Deposits	-	-	-	500,000	500,000
Deferred revenues	39,705,601	984,084	3,607,355	12,793,733	57,090,773
Advances from other funds	-	13,523,580	-	3,147,805	16,671,385
Total Liabilities	46,551,252	14,507,664	3,607,355	17,612,073	82,278,344
Fund Balances					
Nonspendable	12,268,106	-	-	33,655	12,301,761
Restricted	-	-	26,460	1,841,687	1,868,147
Committed	107,259	-	-	928,906	1,036,165
Assigned	10,027,784	-	-	6,342,088	16,369,872
Unassigned (deficit)	12,578,076	(13,252,010)	-	(1,422,780)	(2,096,714)
Total Fund Balances	34,981,225	(13,252,010)	26,460	7,723,556	29,479,231
TOTAL LIABILITIES AND FUND BALANCES	\$ 81,532,477	\$ 1,255,654	\$ 3,633,815	\$ 25,335,629	
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II.A.					316,103,705
Land held for resale is not a financial resources and, therefore, is not reported in the funds.					6,511,661
Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.					15,267,430
Internal service funds are reported in the statement of net assets as governmental funds.					11,433,087
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II.A.					(42,141,161)
NET ASSETS OF GOVERNMENTAL ACTIVITIES					\$ 336,653,953

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS) - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	General	Tax Incremental District No. 3	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 30,340,877	\$ 1,075,373	\$ 3,852,111	\$ 6,296,578	\$ 41,564,939
Intergovernmental	17,199,561	5,977	-	2,475,939	19,681,477
Licenses and permits	895,927	-	-	-	895,927
Fines and forfeitures	359,662	-	-	-	359,662
Special assessments	1,786,373	-	-	832,617	2,618,990
Investment income	1,600,991	39,770	-	623,005	2,263,766
Charges for services	1,220,147	-	-	1,044,465	2,264,612
Other	1,629,099	-	92,842	2,046,612	3,768,553
Total Revenues	55,032,637	1,121,120	3,944,953	13,319,216	73,417,926
EXPENDITURES					
Current					
General government	7,237,076	2,197	-	903,940	8,143,213
Public safety	26,444,183	-	-	629,526	27,073,709
Public works	12,911,573	-	-	3,411,981	16,323,554
Education and recreation	7,104,280	-	-	41,898	7,146,178
Community development	1,091,649	-	-	1,960,461	3,052,110
Capital Outlay	-	-	-	7,595,439	7,595,439
Debt Service					
Principal	-	-	7,021,625	-	7,021,625
Interest and fiscal charges	-	643,980	1,550,049	110,212	2,304,241
Total Expenditures	54,788,761	646,177	8,571,674	14,653,457	78,660,069
Excess (deficiency) of revenues over (under) expenditures	243,876	474,943	(4,626,721)	(1,334,241)	(5,242,143)
OTHER FINANCING SOURCES (USES)					
Sale of city property	9,278	-	-	2,684	11,962
Promissory note issued	-	-	-	500,000	500,000
Transfers in	2,371,975	1,000,000	4,626,723	1,728,932	9,727,630
Transfers out	(441,519)	(2,330,033)	-	(4,026,209)	(6,797,761)
Total Other Financing Sources (Uses)	1,939,734	(1,330,033)	4,626,723	(1,794,593)	3,441,831
Net Change in Fund Balances	2,183,610	(855,090)	2	(3,128,834)	(1,800,312)
FUND BALANCES (DEFICIT) - Beginning	32,797,615	(12,396,920)	26,458	10,852,390	31,279,543
FUND BALANCES (DEFICIT) - ENDING	\$ 34,981,225	\$(13,252,010)	\$ 26,460	\$ 7,723,556	\$ 29,479,231

See accompanying notes to financial statements.

CITY OF APPLETON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

Net change in fund balances - total governmental funds		\$ (1,800,312)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities.		
Total capital asset additions - paid for with City funds	\$ 16,807,706	
Total capital asset additions - contributed to the City	7,564,818	
Less: capital outlay and expenditures capitalized in the internal service funds	(2,166,374)	
Less: close-out of prior year CWIP	(7,619,492)	14,586,658
Depreciation is reported in the government-wide statements		(6,429,891)
Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets.		(1,524,222)
Land held for resale is reported in the funds as expenditures. However, in the statement of net assets, the cost of these assets are capitalized.		798,425
Receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		
Interest charged on advances	639,192	
Developer loans	(66,667)	
Rehabilitation loans	(135,705)	
Accounts receivable/interest income	(22,264)	
Special assessments	9,091	423,647
Debt issued provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Promissory note issued		(500,000)
Principal repaid		7,021,625
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		35,383
Disability benefits		(2,404)
Pension liability		121,809
Postclosure care cost		90,000
Accrued interest on debt		111,883
Governmental funds report debt premiums and issuance costs as other financing sources or expenditures. However, in the statement of net assets, these are deferred and reported as other assets or additions to long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense. The loss on refunding is also amortized on the statement of activities as amortization expense.		
Premium		22,141
Amortization of issuance costs		(29,786)
Internal service funds are used by management to charge the costs of self insurance and central equipment agency costs to individual funds. The increase in net assets of the internal service funds is reported with governmental activities.		<u>(490)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		\$ <u>12,924,466</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
As of December 31, 2011

		<u>Business-Type Activities - Enterprise Funds</u>		
		<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
ASSETS				
Current Assets				
Cash and investments		\$ 5,369,661	\$ 10,168,075	\$ 863,361
Accounts Receivable				
Customer accounts		4,409,701	1,642,408	-
Special assessments		19,856	398,929	-
Other		36,846	225,010	-
Due From Other Governments				
Federal government		-	-	449,060
State of Wisconsin		-	-	391,675
Local governments		-	-	265,141
Due from other funds		579,953	666,596	-
Inventories		319,891	201,389	179,754
Prepaid items		-	-	10,542
Restricted Assets				
Cash and investments		<u>1,384,870</u>	-	-
Total Current Assets		<u>12,120,778</u>	<u>13,302,407</u>	<u>2,159,533</u>
Non-Current Assets				
Restricted Assets				
Cash and investments		8,498,882	9,016,806	990,969
Accrued interest		52,012	61,081	-
Investment in WMIC		-	-	-
Capital Assets				
Land		1,150,874	504,762	891,831
Construction in progress		180,744	2,523,456	263,202
Intangible assets		130,553	151,711	-
Building and improvements		126,296,611	130,251,644	3,795,555
Equipment, furniture and vehicles		27,130,895	34,186,024	9,161,553
Less: Accumulated depreciation		(39,360,887)	(81,108,548)	(8,578,338)
Other Assets				
Property held for future use		95,011	-	-
Unamortized debt expense		<u>745,567</u>	<u>224,223</u>	-
Total Non-Current Assets		<u>124,920,262</u>	<u>95,811,159</u>	<u>6,524,772</u>
Total Assets		<u>137,041,040</u>	<u>109,113,566</u>	<u>8,684,305</u>

<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Stormwater</u>	<u>Other</u>		<u>Activities -</u>
<u>Utility</u>	<u>Enterprise</u>	<u>Totals</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service Funds</u>
\$ 9,911,308	\$ 1,563,975	\$ 27,876,380	\$ 1,964,156
1,412,034	-	7,464,143	-
135,117	-	553,902	-
163,869	4,452	430,177	132,552
-	-	449,060	-
-	-	391,675	-
-	-	265,141	-
283,331	-	1,529,880	-
-	-	701,034	85,082
-	-	10,542	38,934
-	-	1,384,870	-
<u>11,905,659</u>	<u>1,568,427</u>	<u>41,056,804</u>	<u>2,220,724</u>
5,717,281	-	24,223,938	-
34,038	-	147,131	-
-	-	-	2,020,950
24,232,448	3,012,307	29,792,222	-
3,821,621	-	6,789,023	86,823
153,579	-	435,843	-
70,857,835	24,022,244	355,223,889	-
657	618,706	71,097,835	25,175,101
(22,767,026)	(16,393,794)	(168,208,593)	(14,519,774)
-	-	95,011	-
470,051	-	1,439,841	-
<u>82,520,484</u>	<u>11,259,463</u>	<u>321,036,140</u>	<u>12,763,100</u>
<u>94,426,143</u>	<u>12,827,890</u>	<u>362,092,944</u>	<u>14,983,824</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
As of December 31, 2011

		<u>Business-Type Activities - Enterprise Funds</u>		
		<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
LIABILITIES				
Current Liabilities				
Accounts payable		\$ 259,507	\$ 718,810	\$ 629,184
Compensated absences		128,507	137,264	177,914
Other accrued liabilities		85,316	60,595	101,171
Claims payable		-	-	-
Due to other governments		-	-	981,225
Due to other funds		1,678,832	-	-
Unearned revenues		-	-	-
Current portion of general obligation debt		-	-	-
Advance from other funds		-	-	-
Current Liabilities Payables From Restricted Assets				
Revenue bonds payable		-	1,368,020	-
Accrued interest		-	146,532	-
Total Current Liabilities		<u>2,152,162</u>	<u>2,431,221</u>	<u>1,889,494</u>
Noncurrent Liabilities				
General obligation debt payable		-	-	-
Revenue bonds and notes payable		68,632,560	16,950,000	-
Advance from other funds		-	-	-
Compensated absences		197,930	182,538	226,674
Other postemployment benefit liability		-	-	-
Unamortized premium of debt issuance		<u>1,887,041</u>	<u>250,618</u>	<u>-</u>
Total Noncurrent Liabilities		<u>70,717,531</u>	<u>17,383,156</u>	<u>226,674</u>
Total Liabilities		<u>72,869,693</u>	<u>19,814,377</u>	<u>2,116,168</u>
NET ASSETS				
Invested in capital assets, net of related debt		55,606,733	70,258,727	5,533,803
Restricted for				
Debt service		178,798	2,724,978	-
DNR replacement fund		-	4,112,284	-
Capital replacement fund		-	-	990,969
Unrestricted		<u>8,385,816</u>	<u>12,203,200</u>	<u>43,365</u>
TOTAL NET ASSETS		<u>\$ 64,171,347</u>	<u>\$ 89,299,189</u>	<u>\$ 6,568,137</u>

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

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

NET ASSETS OF BUSINESS-TYPE ACTIVITIES

<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Stormwater</u>	<u>Other</u>		<u>Activities -</u>
<u>Utility</u>	<u>Enterprise</u>	<u>Totals</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service Funds</u>
\$ 659,417	\$ 21,554	\$ 2,288,472	\$ 106,866
67,396	44,918	555,999	113,939
38,444	48,724	334,250	89,422
-	-	-	1,500,000
-	-	981,225	-
-	-	1,678,832	825,598
-	36,672	36,672	-
-	-	-	7,667
-	24,000	24,000	-
1,895,000	-	3,263,020	-
397,886	-	544,418	-
<u>3,058,143</u>	<u>175,868</u>	<u>9,706,888</u>	<u>2,643,492</u>
-	708,509	708,509	53,673
35,325,000	-	120,907,560	-
-	210,744	210,744	-
78,039	71,059	756,240	73,874
-	-	-	43,484
124,560	-	2,262,219	-
<u>35,527,599</u>	<u>990,312</u>	<u>124,845,272</u>	<u>171,031</u>
<u>38,585,742</u>	<u>1,166,180</u>	<u>134,552,160</u>	<u>2,814,523</u>
42,891,170	10,550,954	184,841,387	10,680,810
1,886,868	-	4,790,644	-
-	-	4,112,284	-
-	-	990,969	-
<u>11,062,363</u>	<u>1,110,756</u>	<u>32,805,500</u>	<u>1,488,491</u>
<u>\$ 55,840,401</u>	<u>\$ 11,661,710</u>	227,540,784	<u>\$ 12,169,301</u>
		<u>736,214</u>	
		<u>\$ 228,276,998</u>	

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
NET ASSETS - PROPRIETARY FUNDS
For the Year Ended December 31, 2011

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
OPERATING REVENUES			
Charges for services	\$ 19,974,880	\$ 8,932,298	\$ 1,436,390
Other	359,871	755,505	76,414
Total Operating Revenues	<u>20,334,751</u>	<u>9,687,803</u>	<u>1,512,804</u>
OPERATING EXPENSES			
Operation and maintenance	7,455,689	6,371,307	7,708,704
Depreciation	<u>3,934,781</u>	<u>3,858,293</u>	<u>571,706</u>
Total Operating Expenses	<u>11,390,470</u>	<u>10,229,600</u>	<u>8,280,410</u>
Operating Income (Loss)	<u>8,944,281</u>	<u>(541,797)</u>	<u>(6,767,606)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	604,719	829,497	-
Interest expense	(3,419,984)	(558,326)	-
Amortization of debt expense	(107,263)	(16,737)	-
Gain (loss) on sale of capital assets	(126,297)	-	(712)
Amortization of prior losses on refunding of bonds	(213,331)	-	-
Amortization of premium on debt issuance	303,806	13,786	-
Subsidies from other governmental units	-	-	5,911,742
Other	<u>13,750</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(2,944,600)</u>	<u>268,220</u>	<u>5,911,030</u>
Income (Loss) Before contributions and transfers	5,999,681	(273,577)	(856,576)
Capital contributions	196,667	940,492	605,512
Transfer in	-	-	441,519
Transfers out - tax equivalent	(1,678,832)	-	-
Transfers out	<u>(13,800)</u>	<u>(132,450)</u>	<u>-</u>
Change in Net Assets	4,503,716	534,465	190,455
TOTAL NET ASSETS - Beginning	<u>59,667,631</u>	<u>88,764,724</u>	<u>6,377,682</u>
TOTAL NET ASSETS - ENDING	<u>\$ 64,171,347</u>	<u>\$ 89,299,189</u>	<u>\$ 6,568,137</u>

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

Change in Net Assets Business-type Activities

<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Stormwater</u>	<u>Other</u>		<u>Activities -</u>
<u>Utility</u>	<u>Enterprise</u>	<u>Totals</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service Funds</u>
\$ 7,133,010	\$ 2,271,628	\$ 39,748,206	\$ 7,882,694
63,729	548,677	1,804,196	482,823
<u>7,196,739</u>	<u>2,820,305</u>	<u>41,552,402</u>	<u>8,365,517</u>
2,551,104	1,582,113	25,668,917	8,639,984
<u>1,798,662</u>	<u>543,729</u>	<u>10,707,171</u>	<u>1,977,850</u>
<u>4,349,766</u>	<u>2,125,842</u>	<u>36,376,088</u>	<u>10,617,834</u>
<u>2,846,973</u>	<u>694,463</u>	<u>5,176,314</u>	<u>(2,252,317)</u>
800,088	76,167	2,310,471	11,554
(1,540,489)	185,754	(5,333,045)	(1,898)
(59,898)	-	(183,898)	-
-	-	(127,009)	285,747
-	-	(213,331)	-
11,740	-	329,332	-
-	-	5,911,742	-
-	3,077	16,827	11,042
<u>(788,559)</u>	<u>264,998</u>	<u>2,711,089</u>	<u>306,445</u>
2,058,414	959,461	7,887,403	(1,945,872)
990,218	-	2,732,889	2,166,374
-	-	441,519	-
-	-	(1,678,832)	-
<u>(12,500)</u>	<u>(1,559,348)</u>	<u>(1,718,098)</u>	<u>(324,193)</u>
3,036,132	(599,887)	7,664,881	(103,691)
<u>52,804,269</u>	<u>12,261,597</u>		<u>12,272,992</u>
<u>\$ 55,840,401</u>	<u>\$ 11,661,710</u>		<u>\$ 12,169,301</u>
		<u>(103,201)</u>	
		<u>\$ 7,561,680</u>	

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES For the Year Ended December 31, 2011

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 20,248,658	\$ 9,499,641	\$ 1,397,060
Paid to suppliers for goods and services	(5,907,981)	(5,006,154)	(5,279,451)
Paid to employees for services	(1,645,694)	(1,174,674)	(2,469,064)
Net Cash Flows From Operating Activities	<u>12,694,983</u>	<u>3,318,813</u>	<u>(6,351,455)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Tax equivalent paid to municipality	(1,543,337)	-	-
Transfers out	(13,800)	(132,450)	-
Operation subsidies received from other governmental units	-	-	6,714,243
Repayment of advances to other funds	(7,844)	-	-
Net Cash Flows From Noncapital Financing Activities	<u>(1,564,981)</u>	<u>(132,450)</u>	<u>6,714,243</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(3,465,269)	(5,357,000)	(467,156)
Proceeds from sale of capital assets	-	-	-
Revenue bonds issued	3,170,000	3,735,000	-
Premium received on debt issued	84,182	105,332	-
Costs of issuing revenue bonds	(51,270)	(56,135)	-
Principal paid on long-term debt	(4,775,000)	(1,320,982)	-
Interest paid on long-term debt	(3,476,418)	(626,949)	-
Capital contributed by others	31,158	190,317	507,509
Special assessments received	3,478	690,168	-
Net Cash Flows From Capital and Related Financing Activities	<u>(8,479,139)</u>	<u>(2,640,249)</u>	<u>40,353</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	571,217	664,465	123,432
Investments sold and matured	3,831,117	2,901,913	-
Purchases of investments	(1,972,951)	(2,016,752)	-
Net Cash Flows From Investing Activities	<u>2,429,383</u>	<u>1,549,626</u>	<u>123,432</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,080,246	2,095,740	526,573
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,283,570</u>	<u>8,631,319</u>	<u>1,327,757</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 7,363,816</u>	<u>\$ 10,727,059</u>	<u>\$ 1,854,330</u>

Business-Type Activities - Enterprise Funds			Governmental
Stormwater Utility	Other Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 7,178,565	\$ 2,864,878	\$ 41,188,802	\$ 8,569,588
(1,687,218)	(826,855)	(18,707,659)	(5,249,434)
<u>(710,697)</u>	<u>(781,161)</u>	<u>(6,781,290)</u>	<u>(3,044,001)</u>
4,780,650	1,256,862	15,699,853	276,153
-	-	(1,543,337)	-
(12,500)	(1,079,348)	(1,238,098)	(324,193)
-	-	6,714,243	-
<u>7,844</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(4,656)</u>	<u>(1,079,348)</u>	<u>3,932,808</u>	<u>(324,193)</u>
(4,482,008)	(72,560)	(13,843,993)	-
-	-	-	11,866
-	-	6,905,000	-
-	-	189,514	-
-	-	(107,405)	-
(1,825,000)	-	(7,920,982)	(7,667)
(1,625,033)	(59,425)	(5,787,825)	(1,956)
631,735	-	1,360,719	-
<u>172,070</u>	<u>-</u>	<u>865,716</u>	<u>-</u>
<u>(7,128,236)</u>	<u>(131,985)</u>	<u>(18,339,256)</u>	<u>2,243</u>
651,514	76,167	2,086,795	11,554
1,137,481	-	7,870,511	-
<u>(1,199,304)</u>	<u>-</u>	<u>(5,189,007)</u>	<u>-</u>
589,691	76,167	4,768,299	11,554
(1,762,551)	121,696	6,061,704	(34,243)
<u>11,979,145</u>	<u>1,442,279</u>	<u>25,664,070</u>	<u>1,998,399</u>
<u>\$ 10,216,594</u>	<u>\$ 1,563,975</u>	<u>\$ 31,725,774</u>	<u>\$ 1,964,156</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES For the Year Ended December 31, 2011

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 8,944,281	\$ (541,797)	\$ (6,767,606)
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities			
Non-operating income	13,750	-	-
Depreciation expense	3,934,781	3,858,293	571,706
Depreciation charged to other funds	222,479	-	-
Changes in Noncash Components of Working Capital			
Customer accounts receivable	(290,091)	(63,886)	-
Other accounts receivable	(8,164)	(50,238)	(115,744)
Due from other funds	(24,067)	(74,038)	-
Inventories	(20,116)	447	(18,207)
Prepaid items	-	-	(696)
Accounts payable	(31,879)	129,922	97,745
Accrued liabilities	(3,100)	7,028	(118,653)
Accrued compensated absences	(42,891)	53,082	-
Net other postemployment benefits asset	-	-	-
Postemployment benefits liability	-	-	-
Unearned revenues	-	-	-
	<u> </u>	<u> </u>	<u> </u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 12,694,983</u>	<u>\$ 3,318,813</u>	<u>\$ (6,351,455)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS			
Cash and investments - statement of net assets - proprietary fund	\$ 5,369,661	\$ 10,168,075	\$ 863,361
Restricted cash and investments - statement of net assets - proprietary fund			
Current	1,384,870	-	-
Non-current	8,498,882	9,016,806	990,969
Less: Non-cash equivalents	<u>(7,889,597)</u>	<u>(8,457,822)</u>	<u> </u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 7,363,816</u>	<u>\$ 10,727,059</u>	<u>\$ 1,854,330</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributed property and equipment	\$ 134,744	\$ 400,180	\$ -
Interest charged to construction	56,435	91,675	-
Capital costs special assessed to customers	30,765	349,995	-
Capital grants accrued	-	-	(228,107)
Investment valuation adjustments	55,778	177,414	-
Advance	-	-	-

<u>Business-Type Activities - Enterprise Funds</u>			Governmental
<u>Stormwater Utility</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Activities - Internal Service Funds</u>
\$ 2,846,973	\$ 694,463	\$ 5,176,314	\$ (2,252,317)
-	3,077	16,827	296,789
1,798,662	543,729	10,707,171	1,977,850
-	-	222,479	-
21,400	-	(332,577)	-
-	4,824	(169,322)	(92,718)
(39,574)	-	(137,679)	398,630
-	-	(37,876)	(9,061)
-	-	(696)	12,978
151,105	3,101	349,994	(95,878)
(938)	(2,493)	(118,156)	19,289
3,022	(26,511)	(13,298)	(38,846)
-	-	-	15,953
-	-	-	43,484
-	<u>36,672</u>	<u>36,672</u>	<u>-</u>
<u>\$ 4,780,650</u>	<u>\$ 1,256,862</u>	<u>\$ 15,699,853</u>	<u>\$ 276,153</u>
\$ 9,911,308	\$ 1,563,975	\$ 27,876,380	\$ 1,964,156
-	-	1,384,870	-
5,717,281	-	24,223,938	-
(5,411,995)	-	(21,759,414)	-
<u>\$ 10,216,594</u>	<u>\$ 1,563,975</u>	<u>\$ 31,725,774</u>	<u>\$ 1,964,156</u>
\$ 708,343	\$ 234,744	\$ 1,478,011	\$ 2,166,374
67,799	-	215,909	-
154,363	-	535,123	-
-	-	(228,107)	-
153,660	-	386,852	-
-	234,744	234,744	-

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF FIDUCIARY NET ASSETS AGENCY FUND As of December 31, 2011

	<u>Tax Collection Fund</u>
ASSETS	
Cash and investments	\$ 51,367,853
Property taxes receivable	<u>21,518,286</u>
TOTAL ASSETS	<u>\$ 72,886,139</u>
LIABILITIES	
Due to other taxing authorities	\$ 72,803,017
Accounts payable	<u>83,122</u>
TOTAL LIABILITIES	<u>\$ 72,886,139</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET ASSETS - COMPONENT UNITS As of December 31, 2011

ASSETS	Nonmajor Component Unit			Totals
	Housing Authority	Business Improvement District	Appleton Redevelopment Authority	
Current Assets				
Cash and investments	\$ 2,107,832	\$ 193,081	\$ 86,743	\$ 2,387,656
Other accounts receivable	263,456	75,838	-	339,294
Inventories	11,449	-	20,000	31,449
Prepaid items	50,149	-	-	50,149
Total Current Assets	2,432,886	268,919	106,743	2,808,548
Non-Current Assets				
Restricted Assets				
Cash and investments	506,095	-	-	506,095
Rehabilitation loans, net	3,565,739	-	-	3,565,739
Long-term receivables	400,000	-	-	400,000
Capital Assets				
Land	985,486	-	-	985,486
Construction in process	17,588	-	-	17,588
Buildings and improvements	13,167,786	-	-	13,167,786
Equipment, furniture and vehicles	799,033	-	-	799,033
Less: Accumulated depreciation	(7,357,982)	-	-	(7,357,982)
Total Non-Current Assets	12,083,745	-	-	12,083,745
Total Assets	14,516,631	268,919	106,743	14,892,293

	Housing Authority	Non-Major Component Unit		Totals
		Business Improvement District	Appleton Redevelopment Authority	
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 198,604	\$ 49,051	\$ -	\$ 247,655
Other accrued liabilities	136,010	-	-	136,010
Security deposits	110,382	-	-	110,382
FSS escrow	65,328	-	-	65,328
Current maturity of mortgage payable	2,324	-	-	2,324
Unearned revenue	31,079	205,507	-	236,586
Total Current Liabilities	<u>543,727</u>	<u>254,558</u>	<u>-</u>	<u>798,285</u>
Noncurrent Liabilities				
Mortgage payable	<u>76,335</u>	<u>-</u>	<u>-</u>	<u>76,335</u>
Total Noncurrent Liabilities	<u>76,335</u>	<u>-</u>	<u>-</u>	<u>76,335</u>
Total Liabilities	<u>620,062</u>	<u>254,558</u>	<u>-</u>	<u>874,620</u>
NET ASSETS				
Invested in capital assets, net of related debt	7,533,252	-	-	7,533,252
Restricted - housing programs	4,392,753	-	-	4,392,753
Unrestricted	<u>1,970,564</u>	<u>14,361</u>	<u>106,743</u>	<u>2,091,668</u>
TOTAL NET ASSETS	<u>\$ 13,896,569</u>	<u>\$ 14,361</u>	<u>\$ 106,743</u>	<u>\$ 14,017,673</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF ACTIVITIES - COMPONENT UNITS

For the Year Ended December 31, 2011

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Major Component Units				
Housing Authority	\$ 4,941,702	\$ 906,122	\$ 4,481,157	\$ 83,972
Business Improvement District	208,315	213,117	-	-
Nonmajor Component Unit				
Appleton Redevelopment Authority	<u>1,933</u>	<u>1,800</u>	<u>-</u>	<u>-</u>
Total Component Units	<u>\$ 5,151,950</u>	<u>\$ 1,121,039</u>	<u>\$ 4,481,157</u>	<u>\$ 83,972</u>

General Revenues

Investment income

Miscellaneous

Total General Revenues

Special Item - asset impairment

Change in net assets

NET ASSETS - Beginning

NET ASSETS - ENDING

Net (Expense) Revenue and Changes in Net Assets			
Housing Authority	Business Improvement District	Nonmajor Component Unit Appleton Redevelopment Authority	Totals
\$ 529,549	\$ -	\$ -	\$ 529,549
-	4,802	-	4,802
-	-	(133)	(133)
529,549	4,802	(133)	534,218
21,820	6,219	3,636	31,675
184,175	-	-	184,175
<u>205,995</u>	<u>6,219</u>	<u>3,636</u>	<u>215,850</u>
(4,701,339)	-	-	(4,701,339)
(3,965,795)	11,021	3,503	(3,951,271)
<u>17,862,364</u>	<u>3,340</u>	<u>103,240</u>	<u>17,968,944</u>
<u>\$ 13,896,569</u>	<u>\$ 14,361</u>	<u>\$ 106,743</u>	<u>\$ 14,017,673</u>

See accompanying notes to financial statements.

CITY OF APPLETON

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CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In February 2009, the GASB issued Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

The City made the decision to implement this standard effective January 1, 2011.

A. REPORTING ENTITY

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

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

Discretely Presented Component Units

Redevelopment Authority of the City of Appleton

The government-wide financial statements include the Redevelopment Authority of the City of Appleton ("Redevelopment Authority") as a component unit. The Redevelopment Authority is a legally separate organization. The board of the Redevelopment Authority is appointed by the mayor of Appleton and approved by the City Council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Redevelopment Authority, and also create a potential financial benefit to or burden on the City. See Note IV.J. As a component unit, the Redevelopment Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2011. Separately issued financial statements of the Redevelopment Authority of the City of Appleton may be obtained from the Redevelopment Authority's office, which is located at 100 North Appleton Street, Appleton, WI 54911.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units (cont.)

Housing Authority of the City of Appleton

The government-wide financial statements include the Housing Authority of the City of Appleton ("Housing Authority") as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the mayor of Appleton. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Housing Authority, and also create a potential financial benefit to or burden on the City. See Note IV.J. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2011. Separately issued financial statements of the Housing Authority of the City of Appleton may be obtained from the Housing Authority's office, which is located at 925 West Northland Avenue, Appleton, WI 54914.

Business Improvement District

The government-wide financial statements include the Business Improvement District of the City of Appleton ("District") as a component unit. The District is a legally separate organization. The board of the District is appointed by the mayor of Appleton and approved by City Council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the District, and also create a potential financial benefit to or burden on the City. See Note IV.J. As a component unit, the District's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2011. Separately issued financial statements of the Business Improvement District of the City of Appleton may be obtained from Appleton Downtown Incorporated, which is located at 116 North Appleton Street, Appleton, WI 54912.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or proprietary fund that the City believes is particularly important to financial statement users may be reported as a major fund.

The City reports the following major governmental funds:

Major Governmental Funds

General Fund – accounts for the City’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Tax Incremental District (TID) No. 3 Special Revenue Fund – accounts for receipts of district “Incremental” property taxes and other revenues legally restricted or committed to support expenditures for the TID.

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Fund Financial Statements (cont.)

The City reports the following major enterprise funds:

Major Enterprise Funds

- Water Utility – accounts for operations of the water system
- Wastewater Utility – accounts for operations of the wastewater system
- Valley Transit – accounts for operations of the public transit authority
- Stormwater Utility – accounts for operations of the stormwater management

The City reports the following nonmajor governmental and enterprise funds:

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

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Fund Financial Statements (cont.)

The City reports the following nonmajor governmental and enterprise funds: (cont.)

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

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

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

Frank P. Young Memorial

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

Parking Utility
Reid Municipal Golf Course

In addition, the City reports the following fund types:

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

Central Equipment Agency
Risk Management
Facilities Management
Postemployment Benefits

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

Tax Collection Fund

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net assets and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water utility, wastewater utility, valley transit, stormwater utility, parking utility, Reid Golf Course, and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

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

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Fund Financial Statements (cont.)

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred revenues. Delinquent special assessments being held for collection by the county are reported as receivables and reserved fund balance in the general fund.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The City reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989. The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of City funds is restricted by state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The City has adopted an investment policy. That policy contains the following guidelines for allowable investments:

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

1. Deposits and Investments (cont.)

Custodial Credit Risk

Securities will be held by an independent third-party custodian selected by the City as evidenced by safekeeping receipts in the City's name.

A custody agreement is required for all securities managed by the City's investment manager. The custody agreement must contain language that documents that all securities are held at a minimum of uninsured, but collateral held by the pledging financial institution trust department or agent not in the City's name.

Credit Risk

The City will minimize credit risk by limiting the type of securities to U.S. treasury obligations, U.S. Government agency obligations, commercial paper rated by a nationally recognized rating agency, investment-grade bonds, money market mutual funds, repurchase agreements as part of a money market mutual fund, certificates of deposit, and local government investment pools. The City will also diversify its investment portfolio so that the losses from any one type of security or from any one individual issuer will be minimized.

Concentration of Credit Risk

No single investment issuer, with the exception of the U.S. Government and its agencies, shall constitute more than 5% of the value of the fund. No single corporate industry group shall constitute more than 15% of the value of the fund.

Interest Rate Risk and Investments Highly Sensitive to Market Changes

The City will structure its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to see securities on the open market prior to maturity. The City will also invest operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limit the average maturity of the portfolio.

Foreign Currency Risk

Investment in foreign currency is not allowed.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

1. Deposits and Investments (cont.)

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2011, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.A. for further information.

2. Receivables

Property Taxes

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund statement of fiduciary net assets.

Property tax calendar – 2011 tax roll:

Lien date and levy date	November 2011
Tax bills mailed	December 2011
Payment in full, or	January 31, 2012
First installment due	January 31, 2012
Second installment due	March 31, 2012
Third installment due	May 31, 2012
Fourth installment due	July 31, 2012
Final settlement with county	August 15, 2012
Personal property taxes in full	January 31, 2012
Tax sale – 2011 delinquent real estate taxes	October 2014

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

2. Receivables (cont.)

Uncollectible Accounts

An allowance for doubtful accounts has been established for certain deferred housing loans in the amount of \$180,783. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water, wastewater, and stormwater utilities customer accounts receivable because they have the right by law to place substantially all delinquent bills on the tax roll.

Interfund Loans

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Loans

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed.

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

In general, it is the City’s policy to record deferred revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements. For the City’s loan to one developer, the net amount of the loan is offset by a reserve for long-term receivables. As the loan is repaid, the reserve for long-term receivables is reduced.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

3. Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the weighted average or FIFO method using the consumption method of accounting. Proprietary fund inventories are generally used for construction and/or operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net assets.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$10,000 for general capital assets and infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. \$215,909 of net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

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

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

6. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2011 are determined on the basis of current salary rates and include salary related payments.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

8. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

The City has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is \$46,409,438, made up of seven issues.

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

10. Equity Classifications

Government–Wide Statements

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The net asset section includes an adjustment for capital assets owned by the business-type activities column but financed by debt of the governmental activities column. The amount is a reduction in “invested in capital assets, net of related debt,” and an increase in “unrestricted” net assets, shown only in the total column.

	Governmental Activities	Business-type Activities	Adjustment	Totals
Invested in capital assets, net of related debt	\$ 304,733,210	\$ 184,841,387	\$ (1,667,823)	\$ 487,906,774
Unrestricted	23,726,812	33,541,714	1,667,823	58,936,349

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

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

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

10. Equity Classifications (cont.)

Fund Statements (cont.)

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

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

The City Council formally established a stabilization fund. The stabilization fund is contained as unassigned balance within the general fund and is included in each annual budget. The stabilization fund shall not be used except in the following circumstances: for contingency for state aid reductions and operating deficits. The balance in the account at year end was \$1,086,440 plus a contingency fund of \$573,000.

The City has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 25% of subsequent years' general fund expenditures. The balance at year end was \$4,474,987 for compensated absences and \$9,509,346 for working capital and is included in assigned and unassigned general fund balance, respectively.

See Note IV. I. for further information.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

11. Basis for Existing Rates – Proprietary Funds

Water Utility

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

Wastewater Utility

Current wastewater rates were approved by the department of public works, effective for service beginning July 1, 2011.

Valley Transit

Current fares were effective January 1, 2009 as approved by the Valley Transit Commission.

Stormwater Utility

Current stormwater rates were approved by the Common Council, effective for service beginning July 2010.

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

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

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

Capital assets per statement of net assets	
Land	\$ 120,341,158
Construction in progress	1,768,491
Intangible assets	10,421
Depreciable capital assets, net of depreciation	<u>204,725,785</u>
Sub-total	326,845,855
Less: Internal service fund capital assets	<u>(10,742,150)</u>
Net Adjustment for Capital Assets	<u>\$ 316,103,705</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

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

Bonds and notes payable	\$ 32,898,198
Promissory note	500,000
Unamortized debt premium	61,974
Unamortized debt issuance costs ¹	(131,150)
Compensated absences	5,940,273
Accrued interest ²	428,726
Disability benefits	119,422
Pension liability	163,718
Postclosure care cost	<u>2,160,000</u>
Net Adjustment for Liabilities	<u>\$ 42,141,161</u>

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

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

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

A. BUDGETARY INFORMATION (cont.)

- f. Under council policy, new appropriations up to \$15,000 require written approval by the mayor, countersigned by the Director of Finance, and reported to the Finance and Administration Committee as an informational item if funded by grants, user fees, or other non-tax revenues. New appropriations in excess of \$15,000 and those funded by taxes or debt also require the approval of the Finance and Administration Committee and two-thirds of the common council.
- g. Formal budgetary integration is employed as a management control device during the year for all funds.

A comparison of budget and actual is included in the accompanying financial statements for the major funds. The budget presentations are at the function level, whereas the legal level of control is at the total expenditures level.

- h. All budgets adopted conform to generally accepted accounting principles (GAAP). Budget amounts are as originally adopted or as amended. Individual amendments were legally authorized as described above.
- i. Budgets for all governmental funds, except grant-funded special revenue funds, lapse at year end. Reappropriations of any funds are made by council action.

B. DEFICIT BALANCES

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

As of December 31, 2011, the following individual funds held a deficit balance:

Fund	Amount	Reason
Special Revenue Funds		
Tax Incremental District No. 3	\$ 13,252,010	Remaining development costs to be recovered over time
Community Development Block Grant	18,105	Revenue not received within 60 days of year-end
Police Grants	10,219	Revenue not received within 60 days of year-end
Safe Route to School	64,886	Revenue not received within 60 days of year-end
Housing Rehabilitation Grant	35,445	Revenue not received within 60 days of year-end
Neighborhood Stabilization Grant	50,002	Revenue not received within 60 days of year-end
Capital Project Funds		
Tax Incremental District No. 6	1,233,070	Remaining development costs to be recorded over time
Tax Incremental District No. 8	11,053	Remaining development costs to be recorded over time

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

B. DEFICIT BALANCES (cont.)

TIF District deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for districts created before October 1, 1995 and 23 years for districts created through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. The other fund deficits are anticipated to be funded with grant revenues or special assessments.

C. LIMITATIONS ON THE CITY'S TAX LEVY

As part of Wisconsin's Act 32 (2011), legislation was passed that limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the City's equalized value due to new construction, or zero percent for the 2011 levy collected in 2012 and thereafter. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions.

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Bank and Investment Balances	Associated Risks
Demand deposits	\$ 54,295,290	\$ 55,565,902	Custodial credit risk
U.S. treasuries	37,346,276	37,346,276	Custodial credit risk, interest rate risk
U.S. agencies	35,222,275	35,222,275	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk, investments highly sensitive to market changes
Money market mutual funds	7,776,431	7,776,431	Credit risk, interest rate risk
LGIP	535,280	535,280	Credit risk, interest rate risk
Petty Cash	40,182	-	None
Total Cash and Investments	\$ 135,215,734	\$ 136,446,164	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 58,239,073		
Restricted cash and investments	25,608,808		
Per statement of net assets – Fiduciary			
Funds	51,367,853		
Total Cash and Investments	\$ 135,215,734		

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

A. DEPOSITS AND INVESTMENTS (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts, and unlimited amounts for noninterest bearing transaction accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

Custodial Credit Risk

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

The City does not have any deposits exposed to custodial credit risk.

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

The City does not have any investments exposed to custodial credit risk.

Credit Risk

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

As of December 31, 2011, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Investment</u>	<u>Standard & Poor's</u>	<u>Moody's Investor Service</u>
Mutual Funds	JP Morgan Chase	AAAm	Aaa

The City also had investments in the following external pool which is not rated:

LGIP

In addition, the City held investments in U.S. agency securities that were not rated.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk

At December 31, 2011, the investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Farm Credit Bank	U.S. agencies	5%

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of December 31, 2011, the City's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)		
		Less than one year	1 – 5	6 – 27
Money market mutual funds	\$ 7,776,431	\$ 7,776,431	\$ -	\$ -
US treasuries	37,346,276	252,040	17,595,388	19,498,848
US agencies	35,222,275	3,056,165	4,340,026	27,826,084
External investment pools	535,280	535,280	-	-
Totals	<u>\$ 80,880,262</u>	<u>\$ 11,619,916</u>	<u>\$ 21,935,414</u>	<u>\$ 47,324,932</u>

Investments Highly Sensitive to Market Changes

The City held securities of \$15,535,041 with maturities exceeding ten years.

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

B. RECEIVABLES

All receivables are due within one year, except for developer loans of \$1,892,378, special assessments of \$1,549,747, delinquent special assessments of \$9,516, and deferred loans of \$6,253,289.

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

	Unavailable	Unearned	Totals
Property taxes receivable	\$ -	\$ 41,605,012	\$ 41,605,012
Interest on advances	6,833,816	-	6,833,816
Interest income	73,778	-	73,778
Developer loans	536,667	-	536,667
Rehabilitation loans	6,253,289	-	6,253,289
Accounts receivable	20,133	-	20,133
Special assessments not yet due	1,549,747	-	1,549,747
Grant drawdowns prior to meeting all eligibility requirements	-	218,331	218,331
Total Deferred/Unearned Revenue for Governmental Funds	\$ 15,267,430	\$ 41,823,343	\$ 57,090,773

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long Term Debt Accounts

- Redemption – Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve – Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Depreciation – Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.
- Construction – Used to report proceeds of revenue bond issuances that are restricted for use in construction.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

C. RESTRICTED ASSETS (cont.)

Equipment Replacement Account

The wastewater utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Following is a list of restricted assets in the business-type activities as of December 31, 2011:

	Restricted Assets	Liabilities Payable from Restricted Assets	Borrowed Restricted Assets	Restricted Net Assets
Bond redemption account	\$ 3,009,778	\$ 397,287	\$ -	\$ 2,612,491
Bond reserve account	15,110,907	-	13,932,754	1,178,153
Bond depreciation account	1,000,000	-	-	1,000,000
Construction account	1,384,870	-	1,384,870	-
DNR equipment replacement account	4,112,284	-	-	4,112,284
Capital equipment replacement account	990,969	-	-	990,969
Accrued interest	147,131	147,131	-	-
	\$ 25,755,939	\$ 544,418	\$ 15,317,624	\$ 9,893,897

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Adjustment*	Ending Balance
Governmental Activities					
Capital assets not being depreciated/amortized					
Land	\$ 13,978,440	\$ 876,374	\$ -	\$ (5,713,236)	\$ 9,141,578
Right of ways	72,254,500	594,849	-	-	72,849,349
Land improvements ⁽¹⁾	38,095,142	255,089	-	-	38,350,231
Intangible assets	10,421	-	-	-	10,421
Construction in progress	8,769,253	618,730	7,619,492	-	1,768,491
Total Capital Assets Not Being Depreciated/ Amortized	<u>133,107,756</u>	<u>2,345,042</u>	<u>7,619,492</u>	<u>(5,713,236)</u>	<u>122,120,070</u>

* An adjustment is due to reclassifying land held for resale out of capital assets and into a separate account for the government-wide financial statements.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Adjustment	Ending Balance
Governmental Activities (cont.)					
Capital assets being depreciated/amortized					
Intangible assets	\$ 31,323	\$ 7,545	\$ -	\$ -	\$ 38,868
Improvements	7,473,363	461,071	-	-	7,934,434
Buildings	44,059,287	451,290	58,616	-	44,451,961
Equipment, furniture and fixtures	30,313,568	2,789,361	1,247,608	-	31,855,321
Streets	140,236,819	15,190,371	2,687,441	-	152,739,749
Sidewalk	26,513,007	2,301,726	537,464	-	28,277,269
Traffic signals	4,320,903	826,118	172,015	-	4,975,006
Bridges	41,175,654	-	-	-	41,175,654
Total Capital Assets					
Being Depreciated/Amortized	294,123,924	22,027,482	4,703,144	-	311,448,262
Less: Accumulated depreciation/amortization for					
Intangible assets	-	(3,132)	-	-	(3,132)
Improvements	(2,553,538)	(227,259)	-	-	(2,780,797)
Buildings	(11,156,516)	(835,189)	35,942	-	(11,955,763)
Equipment, furniture and fixtures	(16,306,323)	(2,385,686)	1,218,995	-	(17,473,014)
Streets	(54,889,986)	(3,748,640)	1,552,142	-	(57,086,484)
Sidewalk	(8,891,076)	(691,597)	266,529	-	(9,316,144)
Traffic signals	(1,402,584)	(104,484)	93,448	-	(1,413,620)
Bridges	(6,281,769)	(411,754)	-	-	(6,693,523)
Total Accumulated Depreciation/Amortization	(101,481,792)	(8,407,741)	3,167,056	-	(106,722,477)
Net Capital Assets Being Depreciated/Amortized	192,642,132				204,725,785
Total Capital Assets, Net of Depreciation/Amortization	\$ 325,749,888				\$ 326,845,855

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

D. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 288,484
Public safety	635,185
Public works, which includes the depreciation of roads, streets, signals, and bridges	5,061,801
Education and recreation	<u>444,421</u>
Sub-Total	6,429,891
Capital assets held by internal service funds charged to the various functions based on their usage of the assets	<u>1,977,850</u>
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 8,407,741</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated/amortized				
Land	\$ 26,597,194	\$ 3,195,028	\$ -	\$ 29,792,222
Intangible assets	375,815	60,028	-	435,843
Construction in progress	<u>8,404,858</u>	<u>5,007,152</u>	<u>6,622,987</u>	<u>6,789,023</u>
Total Capital Assets Not Being Depreciated	<u>35,377,867</u>	<u>8,262,208</u>	<u>6,622,987</u>	<u>37,017,088</u>
Capital assets being depreciated				
Buildings and improvements	343,082,624	12,851,471	710,206	355,223,889
Machinery and equipment	<u>70,504,952</u>	<u>1,041,287</u>	<u>448,404</u>	<u>71,097,835</u>
Total Capital Assets Being Depreciated	<u>413,587,576</u>	<u>13,892,758</u>	<u>1,158,610</u>	<u>426,321,724</u>
Less: Accumulated depreciation for				
Buildings and improvements	(110,493,574)	(7,781,850)	692,928	(117,582,496)
Machinery and equipment	<u>(47,824,403)</u>	<u>(3,147,800)</u>	<u>346,106</u>	<u>(50,626,097)</u>
Total Accumulated Depreciation	<u>(158,317,977)</u>	<u>(10,929,650)</u>	<u>1,039,034</u>	<u>(168,208,593)</u>
Net Capital Assets Being Depreciated	<u>255,269,599</u>			<u>258,113,131</u>
Capital Assets, Net of Depreciation	<u>\$ 290,647,466</u>			<u>\$ 295,130,219</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 3,934,781
Wastewater	3,858,293
Valley Transit	571,706
Stormwater	1,798,662
Parking	465,844
Reid Municipal Golf Course	77,885
Total Business-type Activities	_____
Depreciation Expense	\$ 10,707,171

An additional \$222,479 was charged to other funds or to operations.

Depreciation expense does not agree to the increases in accumulated depreciation due to joint metering, salvage, and cost of removal.

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General	Special Revenue – Community Development Block Grant	\$ 31,762
General	Special Revenue – Police Grants	20,757
General	Special Revenue – Housing Rehabilitation Grant	51,550
General	Special Revenue – Safe Route to School	99,365
General	Special Revenue – Neighborhood Stabilization Grant	34,247
General	Internal Service – Risk Management	825,598
General	Enterprise – Water Utility	1,678,832
Special Revenue – Sanitation and Recycling Programs	General	35,210
Enterprise – Water Utility	General	579,953
Enterprise – Wastewater Utility	General	666,596
Enterprise – Stormwater Utility	General	283,331
	Sub-Total – Fund Financial Statements	4,307,201
	Less: Internal service allocation	(736,214)
	Less: Elimination to government-wide	(4,158,249)
	Total – Government-wide Financial Statements	\$ (587,262)

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Interfunds Receivables/Payables (cont.)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Activity	Business-type Activity	\$ 1,678,832
Business-type Activity	Governmental Activity	(2,266,094)
Total		<u>\$ (587,262)</u>

All amounts are due within one year.

The principal purpose of these interfunds is for delinquent bills put on the tax roll and payment in lieu of taxes. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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

Advances

In 1999, the City approved charging interest on the advances to the Tax Incremental Districts at 5%, compounded annually. Accumulated interest is shown as deferred revenue in the general fund and charged to expenditures annually in the payable fund. 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, leaving an advance of \$234,744 from the General Fund at December 31, 2011.

During 2011, the City prepared projections estimating the TIF districts and the Reid Municipal Golf Course's ability to repay the interfund advances (principal and interest) from the general fund and the parking utility. As of result of this analysis, the following allowance has been established:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Allowance</u>
Parking Utility	Special Revenue - Tax Incremental District No. 3	<u>\$ 15,482,496</u>	<u>\$ 2,727,923</u>	<u>\$ 18,210,419</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Advances (cont.)

The following is a schedule of interfund advances outstanding, net of allowances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>	<u>Amount Not Due Within One Year</u>
General	Special Revenue – Tax Incremental District No. 2	\$ -	\$ 245,305	\$ 245,305	\$ 245,305
General	Special Revenue – Tax Incremental District No. 3	7,055,862	6,467,718	13,523,580	13,528,580
General	Capital Projects – Tax Incremental District No. 6	2,781,707	120,793	2,902,500	2,902,500
General	Enterprise – Reid Municipal Golf Course	<u>234,744</u>	<u>-</u>	<u>234,744</u>	<u>210,744</u>
Sub-Total – Fund Financial Statements		<u>\$ 10,072,311</u>	<u>\$ 6,833,816</u>	16,906,129	<u>\$ 16,882,129</u>
Less: Fund eliminations				<u>(16,671,385)</u>	
Total – Government-wide Statements				<u>\$ 234,744</u>	

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	Special Revenue – Room Tax	\$ 33,000	Administrative fees
	Special Revenue – Forestry	9,193	Fund closeout
	Enterprise – Water Utility	13,800	Administrative fees
	Enterprise – Water Utility	1,678,832	Payment in lieu of taxes
	Enterprise – Wastewater Utility	117,450	Administrative fees
	Enterprise – Parking Utility	9,300	Administrative fees
	Enterprise – Stormwater Utility	12,500	Administrative fees
	Enterprise – Reid Municipal Golf Course	497,900	Administrative fees, advance interest forgiveness

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Transfers (cont.)

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Debt Service	Special Revenue – Tax Incremental District No. 2	\$ 73,500	Debt payments
	Capital Project – Industrial Park Land	158,410	Debt payments
	Special Revenue – Tax Incremental District No. 3	2,330,033	Debt payments
	Capital Project – Tax Incremental District No. 5	125,240	Debt payments
	Capital Project – Tax Incremental District No. 6	1,936,946	Debt payments
	Capital Project – Tax Incremental District No. 7	1,525	Debt payments
	Capital Project – Tax Incremental District No. 8	1,069	Debt payments
Special Revenue Funds			
Tax Incremental District No. 3	Enterprise – Parking Utility	1,000,000	Increase advance
Capital Project Funds			
Facility Capital Projects	Internal Service – Risk Management	29,206	Transfer insurance proceeds
CEA Replacement	Internal Service – CEA	294,987	Proceeds from the sale of capital assets
CEA Replacement	Enterprise – Parking Utility	52,148	Capital assets
CEA Replacement	Enterprise – Wastewater Utility	15,000	Capital assets
Tax Incremental District No. 3	Capital Projects – Community Development	250,000	Capital assets
Tax Incremental District No. 3	Capital Projects – Public Works Equipment	50,000	Capital assets
Library Improvements	Capital Projects – Public Works Equipment	402,940	Capital assets
Facilities Capital Projects	Capital Projects – Public Works Equipment	527,280	Capital assets
Park and Recreation Projects	Capital Projects – Public Works Equipment	66,770	Capital assets
Facilities Capital Projects	Capital Projects – Park and Recreation Projects	20,720	Capital assets
Community Development	Capital Projects – Park and Recreation Projects	19,881	Capital assets

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Transfers (cont.)

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Enterprise			
Valley Transit	General	\$ 441,519	Local share of funding
Sub-Total – Fund Financial Statements		10,169,149	
Less: Fund eliminations		(6,889,545)	
Infrastructure contributed to the business-type			
Activities by the governmental activities		(349,735)	
Government-wide elimination		<u>(324,193)</u>	
Total – Government-Wide Statement of			
Activities		<u>\$ 2,605,676</u>	

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Governmental Activity	Business-type Activity	\$ 3,396,930
Business-type Activity	Governmental Activity	<u>791,254</u>
Total		<u>\$ 2,605,676</u>

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General Obligation Debt					
General	\$ 39,919,823	\$ -	\$ 7,021,625	\$ 32,898,198	\$ 6,480,926
Internal service	69,007	-	7,667	61,340	7,667
Promissory note	-	500,000	-	500,000	-
Add/(Subtract) Deferred Amounts For					
Premiums	84,115	-	22,141	61,974	-
Total Bonds and Notes Payable	<u>40,072,945</u>	<u>500,000</u>	<u>7,051,433</u>	<u>33,521,512</u>	<u>6,488,593</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

F. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Other Liabilities					
Vested compensated absences					
General	\$ 5,975,656	\$ 3,050,564	\$ 3,085,947	\$ 5,940,273	\$ 2,748,245
Internal service	226,659	78,710	117,556	187,813	113,939
Other postemployment benefits					
Internal service	-	43,484	-	43,484	-
Landfill liability	2,250,000	-	90,000	2,160,000	90,000
Disability benefits	117,018	21,839	19,435	119,422	19,435
Pension liability	285,527	-	121,809	163,718	69,844
Total Other Liabilities	8,854,860	3,194,597	3,434,747	8,614,710	3,041,463
Total Governmental Activities Long-Term Liabilities	\$ 48,927,805	\$ 3,694,597	\$ 10,486,180	\$ 42,136,222	\$ 9,530,056
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 708,509	\$ -	\$ -	\$ 708,509	\$ -
Revenue bonds	126,374,002	6,905,000	7,920,982	125,358,020	3,263,020
Add/(Subtract) Deferred Amounts For					
Refundings – Gains/(Losses)	(1,400,771)	-	(213,331)	(1,187,440)	-
Premiums	2,402,038	189,513	329,332	2,262,219	-
Sub-totals	128,083,778	7,094,513	8,036,983	127,141,308	3,263,020
Other Liabilities					
Vested compensated absences	1,449,273	451,325	588,359	1,312,239	555,999
Total Business-type Activities Long-Term Liabilities	\$ 129,533,051	\$ 7,545,838	\$ 8,625,342	\$ 128,453,547	\$ 3,819,019

The water revenue bond debt service payments are primarily due on January 1st and July 1st. The utility makes the January 1st payment on December 31st of the prior year. Therefore, no current principal amount is shown on the statement of net assets at December 31, 2011.

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2011, was \$239,855,175. Total general obligation debt outstanding at year end was \$33,668,047.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2011

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-11
Governmental Activities					
General Obligation Bonds					
General Obligation Refunding Bonds, Series 1998A	7/1/88	4/1/13	4.00 – 4.75%	\$ 9,570,000	\$ 1,125,000
General Obligation Funds					
General Obligation Notes, Series 2002A	7/1/02	4/1/12	3.00 – 4.10%	8,535,000	840,000
General Obligation Notes, Series 2002B	7/1/02	4/1/12	5.00%	1,995,000	1,445,000
2002 State Trust Fund Loan	2/6/03	3/15/18	5.00%	2,000,000	1,114,403
General Obligation Notes, Series 2003A	9/3/03	4/1/13	1.25 – 3.70%	1,610,000	755,000
2003 State Trust Fund Loan	7/23/03	3/15/20	5.00%	2,800,000	2,035,136
General Obligation Refunding Bonds, Series 2005 A	3/15/05	4/1/13	3.00 – 4.00%	5,165,000	515,000
General Obligation Notes, Series 2005B	10/12/05	4/1/15	3.00 – 4.00%	6,210,000	3,535,000
General Obligation Notes, Series 2006A	8/9/06	10/1/16	4.125 – 4.200%	4,725,000	3,140,000
General Obligation Notes, Series 2007	8/1/07	4/1/17	4.25%	5,165,000	3,795,000
General Obligation Notes, Series 2008A	8/5/08	4/1/16	3.00 – 4.00%	3,980,000	2,994,999
General Obligation Notes, Series 2008B	11/26/08	4/1/28	3.75 – 5.00%	7,325,000	7,070,000
General Obligation Notes, Series 2009A	11/5/09	4/1/19	2.50 – 3.125%	5,735,000	4,595,000
Total Governmental Activities – General Obligation Debt					<u>\$ 32,959,538</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12-31-11</u>
Business-type Activities General Obligation Debt					
2005 State Trust Fund Loan	12/30/05	3/15/26	5.00%	\$ 708,509	<u>\$ 708,509</u>
Total Business-type Activities General Obligation Debt					<u><u>\$ 708,509</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 6,488,593	\$ 1,243,308	\$ -	\$ 35,523
2013	4,627,866	1,011,634	-	35,425
2014	3,702,508	845,907	19,047	35,425
2015	3,892,885	694,195	49,250	34,473
2016	3,098,850	553,711	50,453	32,098
2017 – 2021	7,438,836	1,436,254	310,879	119,288
2022 – 2026	2,505,000	625,032	278,880	31,801
2027 – 2028	1,205,000	61,126	-	-
Totals	<u><u>\$ 32,959,538</u></u>	<u><u>\$ 6,471,167</u></u>	<u><u>\$ 708,509</u></u>	<u><u>\$ 324,033</u></u>

Estimated payments of accumulated employee benefits and other commitments are not included in the repayment schedule. Amounts available to service the general obligation debt and other long-term obligations include the following:

General Fund – general obligation debt	\$ 1,945,610
General Fund – compensated absences	4,474,987
Debt Service Fund – general obligation debt	26,460
Special Revenue Fund – Tuchscherer disability	<u>60,727</u>
Total	<u><u>\$ 6,507,784</u></u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt

Revenue bonds are payable only from revenues derived from the operation of the water, wastewater, and stormwater utilities. The utilities have pledged future utility revenues, net of specified operating expenses, to repay all revenue bonds listed on the next page. Proceeds from the bonds provided financing for construction. The bonds are payable only from revenues derived from the operation of the water, wastewater, and stormwater utilities. The total principal and interest remaining to be paid on the bonds is \$169,016,507 for water, wastewater, and stormwater. For the current year, the water utility paid \$8,251,418 of principal and interest and had \$13,483,781 of net revenues. Annual principal and interest payments are expected to require 34% of net water revenues on average. The wastewater utility paid \$1,947,931 of principal and interest and had \$25,674,721 of net revenues. Annual principal and interest payments are expected to require 31% of net wastewater revenues on average. The stormwater utility paid \$3,450,033 of principal and interest and had \$51,109,523 of net revenues. Annual principal and interest payments are expected to require 52% of net stormwater revenues on average.

Revenue debt payable at December 31, 2011 consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-11
<u>Water Utility</u>					
Water System Revenue					
Refunding Bonds, Series 2007A	2/6/07	1/1/25	4.00 – 4.50%	\$ 58,510,000	\$ 42,510,000
Water System Revenue					
Bonds, Series 2007C	3/1/07	1/1/26	4.00 – 4.75%	12,140,000	10,580,000
Water System Revenue					
Bonds, Series 2008	12/17/08	1/1/28	3.00 – 5.50%	15,215,000	13,560,000
Water System Revenue					
Bonds, Series 2011	8/24/11	1/1/31	2.00 – 4.20%	3,170,000	3,170,000
				Total Water Utility	<u>69,820,000</u>
<u>Wastewater Utility</u>					
Sewerage System Mortgage					
Revenue Bonds, CWFL Series					
1993B	3/24/93	5/1/12	3.369%	12,989,595	983,020
Sewerage System Revenue					
Bonds, Series 2006	8/9/06	5/1/26	4.25 – 5.00%	3,265,000	2,730,000
Sewerage System Revenue					
Bonds, Series 2007	9/5/07	5/1/27	4.25 – 5.00%	2,350,000	2,045,000
Sewerage System Revenue					
Bonds, Series 2008	9/10/08	5/1/28	3.00 – 4.50%	4,330,000	3,890,000
Sewerage System Revenue					
Bonds, Series 2010	5/22/10	5/1/30	2.00 – 4.00%	4,935,000	4,935,000
Sewerage System Revenue					
Bonds, Series 2011	8/24/11	5/1/31	2.00 – 4.25%	3,735,000	3,735,000
				Total Wastewater Utility	<u>18,318,020</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Business-type Activities Revenue Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-11
<u>Stormwater Utility</u>					
Stormwater System Revenue Bonds, Series 2001	9/1/01	4/1/21	4.00 – 5.00%	\$ 4,810,000	\$ 3,205,000
Stormwater System Revenue Bonds, Series 2002	8/23/02	4/1/22	3.00 – 5.00%	2,340,000	1,630,000
Stormwater System Revenue Bonds, Series 2003	10/9/03	4/1/23	2.00 – 4.55%	3,835,000	2,725,000
Stormwater System Revenue Bonds, Series 2004	10/15/04	4/1/24	2.50 – 4.65%	3,535,000	2,675,000
Stormwater System Revenue Refunding Bonds, Series 2006	5/1/06	4/1/26	4.00 – 4.50%	7,855,000	6,635,000
Stormwater System Revenue Bonds, Series 2007	9/5/07	4/1/27	4.25 – 5.00%	5,145,000	4,460,000
Stormwater System Revenue Bonds, Series 2008	9/10/08	4/1/28	3.00 – 4.50%	6,010,000	5,370,000
Stormwater System Revenue Bonds, Series 2009	12/30/09	4/1/29	2.00 – 4.45%	10,720,000	10,520,000
			Total Stormwater Utility		<u>37,220,000</u>
Total Business-type Activities Revenue Debt					<u>\$ 125,358,020</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Debt	
	Principal	Interest
2012	\$ 3,263,020	\$ 2,282,396
2013	7,860,000	5,384,867
2014	8,205,000	5,035,797
2015	8,105,000	4,678,745
2016	8,475,000	4,313,628
2017 – 2021	46,650,000	15,386,103
2022 – 2026	31,780,000	5,805,436
2027 – 2031	11,020,000	771,515
Totals	<u>\$ 125,358,020</u>	<u>\$ 43,658,487</u>

Prior-Year Defeasance of Debt

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2011, \$44,040,000 of bonds outstanding are considered defeased.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

F. LONG-TERM OBLIGATIONS (cont.)

Promissory Note

During 2011, the City purchased property from Foremost Farms. In exchange for the property, the City will pay Foremost Farms \$500,000. This note is payable in full in 2013 at 0% interest.

Other Debt Information

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

G. LEASE DISCLOSURES

Lessor – Capital Leases

In 1998, the City entered into a lease/development agreement with Appleton Ice Incorporated. As part of the agreement, the City leased approximately 2.5 acres of land to Appleton Ice Incorporated to be used for the Appleton Family Ice Arena. The lease is recorded as a receivable in the debt service fund. The gross amount of these assets under capital leases is \$1,210,000. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2011, are as follows:

	<u>Governmental Activities</u>
2012	\$ 94,767
2013	94,800
2014	93,092
2015	94,567
2016	94,150
2017 – 2018	<u>184,012</u>
Sub-Total	655,388
Less: Amount representing interest	<u>(118,721)</u>
Present Value of Minimum Lease Payments	<u>\$ 536,667</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

H. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover on its Mackville Landfill, which no longer receives solid waste, and to perform certain maintenance and monitoring functions at the site for 40 years after closure. Construction of the cover was completed at December 31, 2002. The City does have postclosure care responsibility at the Mackville Landfill. As of December 31, 2011, a \$2,160,000 liability was estimated based on what it would cost to perform all postclosure care in 2011 and thereafter. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The City incurred approximately \$90,813 of closure costs in 2011.

I. GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2011 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land and land improvements	\$ 120,341,158
Intangible assets	10,421
Construction in progress	1,768,491
Other capital assets, net of accumulated depreciation	204,725,785
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(22,050,671)
Less: Unamortized debt premium	(61,974)
Total Invested in Capital Assets, Net of Related Debt	<u>304,733,210</u>
Restricted	
Debt service	134,400
TIF development activity	552,085
Housing rehabilitation	6,375,716
Public safety	408,508
Future claims	60,727
Parks	635,689
Tourism promotion	26,806
Total Restricted	<u>8,193,931</u>
Unrestricted	<u>23,726,812</u>
Total Governmental Activities Net Assets	<u>\$ 336,653,953</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2011 include the following:

Nonspendable	
Major Fund	
General Fund	
Inventories	\$ 804,777
Prepaid items	35,305
Advance to other fund (principal portion)	10,072,313
Developer loans	<u>1,355,711</u>
Total	<u>\$ 12,268,106</u>
Nonmajor Fund	
Frank P. Young Memorial Fund	
Trust purposes	<u>\$ 33,655</u>
Restricted	
Major Fund	
Debt Service Fund	
Debt service	<u>\$ 26,460</u>
Nonmajor Funds	
Special Revenue Funds	
Tax Incremental District No. 2 – TIF development activity	\$ 112,244
Rental rehabilitation grants – housing rehabilitation	154,682
Hazardous materials Level A – public safety	408,508
Room tax – tourism promotion	26,806
HOME Homeowner – housing rehabilitation	3,187
Lead hazard control grant – housing rehabilitation	3
Tuchscherer disability – future claims	60,727
Peabody Estate – parks	63,357
Balliet Locomotive – parks	11,066
Lutz Park – parks	216,465
Park purpose open space – parks	296,884
Union Spring Park – parks	2,448
Project city park – parks	5,741
Universal playground	13,132
Miracle League baseball	26,596
Capital Projects Funds	
Tax Incremental District No. 5 – TIF development activity	222,104
Tax Incremental District No. 7 – TIF development activity	<u>217,737</u>
Total	<u>\$ 1,841,687</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Governmental Activities (cont.)

Committed

Major Fund

General Fund

Capital purposes	\$ 107,259
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Nonmajor Fund

Sanitation and Recycling

Sanitation and recycling purposes	\$ 928,906
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Assigned

Major Fund

General Fund

PILOT applied to the 2012 budget	\$ 1,678,832
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Compensated absences	4,474,987
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Health insurance	753,227
------------------	---------

Unfunded pension liability	163,718
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Amounts applied to the 2012 budget	168,700
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Debt service	1,945,610
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Capital purposes	336,636
------------------	---------

Health programs	20,717
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Public education and government (PEG) access	199,672
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Fuel purchases	137,315
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Wage expenditures	148,370
-------------------	---------

Total	<u>\$ 10,027,784</u>
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Nonmajor Funds

Capital Projects Funds

Subdivision development projects – capital purposes	\$ 1,307,464
---	--------------

Industrial park land – capital purposes	1,327,020
---	-----------

Parks and recreation projects – capital purposes	26,490
--	--------

Public safety facilities – capital purposes	52,427
---	--------

Public works equipment – capital purposes	174,418
---	---------

Business park escrow – capital purposes	541,158
---	---------

CEA replacement – capital purposes	2,673,871
------------------------------------	-----------

Community development – capital purposes	24,149
--	--------

Facilities capital purposes – capital purposes	148,374
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Capital projects fund – capital purposes	66,717
--	--------

Total	<u>\$ 6,342,088</u>
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CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

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

Governmental Activities (cont.)

Unassigned (Deficit)

Major Funds	
General Fund	<u>\$ 12,578,076</u>
Tax Incremental District No. 3	<u>\$ (13,252,010)</u>
Nonmajor Funds	
Special Revenue Funds	
Community Development Block Grant	\$ (18,105)
Police grants	(10,219)
Safe Route to School	(64,886)
Housing rehabilitation grant	(35,445)
Neighborhood stabilization grant	(50,002)
Capital Projects Funds	
Tax Incremental District No. 6	(1,233,070)
Tax Incremental District No. 8	<u>(11,053)</u>
Total	<u>\$ (1,422,780)</u>

Business-type Activities

Invested in capital assets, net of related debt	
Land	\$ 29,792,222
Intangible assets	435,843
Construction in progress	6,789,023
Other capital assets, net of accumulated depreciation	258,113,131
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(125,606,456)
Add: Borrowed reserve and depreciation funds	13,932,754
Add: Construction fund	<u>1,384,870</u>
Total Invested in Capital Assets, Net of Related Debt	<u>184,841,387</u>
Restricted	
Debt service	4,790,644
DNR replacement fund	4,112,284
Capital replacement fund	<u>990,969</u>
Total Restricted	<u>9,893,897</u>
Unrestricted	<u>33,541,714</u>
Total Business-type Activities Net Assets	<u>\$ 228,276,998</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

J. COMPONENT UNITS

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

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

Redevelopment Authority

a. Basis of Accounting/Measurement Focus

The Redevelopment Authority prepares its financial statements in accordance with generally accepted accounting principles. The accounting records are kept on the accrual basis of accounting and flow of economic resources measurement focus. The Redevelopment Authority has elected not to adopt the provisions of GASB No. 20, paragraph 7, which states that all FASB statements and interpretations issued after November 30, 1989, can be applied.

b. Cash and Investments

At year end, the carrying amount of the Redevelopment Authority's deposits was \$86,743 and is part of the City's commingled cash. See Note IV.A.

c. Inventory

This represents land held for resale.

Housing Authority

a. Basis of Accounting/Measurement Focus

The Housing Authority prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The accounting records are kept on the accrual basis of accounting and flow of economic resources measurement focus. The Housing Authority applies all GASB pronouncements as well as FASB statements and interpretations issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

b. Cash and Investments

The Authority maintains various cash and investment accounts. Each program's portion of these accounts is included on the statement of net assets as "Cash," "Investments" and "Restricted Deposits."

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

b. Cash and Investments (cont.)

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

Time deposits maturing in three years or less; repurchase agreements; securities issued by federal, state, and local government entities; statutorily authorized commercial paper and corporate securities; and Wisconsin local government investment pool.

The carrying amount of the Authority's cash, investments, and restricted cash totaled \$2,613,927 on December 31, 2011 as summarized below:

Petty cash funds	\$	150
Deposits with financial institutions		<u>2,613,777</u>
Total	\$	<u>2,613,927</u>

Additional information on the above deposits and investments follows:

Deposits – At year end, the carrying amount of the Authority's deposits was \$2,613,927 and the bank balance was \$2,639,116. Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for interest bearing accounts and unlimited amounts for non-interest bearing accounts.

The Authority's bank balance of \$2,639,116 on December 31, 2011 is categorized below.

<u>Deposit Accounts</u>	<u>Bank Balance</u>
Insured	\$ 251,489
Collateralized:	
Collateral held by the pledging institutions trust department or agent not in the Authority's name	<u>2,387,627</u>
Total Deposits	\$ <u>2,639,116</u>

The deposit policy of the Authority requires that if deposits exceed federal insurance levels, the institution shall set aside collateral in an amount equal to the total of the deposits exceeding the insurance limits. The collateral must be of a type authorized by the Authority's investment policy and the collateral is limited to the types required by HUD.

Custodial Credit Risk is the risk that in the event of a bank failure, the deposits of the depositor may not be returned to it. HUD requires that the collateral must be held by a third party custodian and provide the depositor with a continuing perfected security interest for the full term of the deposit in the collateral. The Authority's practice and policy comply with these HUD requirements.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

c. Restricted Assets

Restricted assets at December 31, 2011 consist of the following:

Cash and cash equivalents	\$ 506,095
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d. Receivables

The Authority has a number of rehabilitation and down payment loans to homebuyers extended under the Homebuyer Program. The loans are originally made with grant proceeds. Some loans are forgiven over a five-year period and others are to be paid in full upon transfer of the property secured by the loans. When the loans are repaid, the funds become property of the Authority and are restricted for future loan projects and administrative expenses to operate this program.

The total of deferred loans outstanding at December 31, 2011 is as follows:

Deferred loans receivable	\$ 3,783,640
Unamortized grants	(77,002)
Allowance for uncollectible loans	<u>(140,899)</u>
Net Deferred Loans Receivable	<u>\$ 3,565,739</u>

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

e. Inventory

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

f. Unearned income at December 31, 2011 consisted of:

Prepaid rent from tenants	\$ 20,070
Unearned CDBG admin. fee received	10,200
Prepaid income – rent smart program - HCV	<u>809</u>
Total	<u>\$ 31,709</u>

g. Capital Assets

Land, buildings, and equipment are recorded at cost or, if contributed properly, at the fair value at the time of contribution. Assets with a cost in excess of \$1,000 are capitalized and depreciated using primarily the straight-line method over their estimated useful lives of individual assets: 15-40 years for buildings and improvements and 5-10 years for equipment.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

g. Capital Assets (cont.)

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

The Authority has also realized an impairment loss of \$4,701,339 on the property known as Washington Place in 2011. This property will be abandoned in 2012. The Authority plans on deeding Washington Place to the City of Appleton in 2012. The Authority has entered into an agreement to construct a Low Income Housing Tax Credit Property called Riverwalk Place. This property will be completed in 2012 at which time all current Washington Place residents will move to Riverwalk Place, causing Washington Place to become obsolete.

The capital asset activity for the year ended December 31, 2011 was as follows:

	Balance 1/1/11	Additions	Disposals	Balance 12/31/11
Capital assets, not being depreciated				
Land	\$ 1,415,887	\$ 62,330	\$ 492,731	\$ 985,486
Construction in progress	43,219	17,588	43,219	17,588
Total Capital Assets, Not Being Depreciated	1,459,106	79,918	535,950	1,003,074
Capital assets, being depreciated				
Buildings and improvements	16,794,921	334,677	4,499,704	12,629,894
Land improvements	507,235	36,065	5,408	537,892
Equipment – dwelling	458,047	4,323	48,782	413,589
Equipment – administration	327,783	57,662	-	385,444
Total Capital Assets, Being Depreciated	18,087,986	432,727	4,553,894	13,966,819
Less: Accumulated depreciation for				
Buildings and improvements	(6,206,844)	(489,228)	66,287	(6,629,785)
Land improvements	(165,270)	(18,068)	1,442	(181,896)
Equipment – dwelling	(293,630)	(17,707)	-	(311,337)
Equipment – administration	(190,439)	(44,525)	-	(234,964)
Total Accumulated Depreciation	(6,856,183)	(136,801)	67,729	(7,357,982)
Total Capital Assets Being Depreciated, Net	11,231,803			6,608,837
Total Capital Assets, Net	\$ 12,690,909			\$ 7,611,911

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

h. Employee Retirement System

All eligible Housing Authority employees participate in the Wisconsin Retirement System (“System”), a cost-sharing defined benefit multiple-employer public employee retirement system (PERS). The payroll for employees covered by the System for the year ended December 31, 2011 was \$590,478; the Housing Authority’s total payroll was \$601,277. The total required contribution for the year ended December 31, 2011 was \$68,495 which consisted of \$57,366 or 84% of payroll from the employer and \$11,129 or 16% of payroll from employees. Total contributions for the years ending December 31, 2010 and 2009 were \$67,129 and \$66,448, respectively, equal to the required contributions for each year.

i. Risk Management

The Housing Authority purchases commercial insurance with various deductibles and coverages to cover property, business auto, and general liabilities. For all insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

j. Accumulated Compensated Absences

The Authority allows permanent employees to accumulate the following compensated absences:

- a. Annual vacation leave is accrued at 2-6 weeks per year, with a maximum approved carryover to the subsequent year of 40 hours for non-exempt employees and 120 hours for exempt employees.
- b. Sick pay is granted at a rate of one day per month up to a maximum accrual of 120 days. Up to 90 days of unused sick pay is paid out after retirement.

The amount of accumulated benefits at December 31, 2011 was \$83,869 and is recorded as part of other accrued liabilities in the statement of net assets. The entire balance is considered a current liability.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

J. COMPONENT UNITS (cont.)

Housing Authority (cont.)

k. Long-Term Liabilities

During 2005, the Authority purchased a home (Summit Street) to use as a rental property for disabled individuals. A portion of the purchase price came from proceeds of a first mortgage loan that came due during 2008 and was refinanced for \$45,511. The loan calls for monthly payments of \$350, bears interest at the rate of 4.50% for three years with a balloon payment at the end of three years. The entire balance of the loan is due in 2014 unless refinanced. The balance of the loan at December 31, 2011 was \$41,659.

The Authority purchased a foreclosed property from its Discretionary Fund in 2011. The property had a \$37,000, 0% deferred loan attached from the City of Appleton for rehab assistance received by the previous owner. In an agreement with the City of Appleton, the Authority purchased the home at foreclosure and the City of Appleton transferred the \$37,000, 0% deferred loan into the Authority's name. The Authority plans on keeping the property for rental income. The loan is not payable to the City until the property is sold. The entire balance is considered long-term as repayment occurs at an undeterminable future time.

l. Leases

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

m. Economic Dependency

The Housing Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change. A majority of the Authority's funding comes from HUD and other Federal and State agencies and some of their funding could change with little notice.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

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

J. COMPONENT UNITS (cont.)

Business Improvement District

a. Basis of Accounting/Measurement Focus

The Business Improvement District prepares its financial statements in accordance with generally accepted accounting principles. The accounting records are kept on the accrual basis of accounting and the flow of economic resources measurement focus. No conversion entries are necessary to convert the BID financial statements to the full accrual method. The Business Improvement District has elected not to adopt the provisions of GASB No. 20, paragraph 7, which states that all FASB statements and interpretations issued after November 30, 1989, can be applied.

b. Cash and Investments

At year end, the carrying amount of the Business Improvement District's deposits was \$193,081 and is part of the City's commingled cash. See Note IV.A.

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible City employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (1,200 hours for employees hired on or after July 1, 2011) are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan through June 28, 2011. Beginning June 29, 2011, and thereafter, covered employees in the General category are required by statute to contribute 5.8% of their salary (6.65% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 5.8% for Protective Occupations without Social Security). Employers generally make these contributions to the plan on behalf of employees through June 28, 2011. Thereafter, employees are required to fund their contribution, subject to terms of employment contracts and which employee group they are a member of. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for City employees covered by the system for the year ended December 31, 2011 was \$37,214,861; the employer's total payroll was \$39,000,572. The total required contribution for the year ended December 31, 2011 was \$5,414,423 or 15% of covered payroll. Of this amount, 100% was contributed. 92% was contributed by the employer and 8% was contributed by the employee for the current year. Total contributions for the years ending December 31, 2010 and 2009 were \$5,414,423 and \$4,871,172, respectively, equal to the required contributions for each year.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, or beginning participation on or after July 1, 2011, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and between April 24, 1998 and June 30, 2011 are immediately vested.

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

The pension related debt for the City as of December 31, 2011, was \$-0-.

In addition to the above mentioned retirement system, the State of Wisconsin administers an agent multiple-employer plan which covers six retired employees of the City Police and Fire Departments. These individuals were covered by a private pension plan prior to the City joining the system. No new employees are added to the plan. The City's policy is to fund retirement contributions to meet current benefit payments of these retired employees (i.e. "pay as you go"). Contributions are not actuarially determined. The total cost for 2011 was approximately \$42,822. The total estimated unfunded pension benefit obligation of this plan is approximately \$163,718 as of December 31, 2011, all of which relates to retirees and beneficiaries currently receiving benefits. This amount has been reported in the government-wide financial statements. The City has also assigned fund balance of \$163,718 for the unfunded pension liability in the general fund. The rate of investment return is presently assumed to be 6.00%. The estimated remaining period of amortization is 8 years.

B. RISK MANAGEMENT (COMMERCIAL/SELF INSURANCE)

The City is exposed to various risks of loss including torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation; health care and injuries to employees; and natural disasters. The cost of providing these risk management services is allocated by charging a "premium" to each fund based on historical estimates of the amounts needed to pay prior and current year claims and administration costs. The charge considers recent trends in actual claims experience of the City as a whole and makes provision for losses relating to catastrophes. "Premiums" are allocated by fund based on estimated current-year payroll, property values and other appropriate factors.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE V – OTHER INFORMATION (cont.)

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

Risk Management Fund

All funds of the City participate in the Risk Management Fund. For 2011, the Risk Management Fund provided coverage for up to \$300,000 for each worker's compensation claim (\$350,000 for police and fire), \$200,000 for each general, automobile, police professional or public officials liability claim up to \$800,000 in a year, and \$100-10,000 (\$100,000/500,000 for flood and \$50,000 deductible for earthquakes) for each property damage claim. The City purchases commercial insurance for claims in excess of coverage provided by the fund and other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year. A total reserve for claims losses at December 31, 2011 of \$1,500,000 has been recorded and is expected to be paid within one year. The reserve liability includes expenses and losses expected to arise from claims outstanding as of December 31, 2011 and amounts expected to arise from claims which have been incurred but have not been reported to the City as of December 31, 2011. The reserve is based on a 2010 actuarial study and actual claims activity in recent years. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. The City does not allocate overhead costs or other nonincremental costs to the claims liability. The study took into account settled claims, the frequency of claims, industry averages and other economic and social factors. Because actual claims liabilities depend on such complex factors as inflation and damage awards, the process used to compute claims liability does not necessarily result in an exact amount. At December 31, 2011, the City has a deficit of \$230,031 due to outstanding reimbursement of claims from insurance and higher than anticipated workers' compensation claims. Charges for services will be adjusted in 2013 to account for the shortfall.

Changes in the claims payable follow:

	<u>Balance January 1</u>	<u>Incurred Claims</u>	<u>Claims Paid</u>	<u>Balance December 31</u>
2010	\$ 1,500,000	\$ 724,814	\$ 724,814	\$ 1,500,000
2011	1,500,000	1,012,961	1,012,961	1,500,000

Health Care

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

Under this program, the City pays up to a maximum of \$200,000 annually for each covered employee's and each covered dependent's health care costs. The City has purchased excess loss insurance for claims in excess of this amount. Expected claims are calculated at the end of each plan year by the third party administrator based on the number of single and family contracts covered and the expected claims. Administrative costs for 2011 totaled approximately \$386,046.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE V – OTHER INFORMATION (cont.)

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

Health Care (cont.)

The estimated liability for self-funded losses is based on reported claims for the year and those received subsequent to year end. The City does not allocate overhead costs or other nonincremental costs to the claims liability. The estimated liability for self insured losses for this program, which is expected to be paid within one year, consisted of the following at December 31, 2011:

Reported and Known Claims	\$ 594,913
Incurred but not Reported Claims	<u>2,342,087</u>
 Total	 <u><u>\$ 2,937,000</u></u>

Changes in the claims payable follow:

	Balance January 1	Incurred Claims	Claims Paid	Balance December 31
2010	\$ 2,937,000	\$ 8,044,546	\$ 8,044,546	\$ 2,937,000
2011	2,937,000	7,949,458	7,949,458	2,937,000

Municipal Mutual Insurance

Transit Mutual Insurance Corporation of Wisconsin (TMI)

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

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

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

Management of TMI consists of a board of directors comprised of one representative for each member. The City does not exercise any control over the activities of the corporation beyond its representation on the board of directors.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE V – OTHER INFORMATION (cont.)

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

Municipal Mutual Insurance (cont.)

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

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.

The City's share of this corporation is 4.11% for auto liability and 5.00% of physical damage liability. A list of the other members and their share of participation is available in the TMI report which is available from TMI, 2575 S. Memorial Drive, Suite 105, Appleton, WI 54915-1483 or by email from tmi@new.rr.com.

Public Entity Risk Pool

Wisconsin Municipal Insurance Commission (WMIC) Cities and Villages Mutual Insurance Company (CVMIC)

WMIC is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes. It was created in August, 1987 for the purpose of facilitating the organization, establishment and capitalization of the CVMIC, and has numerous cities and villages as members.

CVMIC is a municipal mutual insurance company established on September 19, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMIC.

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. They also have \$8,000,000 of excess coverage. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities. The City's share of such losses is approximately 4.9%.

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The City does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Financial statements of WMIC and CVMIC are available from: Cities and Village Mutual Insurance Company, 1250 South Sunnyslope Road, Suite 105, Brookfield, WI 53005.

The City's equity portion of available funds in WMIC is refundable upon withdrawal from the commission. The original investment is reported at \$2,020,950 in the insurance internal service fund.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE V – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

Fox River Cleanup is a source of potential liability to the City. It appears likely that some remedial action will be required. It is not possible to estimate the financial impact to the City at this time.

Three former City employees are entitled to monthly disability benefits from the City for the rest of their lives. Disability payments total \$1,620 per month. The City's policy is to fund disability expenditures as benefit payments become due. The liability for future payments is presently reflected as a liability on the Statement of Net Assets.

The City has issued municipal revenue obligations as part of developer agreements. The obligations are payable solely to the developer from tax increments collected specific portions of the development in the City's TIF districts. The obligation does not constitute a charge upon any funds of the City. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the City. Since the amount of future payments is contingent on the collection of future TIF increments, the obligation is not reported as a liability in the accompanying financial statements.

Potential Changes in Funding

The transit is dependent upon funding from federal, state, and participating local governments in order to provide mass transit services to the area. Current federal operating assistance through Section 5307 grants is based on a formula which is driven by the population of the service territory. Based on the 2010 census data, the transit will move to a new population class for calendar year 2013 funding and could potentially lose up to \$1.5 million in federal aid. At this time, management is working with representatives on proposed federal legislation to adjust these funding formulas. Management is also working with representatives on proposed state legislation to allow for alternative funding sources of regional transportation services. At this point, the outcome of these efforts and the resulting funding for the 2013 operations is unknown.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE V – OTHER INFORMATION (cont.)

D. BOND COVENANT DISCLOSURES

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

Insurance

The City is covered under the following insurance policies at December 31, 2011:

Name of Insurer/Type	Original Amount	Coverage (Risks Covered)	Expiration Date
MBIA Insurance Corporation	\$ 4,881,427	Full and complete payment	4/1/2019
Financial Security Assurance	5,345,625	Full and complete payment	4/1/2020
Financial Guaranty Insurance Company	7,653,530	Full and complete payment	4/1/2021
Financial Security Assurance	3,611,263	Full and complete payment	4/1/2022
MBIA Insurance Corporation	5,653,683	Full and complete payment	4/1/2023
MBIA Insurance Corporation	5,242,091	Full and complete payment	4/1/2024
MBIA Insurance Corporation	11,394,419	Full and complete payment	4/1/2026
Financial Security Assurance	7,997,883	Full and complete payment	5/1/2027
Financial Security Assurance	5,107,157	Full and complete payment	4/1/2026
MBIA Insurance Corporation	85,576,992	Full and complete payment	1/1/2025
MBIA Insurance Corporation	18,724,152	Full and complete payment	1/1/2026

Number of Customers – Water

Unmetered

Commercial	25
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Metered

Residential	24,867
Commercial	1,822
Industrial	77
Public Authority	90
Wholesale	3

Total	26,884
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Number of Customers – Sewer

Metered

Residential	24,754
Commercial	1,775
Industrial	73
Public Authority	78

Total	26,680
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CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE V – OTHER INFORMATION (cont.)

D. BOND COVENANT DISCLOSURES (cont.)

Number of Equivalent Run Off Units – Stormwater

Residential	23,153
Commercial	26,183
Industrial	4,017
Public Authority	<u>4,000</u>
 Total	 <u><u>57,353</u></u>

E. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The City administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The City’s group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in an other postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

Contribution requirements are established through collective bargaining agreements and City policies and may be amended only through negotiations between the City and the union. The City makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. The retirees pay 100% of the premium amounts under the plan. For fiscal year 2011, total member contributions were \$161,988.

The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 221,435
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
 Annual OPEB cost	 221,435
Contributions made	<u>(161,998)</u>
Increase in Net OPEB Obligation (Asset)	59,437
 Net OPEB Obligation (Asset) – Beginning of Year	 <u>(15,953)</u>
 Net OPEB Obligation – End of Year	 <u><u>\$ 43,484</u></u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE V – OTHER INFORMATION (cont.)

E. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (cont.)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/ (Asset)
12/31/11	\$ 221,435	73%	\$ 43,484
12/31/10	220,078	148%	(15,953)
12/31/09	270,256	87%	90,174

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

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

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

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

In the actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions include a 5% investment rate of return and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after 5 years. Both rates include a 4% inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on an open basis. The amortization period at December 31, 2011 was 30 years. The City accounts for these activities in the post-employment benefits internal service fund, which has net assets of \$1,420,761 as of December 31, 2011.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2011

NOTE V – OTHER INFORMATION (cont.)

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. Application of these standards may restate portions of these financial statements.

G. SUBSEQUENT EVENTS

In 2012, the city transferred title of the foremost farm property located in TIF No. 8 to the ARA to qualify for a DNR ready for reuse loan. In February 2012, the ARA was awarded a \$300,000 ready for reuse loan to be paid within 10 years at 0% interest. The City is guaranteeing the repayment of the loan by issuing a taxable general obligation promissory note in a principal amount equal to the loan amount (\$300,000), payable to the DNR as required under the loan agreement. The note was issued on March 21, 2012 with a final due date of November 1, 2024. The city is issuing this note as security of the loan. The authority will repay the city in such amounts and on such dates as the principal amounts on the notes are due. An intergovernmental agreement was entered into by the City of Appleton (City) and the Redevelopment Authority (ARA) on March 21, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 30,352,615	\$ 30,352,615	\$ 30,340,877	\$ (11,738)
Intergovernmental	16,891,348	16,971,819	17,199,561	227,742
Licenses and permits	841,240	871,240	895,927	24,687
Fines and forfeitures	325,000	325,000	359,662	34,662
Special assessments	1,697,000	1,697,000	1,786,373	89,373
Investment income	1,677,798	1,653,798	1,600,991	(52,807)
Charges for services	1,269,170	1,269,170	1,220,147	(49,023)
Other	1,865,477	1,973,711	1,629,099	(344,612)
Total Revenues	<u>54,919,648</u>	<u>55,114,353</u>	<u>55,032,637</u>	<u>(81,716)</u>
EXPENDITURES				
Current				
General government	7,057,651	9,314,234	7,237,076	2,077,158
Public safety	27,007,960	27,196,526	26,444,183	752,343
Public works	13,311,237	13,557,188	12,911,573	645,615
Education and recreation	7,452,244	7,521,419	7,104,280	417,139
Community development	1,205,116	1,181,454	1,091,649	89,805
Total Expenditures	<u>56,034,208</u>	<u>58,770,821</u>	<u>54,788,761</u>	<u>3,982,060</u>
Excess (deficiency) of revenues over expenditures	<u>(1,114,560)</u>	<u>(3,656,468)</u>	<u>243,876</u>	<u>3,900,344</u>
OTHER FINANCING SOURCES (USES)				
Sale of city property	15,000	15,000	9,278	(5,722)
Transfers in	1,703,950	1,703,950	2,371,975	668,025
Transfers out	(604,390)	(604,390)	(441,519)	162,871
Total Other Financing Sources (Uses)	<u>1,114,560</u>	<u>1,114,560</u>	<u>1,939,734</u>	<u>825,174</u>
Net Change in Fund Balance	-	(2,541,908)	2,183,610	4,725,518
FUND BALANCE - Beginning	<u>32,797,615</u>	<u>32,797,615</u>	<u>32,797,615</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 32,797,615</u>	<u>\$ 30,255,707</u>	<u>\$ 34,981,225</u>	<u>\$ 4,725,518</u>

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

CITY OF APPLETON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TAX INCREMENT DISTRICT NO. 3
 For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 998,377	\$ 998,377	\$ 1,075,373	\$ 76,996
Intergovernmental	5,877	5,877	5,977	100
Investment income	3,000	3,000	39,770	36,770
Total Revenues	<u>1,007,254</u>	<u>1,007,254</u>	<u>1,121,120</u>	<u>113,866</u>
EXPENDITURES				
Current				
General government	1,839	2,339	2,197	142
Debt Service				
Interest	643,980	643,980	643,980	-
Total Expenditures	<u>645,819</u>	<u>646,319</u>	<u>646,177</u>	<u>142</u>
Excess of revenues over expenditures	361,435	360,935	474,943	114,008
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000,000	1,000,000	1,000,000	-
Transfers out	<u>(2,330,033)</u>	<u>(2,330,033)</u>	<u>(2,330,033)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,330,033)</u>	<u>(1,330,033)</u>	<u>(1,330,033)</u>	<u>-</u>
Net Change in Fund Balance	(968,598)	(969,098)	(855,090)	114,008
FUND BALANCE (DEFICIT) - Beginning	<u>(12,402,366)</u>	<u>(12,402,366)</u>	<u>(12,396,920)</u>	<u>(15,693)</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (13,370,964)</u>	<u>\$ (13,371,464)</u>	<u>\$ (13,252,010)</u>	<u>\$ 98,315</u>

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

CITY OF APPLETON

OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDED STATUS
For the Year Ended December 31, 2011

Postemployment Health Care Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age Normal Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2010	\$ -	\$ 2,076,834	\$ 2,076,834	0%	\$ 38,287,577	5.4%
12/31/2008	-	3,002,471	3,002,471	0%	38,001,278	7.9%

** The City is required to present the above information for the three most recent actuarial studies. The study completed as of January 1, 2008 was the first study performed for the City.

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

CITY OF APPLETON

OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDING PROGRESS For the Year Ended December 31, 2011

Postemployment Health Care Plan**

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
12/31/11	\$ 221,435	73%
12/31/10	221,435	147%
12/31/08	267,479	88%

** The City is required to present the above information for the six most recent fiscal years; however, information for the years prior to January 1, 2008 are not available.

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

CITY OF APPLETON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2011

BUDGETARY INFORMATION

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

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

See independent auditors' report.

SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

GENERAL FUND

CITY OF APPLETON

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
Property tax	\$ 29,942,415	\$ 29,942,415	\$ 29,942,488	\$ 73
Payment in lieu of taxes	410,200	410,200	398,389	(11,811)
Total Taxes	<u>30,352,615</u>	<u>30,352,615</u>	<u>30,340,877</u>	<u>(11,738)</u>
INTERGOVERNMENTAL REVENUES				
State shared revenues	11,123,197	11,123,197	11,137,356	14,159
State aid - exempt computers	354,700	354,700	365,099	10,399
Highway aid - connecting streets	205,367	205,367	204,507	(860)
State tax disparity act	1,357,573	1,357,573	1,354,897	(2,676)
State aid - local streets	2,784,259	2,784,259	2,783,999	(260)
State aid - fire insurance dues	150,000	150,000	159,736	9,736
Miscellaneous federal aids	7,700	40,980	38,904	(2,076)
Miscellaneous state aids	40,800	76,934	276,254	199,320
Miscellaneous local aids	7,500	7,500	7,500	-
Library grants and aids	860,252	860,252	860,252	-
Health grants	-	11,057	11,057	-
Total Intergovernmental Revenues	<u>16,891,348</u>	<u>16,971,819</u>	<u>17,199,561</u>	<u>227,742</u>
LICENSES AND PERMITS				
Licenses				
Amusement devices	8,000	8,000	8,467	467
Cigarette	6,200	6,200	5,500	(700)
Electricians	3,840	3,840	6,780	2,940
Health	116,000	116,000	123,265	7,265
Liquor and malt beverages	75,000	105,000	100,893	(4,107)
Operators	50,000	50,000	49,393	(607)
Commercial solicitation	9,000	9,000	10,319	1,319
Taxi cab/limousine	1,300	1,300	1,500	200
Taxi driver	2,000	2,000	2,750	750
Sundry	6,800	6,800	8,289	1,489
Secondhand/pawnbroker	2,000	2,000	2,242	242
Special events	12,000	12,000	20,175	8,175
Dog	30,000	30,000	21,585	(8,415)
Cat	10,000	10,000	9,678	(322)
Weights and measures	52,500	52,500	52,329	(171)
Permits				
Building	200,000	200,000	221,993	21,993
Electrical	90,000	90,000	93,419	3,419
Heating	63,600	63,600	52,253	(11,347)
Plumbing and sewer	50,000	50,000	34,577	(15,423)
Burning	20,000	20,000	21,235	1,235
Trailer parking	8,000	8,000	4,736	(3,264)
State building	3,000	3,000	930	(2,070)
Signs	4,000	4,000	5,890	1,890
Sidewalk	4,500	4,500	40	(4,460)
Street occupancy	2,800	2,800	7,446	4,646
Street excavating and patching	6,000	6,000	25,618	19,618
Sundry	4,700	4,700	4,625	(75)
Total Licenses and Permits	<u>841,240</u>	<u>871,240</u>	<u>895,927</u>	<u>24,687</u>

CITY OF APPLETON

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
FINES AND FORFEITURES				
Court fines and costs	\$ 325,000	\$ 325,000	\$ 359,662	\$ 34,662
Total Fines and Forfeitures	<u>325,000</u>	<u>325,000</u>	<u>359,662</u>	<u>34,662</u>
SPECIAL ASSESSMENTS				
Asphalt paving	370,000	370,000	435,934	65,934
Concrete paving	1,100,000	1,100,000	1,060,199	(39,801)
Grade and gravel	40,000	40,000	39,516	(484)
Sidewalks	12,000	12,000	50,827	38,827
Snow removal	80,000	80,000	94,897	14,897
Weed cutting	35,000	35,000	28,555	(6,445)
Street light revenue	60,000	60,000	71,291	11,291
Miscellaneous	-	-	5,154	5,154
Total Special Assessments	<u>1,697,000</u>	<u>1,697,000</u>	<u>1,786,373</u>	<u>89,373</u>
INVESTMENT INCOME				
Investment income	1,507,798	1,483,798	1,409,820	(73,978)
Interest on taxes	105,000	105,000	121,289	16,289
Interest - deferred special assessments	65,000	65,000	69,882	4,882
Total Investment Income	<u>1,677,798</u>	<u>1,653,798</u>	<u>1,600,991</u>	<u>(52,807)</u>
CHARGES FOR SERVICES				
City clerk	20,200	20,200	28,344	8,144
Assessor	1,200	1,200	1,272	72
Mayor	10,000	10,000	14,230	4,230
Finance	4,000	4,000	4,907	907
Human resources	-	-	98	98
City attorney	3,000	3,000	1,166	(1,834)
Library	80,000	80,000	84,346	4,346
Technology services	20,000	20,000	24,980	4,980
Parks and Recreation				
Park administration	125	125	-	(125)
Recreation and administration	221,690	221,690	250,348	28,658
Aquatics	237,500	237,500	265,600	28,100
Public Works				
Street division	95,000	95,000	16,336	(78,664)
Traffic	79,525	79,525	50,763	(28,762)
Forestry	2,500	2,500	2,902	402
Inspection department	32,000	32,000	24,867	(7,133)
Health department	88,940	88,940	85,833	(3,107)
Police department	338,240	338,240	342,658	4,418
Fire department	35,250	35,250	21,497	(13,753)
Total Charges for Services	<u>1,269,170</u>	<u>1,269,170</u>	<u>1,220,147</u>	<u>(49,023)</u>
OTHER				
Fees and commissions	763,100	763,100	837,758	74,658
Zoning and subdivision fees	15,500	15,500	15,710	210
Property inquiry fees	58,000	58,000	54,093	(3,907)
Exempt property fee	800	800	-	(800)
Miscellaneous revenue	41,495	48,881	55,017	6,136
Rental of city property	47,048	47,048	46,678	(370)

CITY OF APPLETON

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OTHER (cont.)				
Donations and memorials	\$ 28,995	\$ 39,570	\$ 29,249	\$ (10,321)
Damage to city property	45,500	45,500	35,713	(9,787)
Other reimbursements	789,643	879,916	479,768	(400,148)
Leases	71,996	71,996	72,008	12
Board of appeals	3,400	3,400	3,105	(295)
Total Other	<u>1,865,477</u>	<u>1,973,711</u>	<u>1,629,099</u>	<u>(344,612)</u>
Total Revenues	<u>54,919,648</u>	<u>55,114,353</u>	<u>55,032,637</u>	<u>(81,716)</u>
OTHER FINANCING SOURCES				
Sale of city property	<u>15,000</u>	<u>15,000</u>	<u>9,278</u>	<u>(5,722)</u>
Transfers From				
Room tax fund	33,000	33,000	33,000	-
Forestry	-	-	9,193	9,193
Water utility fund - property tax equivalent	1,500,000	1,500,000	1,678,832	178,832
Water utility fund	13,800	13,800	13,800	-
Wastewater utility fund	117,450	117,450	117,450	-
Parking utility fund	9,300	9,300	9,300	-
Stormwater utility fund	12,500	12,500	12,500	-
Reid municipal golf course fund	17,900	17,900	497,900	480,000
Total Transfers	<u>1,703,950</u>	<u>1,703,950</u>	<u>2,371,975</u>	<u>668,025</u>
Total Other Financing Sources	<u>1,718,950</u>	<u>1,718,950</u>	<u>2,381,253</u>	<u>662,303</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 56,638,598</u>	<u>\$ 56,833,303</u>	<u>\$ 57,413,890</u>	<u>\$ 580,587</u>

CITY OF APPLETON

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
Common council	\$ 106,035	\$ 106,035	\$ 103,560	\$ 2,475
Mayor	268,218	271,124	263,765	7,359
City clerk	597,925	681,677	666,207	15,470
City assessor	540,791	540,791	509,968	30,823
Finance	934,488	934,488	904,666	29,822
Information services	1,632,274	1,657,402	1,379,560	277,842
Human resources	696,594	696,594	653,934	42,660
City attorney	460,539	460,539	440,702	19,837
Unclassified				
Severance pay	494,120	494,120	775,023	(280,903)
Insurance	628,689	628,689	628,692	(3)
Reserve for contingencies	-	2,144,797	-	2,144,797
City hall	600,687	600,687	768,053	(167,366)
Other	97,291	97,291	142,946	(45,655)
Total General Government	<u>7,057,651</u>	<u>9,314,234</u>	<u>7,237,076</u>	<u>2,077,158</u>
PUBLIC SAFETY				
Health services	1,222,659	1,238,739	1,164,690	74,049
Police	15,455,180	15,594,238	15,250,205	344,033
Fire	10,330,121	10,363,549	10,029,288	334,261
Total Public Safety	<u>27,007,960</u>	<u>27,196,526</u>	<u>26,444,183</u>	<u>752,343</u>
PUBLIC WORKS	<u>13,311,237</u>	<u>13,557,188</u>	<u>12,911,573</u>	<u>645,615</u>
EDUCATION AND RECREATION				
Library	4,399,817	4,468,717	4,193,046	275,671
Parks and recreation	3,052,427	3,052,702	2,911,234	141,468
Total Education and Recreation	<u>7,452,244</u>	<u>7,521,419</u>	<u>7,104,280</u>	<u>417,139</u>
COMMUNITY DEVELOPMENT	<u>1,205,116</u>	<u>1,181,454</u>	<u>1,091,649</u>	<u>89,805</u>
OTHER FINANCING USES				
Transfers Out To				
Valley transit fund	604,390	604,390	441,519	162,871
Total Other Financing Uses	<u>604,390</u>	<u>604,390</u>	<u>441,519</u>	<u>162,871</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 56,638,598</u>	<u>\$ 59,375,211</u>	<u>\$ 55,230,280</u>	<u>\$ 4,144,931</u>

SUPPLEMENTARY INFORMATION
COMBINING AND INDIVIDUAL FUND INFORMATION

NONMAJOR GOVERNMENTAL FUNDS AND BUDGETARY COMPARISONS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments or other major capital projects) that are legally restricted to expenditures for specified purposes.

TAX INCREMENT DISTRICT NO. 2

To account for receipt of district "incremental" property taxes and other revenues and the corresponding program expenditures.

COMMUNITY DEVELOPMENT BLOCK GRANT

To account for the proceeds of the Federal Community Development Block Grant and the corresponding program expenditures for housing, homeless, and community development projects.

RENTAL REHABILITATION GRANTS

To account for the proceeds of the Rental Energy Rehabilitation and Rental Rehabilitation Grant and the corresponding program expenditures for rental housing and energy rehabilitation loans.

SANITATION AND RECYCLING PROGRAM

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

HEALTH GRANTS

To account for receipt of a variety of State health grants and corresponding program expenditures. Health services provided include maternal, child health, immunization education, lead paint and radon identification.

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

SPECIAL REVENUE FUNDS (CONTINUED)

POLICE GRANTS

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

SAFE ROUTES TO SCHOOL GRANT

To account for the grant proceeds and corresponding expenditures related to providing children with safe walking and bicycle riding routes to school.

HAZARDOUS MATERIALS LEVEL A

To account for the proceeds of a state contract and the corresponding program expenditures to provide certain "Level A" services relating to the containment of hazardous substances in the event of an accidental spill, release or discharge within a region of northeast Wisconsin, as determined through negotiations with the State of Wisconsin.

ROOM TAX

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

EMERGENCY SHELTER GRANT

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

CONTINUUM OF CARE GRANT

To account for the grant proceeds and corresponding expenditures related to providing extensive case management and supportive services to chronically homeless residents.

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

SPECIAL REVENUE FUNDS (CONTINUED)

HOME HOMEOWNER GRANT

To account for the proceeds of the HOME Grant, and related program income, and the corresponding program expenditures for rehabilitation of owner-occupied homes of low to moderate income residents.

HOUSING REHABILITATION GRANT

To account for a portion of the proceeds of the Community Development Block Grant, and related expenditures, related to the rehabilitation of owner-occupied homes of low to moderate income residents.

NEIGHBORHOOD STABILIZATION GRANT

To account for the grant proceeds, and corresponding program expenditures, for the acquisition and redevelopment of foreclosed properties that might otherwise become sources of abandonment and blight within the community.

LEAD HAZARD GRANT

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

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

SPECIAL REVENUE FUNDS (CONTINUED)

TUCHSCHERER DISABILITY

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

PEABODY ESTATE

To account for a private donation received to finance the repair, construction and preservation of Peabody Park and the corresponding expenditures for such purpose.

BALLIET LOCOMOTIVE

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

LUTZ PARK

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

PARK PURPOSE OPEN SPACE

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

UNION SPRING PARK

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

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

SPECIAL REVENUE FUNDS (CONTINUED)

PROJECT CITY PARK PROJECT

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

UNIVERSAL PLAYGROUND

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

MIRACLE LEAGUE BASEBALL

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

CAPITAL PROJECTS FUNDS

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

SUBDIVISION DEVELOPMENT PROJECTS

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

INDUSTRIAL PARK LAND

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

PARK AND RECREATION PROJECTS

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

TAX INCREMENT DISTRICT NO. 5

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

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

CAPITAL PROJECTS FUNDS (CONTINUED)

TAX INCREMENT DISTRICT NO. 6

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

TAX INCREMENT DISTRICT NO. 7

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

TAX INCREMENT DISTRICT NO. 8

To account for the financing and project costs for public improvement and private development within the area of T.I.D. No. 8 as provided for in the Tax District's project plan.

PUBLIC SAFETY FACILITIES

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

PUBLIC WORKS EQUIPMENT

To account for the financing and acquisition of certain Public Works equipment.

BUSINESS PARK ESCROW

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

CEA REPLACEMENT

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

COMMUNITY DEVELOPMENT

To account for the financing and expenditures associated with redevelopment projects in various areas of the City.

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

CAPITAL PROJECTS FUNDS (CONTINUED)

LIBRARY IMPROVEMENTS

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

FACILITIES CAPITAL PROJECTS

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

TECHNOLOGY

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

PERMANENT FUND

FRANK P. YOUNG MEMORIAL

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

CITY OF APPLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2011

	Special Revenue Funds					
	Tax Incremental District No. 2	Community Development Block Grant	Rental Rehabili- tation Grants	Sanitation & Recycling Program	Health Grants	Police Grants
ASSETS						
Cash and investments	\$ 357,549	\$ -	\$ 154,682	\$ 802,089	\$ 39,230	\$ -
Receivables						
Taxes	338,853	-	-	2,310,000	-	-
Deferred loans	-	-	659,646	-	-	-
Accounts	-	-	-	3,314	3,917	-
Special assessments	-	-	-	-	-	-
Other	-	-	-	214,792	-	-
Due from other governments	-	37,488	-	-	3	20,757
Due from other funds	-	-	-	35,210	-	-
TOTAL ASSETS	\$ 696,402	\$ 37,488	\$ 814,328	\$ 3,365,405	\$ 43,150	\$ 20,757
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ -	\$ 11,264	\$ -	\$ 82,450	\$ 129	\$ -
Other accrued liabilities	-	96	-	44,049	4,163	-
Due to other funds	-	31,762	-	-	-	20,757
Deposits	-	-	-	-	-	-
Deferred revenues	338,853	12,471	659,646	2,310,000	38,858	10,219
Advances from other funds	245,305	-	-	-	-	-
Total Liabilities	584,158	55,593	659,646	2,436,499	43,150	30,976
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	112,244	-	154,682	-	-	-
Committed	-	-	-	928,906	-	-
Assigned	-	-	-	-	-	-
Unassigned (deficit)	-	(18,105)	-	-	-	(10,219)
Total Fund Balances	112,244	(18,105)	154,682	928,906	-	(10,219)
TOTAL LIABILITIES AND FUND BALANCES	\$ 696,402	\$ 37,488	\$ 814,328	\$ 3,365,405	\$ 43,150	\$ 20,757

Continued on
Next Page

Special Revenue Funds						
Safe Route to School Grant	Hazardous Materials Level A	Room Tax	Emergency Shelter	Continuum of Care	HOME Homeowner	Housing Rehabilitation Grant
\$ -	\$ 410,914	\$ 18,537	\$ 7	\$ 8,629	\$ 3,187	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	207,642	5,206,613
-	-	-	-	-	-	25
-	-	86,827	-	-	-	-
95,270	-	-	-	26,008	-	63,929
-	-	-	-	-	-	-
<u>\$ 95,270</u>	<u>\$ 410,914</u>	<u>\$ 105,364</u>	<u>\$ 7</u>	<u>\$ 34,637</u>	<u>\$ 210,829</u>	<u>\$ 5,270,567</u>
\$ -	\$ 2,406	\$ 78,558	\$ -	\$ 34,631	\$ -	\$ 10,239
-	-	-	7	6	-	2,165
99,365	-	-	-	-	-	51,550
-	-	-	-	-	-	-
60,791	-	-	-	-	207,642	5,242,058
-	-	-	-	-	-	-
<u>160,156</u>	<u>2,406</u>	<u>78,558</u>	<u>7</u>	<u>34,637</u>	<u>207,642</u>	<u>5,306,012</u>
-	-	-	-	-	-	-
-	408,508	26,806	-	-	3,187	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(64,886)	-	-	-	-	-	(35,445)
<u>(64,886)</u>	<u>408,508</u>	<u>26,806</u>	<u>-</u>	<u>-</u>	<u>3,187</u>	<u>(35,445)</u>
<u>\$ 95,270</u>	<u>\$ 410,914</u>	<u>\$ 105,364</u>	<u>\$ 7</u>	<u>\$ 34,637</u>	<u>\$ 210,829</u>	<u>\$ 5,270,567</u>

CITY OF APPLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)
As of December 31, 2011

	Special Revenue Funds					
	Neighborhood Stabilization Grant	Lead Hazard Control Grant	Tuch- scherer Disability	Peabody Estate	Balliet Locomotive	Lutz Park
ASSETS						
Cash and investments	\$ -	\$ 37,893	\$ 60,727	\$ 63,357	\$ 11,066	\$ 216,465
Receivables						
Taxes	-	-	-	-	-	-
Deferred loans	-	179,388	-	-	-	-
Accounts	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other governments	50,002	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	\$ 50,002	\$ 217,281	\$ 60,727	\$ 63,357	\$ 11,066	\$ 216,465
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ 15,755	\$ 27,081	\$ -	\$ -	\$ -	\$ -
Other accrued liabilities	-	265	-	-	-	-
Due to other funds	34,247	-	-	-	-	-
Deposits	-	-	-	-	-	-
Deferred revenues	50,002	189,932	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	100,004	217,278	-	-	-	-
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	-	3	60,727	63,357	11,066	216,465
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned (deficit)	(50,002)	-	-	-	-	-
Total Fund Balances	(50,002)	3	60,727	63,357	11,066	216,465
TOTAL LIABILITIES AND FUND BALANCES	\$ 50,002	\$ 217,281	\$ 60,727	\$ 63,357	\$ 11,066	\$ 216,465

Special Revenue Funds					Capital Projects Funds			
Park Purpose Open Space	Union Spring Park	Project City Park	Universal Playground	Miracle League Baseball	Subdivision Development Projects	Industrial Park Land	Parks and Recreation Projects	Tax Incremental District No. 5
\$ 296,884	\$ 2,448	\$ 5,741	\$ 13,132	\$ 26,596	\$ 887,102	\$ 1,327,020	\$ 26,490	\$ 214,235
-	-	-	-	-	920,226	-	-	187,220
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	7,869
-	-	-	-	-	500,525	-	-	-
-	-	-	-	-	708	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 296,884</u>	<u>\$ 2,448</u>	<u>\$ 5,741</u>	<u>\$ 13,132</u>	<u>\$ 26,596</u>	<u>\$ 2,308,561</u>	<u>\$ 1,327,020</u>	<u>\$ 26,490</u>	<u>\$ 409,324</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	572	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	1,000,525	-	-	187,220
-	-	-	-	-	-	-	-	-
-	-	-	-	-	<u>1,001,097</u>	-	-	<u>187,220</u>
-	-	-	-	-	-	-	-	-
296,884	2,448	5,741	13,132	26,596	-	-	-	222,104
-	-	-	-	-	-	-	-	-
-	-	-	-	-	1,307,464	1,327,020	26,490	-
-	-	-	-	-	-	-	-	-
<u>296,884</u>	<u>2,448</u>	<u>5,741</u>	<u>13,132</u>	<u>26,596</u>	<u>1,307,464</u>	<u>1,327,020</u>	<u>26,490</u>	<u>222,104</u>
<u>\$ 296,884</u>	<u>\$ 2,448</u>	<u>\$ 5,741</u>	<u>\$ 13,132</u>	<u>\$ 26,596</u>	<u>\$ 2,308,561</u>	<u>\$ 1,327,020</u>	<u>\$ 26,490</u>	<u>\$ 409,324</u>

CITY OF APPLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)
As of December 31, 2011

	Capital Projects Funds				
	Tax	Tax	Tax	Public	Public
	Incremental District No. 6	Incremental District No. 7	Incremental District No. 8	Safety Facilities	Works Equipment
ASSETS					
Cash and investments	\$ 1,669,498	\$ 217,737	\$ 751,787	\$ 52,427	\$ 386,443
Receivables					
Taxes	2,162,930	300,699	21,887	-	-
Deferred loans	-	-	-	-	-
Accounts	-	-	-	-	-
Special assessments	-	-	-	-	-
Other	-	-	-	-	-
Due from other governments	-	-	-	-	12,069
Due from other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 3,832,428</u>	<u>\$ 518,436</u>	<u>\$ 773,674</u>	<u>\$ 52,427</u>	<u>\$ 398,512</u>
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ 68	\$ -	\$ 262,840	\$ -	\$ 223,982
Other accrued liabilities	-	-	-	-	112
Due to other funds	-	-	-	-	-
Deposits	-	-	500,000	-	-
Deferred revenues	2,162,930	300,699	21,887	-	-
Advances from other funds	<u>2,902,500</u>	-	-	-	-
Total Liabilities	<u>5,065,498</u>	<u>300,699</u>	<u>784,727</u>	-	<u>224,094</u>
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	217,737	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	52,427	174,418
Unassigned (deficit)	<u>(1,233,070)</u>	-	<u>(11,053)</u>	-	-
Total Fund Balances	<u>(1,233,070)</u>	<u>217,737</u>	<u>(11,053)</u>	<u>52,427</u>	<u>174,418</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,832,428</u>	<u>\$ 518,436</u>	<u>\$ 773,674</u>	<u>\$ 52,427</u>	<u>\$ 398,512</u>

Capital Projects Funds						Permanent Fund	Total Nonmajor Governmental Funds
Business Park Escrow	CEA Replacement	Community Development	Library Improvements	Facilities Capital Projects	Technology	Frank P. Young Memorial	
\$ 541,333	\$ 2,673,871	\$ 24,149	\$ 3,960	\$ 276,255	\$ 66,717	\$ 33,655	\$ 11,681,812
-	-	-	-	-	-	-	6,241,815
-	-	-	-	-	-	-	6,253,289
-	-	-	-	-	-	-	15,125
-	-	-	-	-	-	-	500,525
-	-	-	-	-	-	-	302,327
-	-	-	-	-	-	-	305,526
-	-	-	-	-	-	-	35,210
<u>\$ 541,333</u>	<u>\$ 2,673,871</u>	<u>\$ 24,149</u>	<u>\$ 3,960</u>	<u>\$ 276,255</u>	<u>\$ 66,717</u>	<u>\$ 33,655</u>	<u>\$ 25,335,629</u>
\$ -	\$ -	\$ -	\$ 3,960	\$ 126,389	\$ -	\$ -	\$ 879,752
175	-	-	-	1,492	-	-	53,102
-	-	-	-	-	-	-	237,681
-	-	-	-	-	-	-	500,000
-	-	-	-	-	-	-	12,793,733
-	-	-	-	-	-	-	3,147,805
<u>175</u>	<u>-</u>	<u>-</u>	<u>3,960</u>	<u>127,881</u>	<u>-</u>	<u>-</u>	<u>17,612,073</u>
-	-	-	-	-	-	33,655	33,655
-	-	-	-	-	-	-	1,841,687
-	-	-	-	-	-	-	928,906
541,158	2,673,871	24,149	-	148,374	66,717	-	6,342,088
-	-	-	-	-	-	-	(1,422,780)
<u>541,158</u>	<u>2,673,871</u>	<u>24,149</u>	<u>-</u>	<u>148,374</u>	<u>66,717</u>	<u>33,655</u>	<u>7,723,556</u>
<u>\$ 541,333</u>	<u>\$ 2,673,871</u>	<u>\$ 24,149</u>	<u>\$ 3,960</u>	<u>\$ 276,255</u>	<u>\$ 66,717</u>	<u>\$ 33,655</u>	<u>\$ 25,335,629</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	Special Revenue Funds				
	Tax Incremental District No. 2	Community Development Block Grant	Rental Rehabili- tation Grants	Sanitation & Recycling Program	Health Grants
REVENUES					
Taxes	\$ 324,137	\$ -	\$ -	\$ 2,310,000	\$ -
Intergovernmental	2,535	379,763	-	-	256,307
Special assessments	-	-	-	-	-
Investment income	18,408	-	-	70,933	-
Charges for services	-	-	-	1,018,377	26,088
Other	-	-	106,081	5,423	-
Total Revenues	<u>345,080</u>	<u>379,763</u>	<u>106,081</u>	<u>3,404,733</u>	<u>282,395</u>
EXPENDITURES					
Current					
General government	1,697	-	-	-	-
Public safety	-	-	-	-	282,395
Public works	-	-	-	3,411,981	-
Education and recreation	-	-	-	-	-
Community development	-	392,234	41,827	-	-
Capital Outlay	-	-	-	-	-
Debt Service					
Interest and fiscal charges	14,419	-	-	-	-
Total Expenditures	<u>16,116</u>	<u>392,234</u>	<u>41,827</u>	<u>3,411,981</u>	<u>282,395</u>
Excess (deficiency) of revenues over expenditures	<u>328,964</u>	<u>(12,471)</u>	<u>64,254</u>	<u>(7,248)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Sale of city property	-	-	-	2,684	-
Promissory note issued	-	-	-	-	-
Transfer in	-	-	-	-	-
Transfers out	(73,500)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(73,500)</u>	<u>-</u>	<u>-</u>	<u>2,684</u>	<u>-</u>
Net Change in Fund Balances	255,464	(12,471)	64,254	(4,564)	-
FUND BALANCES (DEFICIT) - Beginning of Year	<u>(143,220)</u>	<u>(5,634)</u>	<u>90,428</u>	<u>933,470</u>	<u>-</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 112,244</u>	<u>\$ (18,105)</u>	<u>\$ 154,682</u>	<u>\$ 928,906</u>	<u>\$ -</u>

Special Revenue Funds								
Police Grants	Safe Route to School Grant	Hazardous Materials Level A	Forestry	Room Tax	Emergency Shelter	Continuum of Care	HOME Homeowner	Housing Rehabilitation Grant
\$ -	\$ -	\$ -	\$ -	\$ 372,176	\$ -	\$ -	\$ -	\$ -
129,576	34,968	60,362	-	-	30,495	211,253	-	196,571
-	-	-	-	-	-	-	-	-
-	-	19,797	-	114	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,862	123,424
<u>129,576</u>	<u>34,968</u>	<u>80,159</u>	<u>-</u>	<u>372,290</u>	<u>30,495</u>	<u>211,253</u>	<u>1,862</u>	<u>319,995</u>
-	-	40,246	-	336,731	-	-	-	-
88,210	-	73,355	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	34,968	-	-	-	-	-	-	-
-	-	-	-	-	30,495	211,253	2,530	355,440
-	-	-	-	-	-	-	-	-
<u>88,210</u>	<u>34,968</u>	<u>113,601</u>	<u>-</u>	<u>336,731</u>	<u>30,495</u>	<u>211,253</u>	<u>2,530</u>	<u>355,440</u>
<u>41,366</u>	<u>-</u>	<u>(33,442)</u>	<u>-</u>	<u>35,559</u>	<u>-</u>	<u>-</u>	<u>(668)</u>	<u>(35,445)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	(9,193)	(33,000)	-	-	-	-
-	-	-	(9,193)	(33,000)	-	-	-	-
<u>41,366</u>	<u>-</u>	<u>(33,442)</u>	<u>(9,193)</u>	<u>2,559</u>	<u>-</u>	<u>-</u>	<u>(668)</u>	<u>(35,445)</u>
<u>(51,585)</u>	<u>(64,886)</u>	<u>441,950</u>	<u>9,193</u>	<u>24,247</u>	<u>-</u>	<u>-</u>	<u>3,855</u>	<u>-</u>
\$ (10,219)	\$ (64,886)	\$ 408,508	\$ -	\$ 26,806	\$ -	\$ -	\$ 3,187	\$ (35,445)

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (cont.)
For the Year Ended December 31, 2011

	Special Revenue Funds						
	Business and Neighborhood Revitalization Grant	Neighborhood Stabilization Grant	Homeless Prevention Grant	Lead Hazard Control Grant	Energy Efficiency Block Grant	Tuch- scherer Disability	Peabody Estate
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	43,754	220,887	117,630	185,566	419,788	-	-
Special assessments	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	2,621	2,625
Charges for services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Revenues	<u>43,754</u>	<u>220,887</u>	<u>117,630</u>	<u>185,566</u>	<u>419,788</u>	<u>2,621</u>	<u>2,625</u>
EXPENDITURES							
Current							
General government	-	-	-	-	419,788	6,391	-
Public safety	-	-	-	185,566	-	-	-
Public works	-	-	-	-	-	-	-
Education and recreation	-	-	-	-	-	-	-
Community development	43,754	270,889	117,630	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Debt Service							
Interest and fiscal charges	-	-	-	-	-	-	-
Total Expenditures	<u>43,754</u>	<u>270,889</u>	<u>117,630</u>	<u>185,566</u>	<u>419,788</u>	<u>6,391</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(50,002)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,770)</u>	<u>2,625</u>
OTHER FINANCING SOURCES (USES)							
Sale of city property	-	-	-	-	-	-	-
Promissory note issued	-	-	-	-	-	-	-
Transfer in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	(50,002)	-	-	-	(3,770)	2,625
FUND BALANCES (DEFICIT) - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>64,497</u>	<u>60,732</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ (50,002)</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 60,727</u>	<u>\$ 63,357</u>

Continued on
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Special Revenue Funds							Capital Projects Funds
Balliet Locomotive	Lutz Park	Park Purpose Open Space	Union Spring Park	Project City Park	Universal Playground	Miracle League Baseball	Subdivision Development Projects
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 900,000
-	-	-	-	-	-	-	16,433
-	-	-	-	-	-	-	832,617
456	8,809	12,259	101	245	758	1,089	75,791
-	-	-	-	-	-	-	-
-	3,000	-	-	-	-	-	30,182
<u>456</u>	<u>11,809</u>	<u>12,259</u>	<u>101</u>	<u>245</u>	<u>758</u>	<u>1,089</u>	<u>1,855,023</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	30	-	-	6,900	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,272,091
-	-	-	-	-	-	-	-
-	-	30	-	-	6,900	-	1,272,091
<u>456</u>	<u>11,809</u>	<u>12,229</u>	<u>101</u>	<u>245</u>	<u>(6,142)</u>	<u>1,089</u>	<u>582,932</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(92,715)
-	-	-	-	-	-	-	(92,715)
456	11,809	12,229	101	245	(6,142)	1,089	490,217
<u>10,610</u>	<u>204,656</u>	<u>284,655</u>	<u>2,347</u>	<u>5,496</u>	<u>19,274</u>	<u>25,507</u>	<u>817,247</u>
<u>\$ 11,066</u>	<u>\$ 216,465</u>	<u>\$ 296,884</u>	<u>\$ 2,448</u>	<u>\$ 5,741</u>	<u>\$ 13,132</u>	<u>\$ 26,596</u>	<u>\$ 1,307,464</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (cont.)
For the Year Ended December 31, 2011

	Capital Projects Funds					
	Industrial Park Land	Parks and Recreation Projects	Tax Incremental District No. 5	Tax Incremental District No. 6	Tax Incremental District No. 7	Tax Incremental District No. 8
REVENUES						
Taxes	\$ -	\$ -	\$ 216,588	\$ 2,110,231	\$ 41,295	\$ 22,151
Intergovernmental	-	-	828	66,404	102,819	-
Special assessments	-	-	-	-	-	-
Investment income	61,008	2,288	11,279	53,910	7,376	18,280
Charges for services	-	-	-	-	-	-
Other	8,232	-	-	2,058	-	-
Total Revenues	<u>69,240</u>	<u>2,288</u>	<u>228,695</u>	<u>2,232,603</u>	<u>151,490</u>	<u>40,431</u>
EXPENDITURES						
Current						
General government	-	-	1,697	1,697	1,697	1,150
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Education and recreation	-	-	-	-	-	-
Community development	-	-	-	494,409	-	-
Capital Outlay	105,900	99,846	-	1,521	61,426	873,574
Debt Service						
Interest and fiscal charges	-	-	-	95,793	-	-
Total Expenditures	<u>105,900</u>	<u>99,846</u>	<u>1,697</u>	<u>593,420</u>	<u>63,123</u>	<u>874,724</u>
Excess (deficiency) of revenues over expenditures	<u>(36,660)</u>	<u>(97,558)</u>	<u>226,998</u>	<u>1,639,183</u>	<u>88,367</u>	<u>(834,293)</u>
OTHER FINANCING SOURCES (USES)						
Sale of city property	-	-	-	-	-	-
Promissory note issued	-	-	-	-	-	500,000
Transfers in	-	66,770	-	-	-	300,000
Transfers out	(178,092)	(40,601)	(125,240)	(1,936,946)	(8,144)	(1,069)
Total Other Financing Sources (Uses)	<u>(178,092)</u>	<u>26,169</u>	<u>(125,240)</u>	<u>(1,936,946)</u>	<u>(8,144)</u>	<u>798,931</u>
Net Change in Fund Balances	(214,752)	(71,389)	101,758	(297,763)	80,223	(35,362)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>1,541,772</u>	<u>97,879</u>	<u>120,346</u>	<u>(935,307)</u>	<u>137,514</u>	<u>24,309</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 1,327,020</u>	<u>\$ 26,490</u>	<u>\$ 222,104</u>	<u>\$ (1,233,070)</u>	<u>\$ 217,737</u>	<u>\$ (11,053)</u>

Capital Projects Funds							
Public Safety Facilities	Public Works Equipment	Business Park Escrow	CEA Replacement	Community Development	Library Improvements	Facilities Capital Projects	Technology
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,190	63,413	51,335	108,485	10,119	104	13,866	5,243
-	-	-	-	-	-	-	-
-	12,070	-	1,714,620	10,000	-	28,860	-
<u>2,190</u>	<u>75,483</u>	<u>51,335</u>	<u>1,823,105</u>	<u>20,119</u>	<u>104</u>	<u>42,726</u>	<u>5,243</u>
-	-	-	-	-	-	91,946	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	237,288	1,088,331	2,166,453	79,800	404,492	1,119,914	84,803
-	-	-	-	-	-	-	-
-	<u>237,288</u>	<u>1,088,331</u>	<u>2,166,453</u>	<u>79,800</u>	<u>404,492</u>	<u>1,211,860</u>	<u>84,803</u>
<u>2,190</u>	<u>(161,805)</u>	<u>(1,036,996)</u>	<u>(343,348)</u>	<u>(59,681)</u>	<u>(404,388)</u>	<u>(1,169,134)</u>	<u>(79,560)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	362,135	19,881	402,940	577,206	-
-	(1,046,990)	(230,719)	-	(250,000)	-	-	-
-	<u>(1,046,990)</u>	<u>(230,719)</u>	<u>362,135</u>	<u>(230,119)</u>	<u>402,940</u>	<u>577,206</u>	<u>-</u>
2,190	(1,208,795)	(1,267,715)	18,787	(289,800)	(1,448)	(591,928)	(79,560)
<u>50,237</u>	<u>1,383,213</u>	<u>1,808,873</u>	<u>2,655,084</u>	<u>313,949</u>	<u>1,448</u>	<u>740,302</u>	<u>146,277</u>
<u>\$ 52,427</u>	<u>\$ 174,418</u>	<u>\$ 541,158</u>	<u>\$ 2,673,871</u>	<u>\$ 24,149</u>	<u>\$ -</u>	<u>\$ 148,374</u>	<u>\$ 66,717</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	Permanent Fund		Total Nonmajor Governmental Funds
	Frank P. Young Memorial		
REVENUES			
Taxes	\$ -		\$ 6,296,578
Intergovernmental	-		2,475,939
Special assessments	-		832,617
Investment income	103		623,005
Charges for services	-		1,044,465
Other	<u>800</u>		<u>2,046,612</u>
Total Revenues	<u>903</u>		<u>13,319,216</u>
EXPENDITURES			
Current			
General government	900		903,940
Public safety	-		629,526
Public works	-		3,411,981
Education and recreation	-		41,898
Community development	-		1,960,461
Capital Outlay	-		7,595,439
Debt Service			
Interest and fiscal charges	<u>-</u>		<u>110,212</u>
Total Expenditures	<u>900</u>		<u>14,653,457</u>
Excess (deficiency) of revenues over expenditures	<u>3</u>		<u>(1,334,241)</u>
OTHER FINANCING SOURCES (USES)			
Sale of city property	-		2,684
Promissory note issued	-		500,000
Transfer in	-		1,728,932
Transfers out	<u>-</u>		<u>(4,026,209)</u>
Total Other Financing Sources (Uses)	<u>-</u>		<u>(1,794,593)</u>
Net Change in Fund Balances	3		(3,128,834)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>33,652</u>		<u>10,852,390</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 33,655</u>		<u>\$ 7,723,556</u>

NONMAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

Enterprise funds are used to account for activities that are financed and operated in a manner similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities provided to outside parties are accounted for in enterprise funds.

PARKING UTILITY

To account for the operation of City parking meters, parking ramps and lots. All revenue and expenses necessary to provide such services are accounted for in this fund.

REID MUNICIPAL GOLF COURSE

To account for the operation, maintenance and improvement of the municipal golf course. All revenue and expenses necessary to provide such golf and concession services are accounted for in this fund.

CITY OF APPLETON

COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS As of December 31, 2011

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 1,370,571	\$ 193,404	\$ 1,563,975
Other accounts receivable	3,211	1,241	4,452
Total Current Assets	1,373,782	194,645	1,568,427
Non-Current Assets			
Capital Assets			
Land	1,583,640	1,428,667	3,012,307
Building and improvements	22,943,089	1,079,155	24,022,244
Equipment, furniture and vehicles	515,373	103,333	618,706
Less: Accumulated depreciation	(15,143,194)	(1,250,600)	(16,393,794)
Total Non-Current Assets	9,898,908	1,360,555	11,259,463
Total Assets	11,272,690	1,555,200	12,827,890
LIABILITIES			
Current Liabilities			
Accounts payable	18,233	3,321	21,554
Compensated absences	34,672	10,246	44,918
Other accrued liabilities	20,203	28,521	48,724
Advance from other funds	-	24,000	24,000
Unearned revenue	36,672	-	36,672
Total Current Liabilities	109,780	66,088	175,868
Noncurrent Liabilities			
General obligation debt payable	-	708,509	708,509
Compensated absences	31,396	39,663	71,059
Advance from other funds	-	210,744	210,744
Total Noncurrent Liabilities	31,396	958,916	990,312
Total Liabilities	141,176	1,025,004	1,166,180
NET ASSETS			
Invested in capital assets, net of related debt	9,898,908	652,046	10,550,954
Unrestricted (deficit)	1,232,606	(121,850)	1,110,756
TOTAL NET ASSETS	\$ 11,131,514	\$ 530,196	\$ 11,661,710

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - NONMAJOR PROPRIETARY FUNDS For the Year Ended December 31, 2011

	Enterprise Funds		Totals
	Parking Utility	Reid Municipal Golf Course	
OPERATING REVENUES			
Charges for services	\$ 1,827,806	\$ 443,822	\$ 2,271,628
Other	515,864	32,813	548,677
Total Operating Revenues	2,343,670	476,635	2,820,305
OPERATING EXPENSES			
Operation and maintenance	1,201,579	380,534	1,582,113
Depreciation	465,844	77,885	543,729
Total Operating Expenses	1,667,423	458,419	2,125,842
Operating Income	676,247	18,216	694,463
NONOPERATING REVENUES (EXPENSES)			
Investment income	67,377	8,790	76,167
Other	-	3,077	3,077
Interest expense	-	185,754	185,754
Total Nonoperating Revenues (Expenses)	67,377	197,621	264,998
Income Before Transfers and Capital Contributions	743,624	215,837	959,461
Transfers out	(1,061,448)	(497,900)	(1,559,348)
Change in Net Assets	(317,824)	(282,063)	(599,887)
TOTAL NET ASSETS - Beginning	11,449,338	812,259	12,261,597
TOTAL NET ASSETS - ENDING	\$ 11,131,514	\$ 530,196	\$ 11,661,710

CITY OF APPLETON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended December 31, 2011

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 2,386,407	\$ 478,471	\$ 2,864,878
Paid to suppliers for goods and services	(621,621)	(205,234)	(826,855)
Paid to employees for services	(607,116)	(174,045)	(781,161)
Net Cash Flows From Operating Activities	<u>1,157,670</u>	<u>99,192</u>	<u>1,256,862</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(1,061,448)	(17,900)	(1,079,348)
Net Cash Flows From Noncapital Financing Activities	<u>(1,061,448)</u>	<u>(17,900)</u>	<u>(1,079,348)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(72,560)	-	(72,560)
Interest paid on long-term debt	-	(59,425)	(59,425)
Net Cash Flows From Capital and Related Financing Activities	<u>(72,560)</u>	<u>(59,425)</u>	<u>(131,985)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	67,377	8,790	76,167
Net Cash Flows From Investing Activities	<u>67,377</u>	<u>8,790</u>	<u>76,167</u>
Net Increase in Cash and Cash Equivalents	91,039	30,657	121,696
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,279,532</u>	<u>162,747</u>	<u>1,442,279</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,370,571</u>	<u>\$ 193,404</u>	<u>\$ 1,563,975</u>

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES			
Operating income	\$ 676,247	\$ 18,216	\$ 694,463
Adjustments to reconcile operating income to net cash flows from operating activities			
Nonoperating income	-	3,077	3,077
Depreciation	465,844	77,885	543,729
Change in assets and liabilities			
Other accounts receivable	6,065	(1,241)	4,824
Accounts payable	-	3,101	3,101
Accrued liabilities	(763)	(1,730)	(2,493)
Unearned revenue	36,672	-	36,672
Compensated absences	(26,395)	(116)	(26,511)
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 1,157,670</u>	 <u>\$ 99,192</u>	 <u>\$ 1,256,862</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Advances	<u>\$ -</u>	<u>\$ 234,744</u>	<u>\$ 234,744</u>

INTERNAL SERVICE FUNDS

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

CENTRAL EQUIPMENT AGENCY

To account for the user fees and costs associated with the acquisition, operation and maintenance of various City-owned vehicles and equipment.

RISK MANAGEMENT

To account for the user fees and costs associated with providing insurance and risk protection services to the organization and agencies of the City. All user charges and expenses necessary to provide such services are accounted for in this fund.

FACILITIES MANAGEMENT

To account for the user fees and costs associated with the lease, repair, maintenance and cleaning of various City facilities.

POST EMPLOYMENT BENEFIT

To account for the actuarially determined liability associated with other post employment benefits (OPEB) in accordance with Government Accounting Standards Board (GASB) Statements No. 43 and 45.

CITY OF APPLETON

COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS
As of December 31, 2011

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Totals
ASSETS					
Current Assets					
Cash and investments	\$ 327,729	\$ -	\$ 172,182	\$ 1,464,245	\$ 1,964,156
Other receivables	13,205	117,473	1,874	-	132,552
Prepaid items	-	38,934	-	-	38,934
Inventories	85,082	-	-	-	85,082
Total Current Assets	<u>426,016</u>	<u>156,407</u>	<u>174,056</u>	<u>1,464,245</u>	<u>2,220,724</u>
Non-Current Assets					
Investment in WMIC	-	2,020,950	-	-	2,020,950
Capital Assets					
Construction in progress	86,823	-	-	-	86,823
Equipment	1,538,540	-	-	-	1,538,540
Vehicles	23,636,561	-	-	-	23,636,561
Less: Accumulated depreciation	<u>(14,519,774)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,519,774)</u>
Total Non-Current Assets	<u>10,742,150</u>	<u>2,020,950</u>	<u>-</u>	<u>-</u>	<u>12,763,100</u>
Total Assets	<u>11,168,166</u>	<u>2,177,357</u>	<u>174,056</u>	<u>1,464,245</u>	<u>14,983,824</u>
LIABILITIES					
Current Liabilities					
Accounts payable	56,991	20,230	29,645	-	106,866
Compensated absences	55,662	16,747	41,530	-	113,939
Other accrued liabilities	34,502	8,733	46,187	-	89,422
Claims payable	-	1,500,000	-	-	1,500,000
Due to other funds	-	825,598	-	-	825,598
Current portion of general obligation debt	7,667	-	-	-	7,667
Total Current Liabilities	<u>154,822</u>	<u>2,371,308</u>	<u>117,362</u>	<u>-</u>	<u>2,643,492</u>
Noncurrent Liabilities					
General obligation debt	53,673	-	-	-	53,673
Compensated absences	26,176	36,080	11,618	-	73,874
Other postemployment benefit liability	-	-	-	43,484	43,484
Total Noncurrent Liabilities	<u>79,849</u>	<u>36,080</u>	<u>11,618</u>	<u>43,484</u>	<u>171,031</u>
Total Liabilities	<u>234,671</u>	<u>2,407,388</u>	<u>128,980</u>	<u>43,484</u>	<u>2,814,523</u>
NET ASSETS					
Invested in capital assets, net of related debt	10,680,810	-	-	-	10,680,810
Unrestricted (deficit)	<u>252,685</u>	<u>(230,031)</u>	<u>45,076</u>	<u>1,420,761</u>	<u>1,488,491</u>
TOTAL NET ASSETS (deficit)	<u>\$ 10,933,495</u>	<u>\$ (230,031)</u>	<u>\$ 45,076</u>	<u>\$ 1,420,761</u>	<u>\$ 12,169,301</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS -
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2011

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Totals
OPERATING REVENUES					
Charges for services	\$ 2,916,741	\$ 1,038,827	\$ 3,927,126	\$ -	\$ 7,882,694
Other	3,420	449,814	29,589	-	482,823
Total Operating Revenue	<u>2,920,161</u>	<u>1,488,641</u>	<u>3,956,715</u>	<u>-</u>	<u>8,365,517</u>
OPERATING EXPENSES					
Operation and maintenance	2,920,680	1,731,515	3,928,352	59,437	8,639,984
Depreciation	1,977,850	-	-	-	1,977,850
Total Operating Expenses	<u>4,898,530</u>	<u>1,731,515</u>	<u>3,928,352</u>	<u>59,437</u>	<u>10,617,834</u>
Operating Income (Loss)	<u>(1,978,369)</u>	<u>(242,874)</u>	<u>28,363</u>	<u>(59,437)</u>	<u>(2,252,317)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	11,526	-	28	-	11,554
Interest expense	(1,898)	-	-	-	(1,898)
Gain on the sale of capital assets	285,747	-	-	-	285,747
Other	-	-	11,042	-	11,042
Total Nonoperating Revenues (Expenses)	<u>295,375</u>	<u>-</u>	<u>11,070</u>	<u>-</u>	<u>306,445</u>
Income (Loss) Before Transfers and Contributions	<u>(1,682,994)</u>	<u>(242,874)</u>	<u>39,433</u>	<u>(59,437)</u>	<u>(1,945,872)</u>
Capital contributions	2,166,374	-	-	-	2,166,374
Transfers out	<u>(294,987)</u>	<u>(29,206)</u>	<u>-</u>	<u>-</u>	<u>(324,193)</u>
Change in Net Assets	188,393	(272,080)	39,433	(59,437)	(103,691)
TOTAL NET ASSETS - Beginning	<u>10,745,102</u>	<u>42,049</u>	<u>5,643</u>	<u>1,480,198</u>	<u>12,272,992</u>
TOTAL NET ASSETS - ENDING (DEFICIT)	<u>\$ 10,933,495</u>	<u>\$ (230,031)</u>	<u>\$ 45,076</u>	<u>\$ 1,420,761</u>	<u>\$ 12,169,301</u>

CITY OF APPLETON

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2011

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 3,207,511	\$ 1,389,110	\$ 3,972,967	\$ -	\$ 8,569,588
Paid to suppliers for goods and services	(1,736,204)	(1,052,968)	(2,460,262)	-	(5,249,434)
Paid to employees for services	(1,235,757)	(306,936)	(1,501,308)	-	(3,044,001)
Net Cash Flows From Operating Activities	<u>235,550</u>	<u>29,206</u>	<u>11,397</u>	<u>-</u>	<u>276,153</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out	(294,987)	(29,206)	-	-	(324,193)
Net Cash Flows From Noncapital Financing Activities	<u>(294,987)</u>	<u>(29,206)</u>	<u>-</u>	<u>-</u>	<u>(324,193)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the sale of capital assets	11,866	-	-	-	11,866
Debt retired	(7,667)	-	-	-	(7,667)
Interest paid	(1,956)	-	-	-	(1,956)
Net Cash Flows From Capital and Related Financing Activities	<u>2,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,243</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	11,526	-	28	-	11,554
Net Cash Flows From Investing Activities	<u>11,526</u>	<u>-</u>	<u>28</u>	<u>-</u>	<u>11,554</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(45,668)	-	11,425	-	(34,243)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>373,397</u>	<u>-</u>	<u>160,757</u>	<u>1,464,245</u>	<u>1,998,399</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 327,729</u>	<u>\$ -</u>	<u>\$ 172,182</u>	<u>\$ 1,464,245</u>	<u>\$ 1,964,156</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ (1,978,369)	\$ (242,874)	\$ 28,363	\$ (59,437)	\$ (2,252,317)
Adjustments to reconcile income (loss) to net cash flows from operating activities:					
Non-operating income	285,747	-	11,042	-	296,789
Depreciation	1,977,850	-	-	-	1,977,850
Change in assets and liabilities:					
Other accounts receivable	1,603	(99,531)	5,210	-	(92,718)
Inventories	(9,061)	-	-	-	(9,061)
Prepays	-	12,978	-	-	12,978
Accounts payable	1,343	(40,135)	(57,086)	-	(95,878)
Accrued liabilities	(4,007)	(180)	23,476	-	19,289
Due to other funds	-	398,630	-	-	398,630
Accrued compensated absences	(39,556)	318	392	-	(38,846)
Net other postemployment benefit asset	-	-	-	15,953	15,953
Postemployment benefits liability	-	-	-	43,484	43,484
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 235,550</u>	<u>\$ 29,206</u>	<u>\$ 11,397</u>	<u>\$ -</u>	<u>\$ 276,153</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Contributed property and equipment	<u>\$ 2,166,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,166,374</u>

FIDUCIARY FUND

AGENCY FUNDS

Accounts for resources held by the City in a purely custodial capacity (assets equal liabilities).

TAX COLLECTION FUND

To account for the City's collection of property taxes and the corresponding liability to other governmental units.

CITY OF APPLETON

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND For the Year Ended December 31, 2011

	Balance 1-1-10	Additions	Deductions	Balance 12-31-10
TAX COLLECTIONS				
Assets				
Cash and investments	\$ 48,430,645	\$ 51,367,853	\$ 48,430,645	\$ 51,367,853
Property taxes receivable	<u>24,478,671</u>	<u>21,518,286</u>	<u>24,478,671</u>	<u>21,518,286</u>
TOTAL ASSETS	<u>\$ 72,909,316</u>	<u>\$ 72,886,139</u>	<u>\$ 72,909,316</u>	<u>\$ 72,886,139</u>
Liabilities				
Due to other taxing authorities	\$ 72,818,254	\$ 72,803,017	\$ 72,818,254	\$ 72,803,017
Accounts payable	<u>91,062</u>	<u>83,122</u>	<u>91,062</u>	<u>83,122</u>
TOTAL LIABILITIES	<u>\$ 72,909,316</u>	<u>\$ 72,886,139</u>	<u>\$ 72,909,316</u>	<u>\$ 72,886,139</u>

STATISTICAL SECTION

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities									
Invested in Capital Assets, net of related debt	\$ 222,306,765	\$ 232,641,235	\$ 240,869,557	\$ 251,427,513	\$ 256,159,970	\$ 275,565,973	\$ 292,088,865	\$ 301,042,119	\$ 304,733,210
Restricted	218,516	6,429,747	6,796,749	6,868,633	6,825,544	6,874,327	6,778,453	7,014,412	8,193,931
Unrestricted	<u>(4,087,925)</u>	<u>(13,022,089)</u>	<u>6,092,284</u>	<u>5,749,677</u>	<u>13,282,781</u>	<u>13,815,530</u>	<u>20,215,128</u>	<u>15,672,956</u>	<u>23,726,812</u>
Total Governmental Activities Net Assets	218,437,356	226,048,893	253,758,590	264,045,823	276,268,295	296,255,830	319,082,446	323,729,487	336,653,953
Business-type Activities									
Invested in Capital Assets, net of related debt	148,565,590	164,337,658	171,026,349	178,165,977	172,857,282	175,623,218	181,388,463	181,147,366	184,841,387
Restricted	9,927,016	10,482,382	10,852,698	9,249,057	11,781,325	14,167,468	14,656,581	11,541,965	9,893,897
Unrestricted	<u>35,042,798</u>	<u>25,205,527</u>	<u>12,692,909</u>	<u>11,951,190</u>	<u>21,546,219</u>	<u>23,317,930</u>	<u>19,762,345</u>	<u>28,025,987</u>	<u>33,541,714</u>
Total Business-type Activities Net Assets	193,535,404	200,025,567	194,571,956	199,366,224	206,184,826	213,108,616	215,807,389	220,715,318	228,276,998
Primary Government									
Invested in Capital Assets, net of related debt	370,872,355	396,978,893	410,473,911	425,890,500	426,736,257	448,610,849	471,187,897	480,204,886	487,906,774
Restricted	10,145,532	16,912,129	17,649,447	16,117,690	18,606,869	21,041,795	21,435,034	18,556,377	18,087,828
Unrestricted	<u>30,954,873</u>	<u>12,183,438</u>	<u>20,207,188</u>	<u>21,403,857</u>	<u>37,109,995</u>	<u>39,711,802</u>	<u>42,266,904</u>	<u>45,683,542</u>	<u>58,936,349</u>
Total Primary Government Net Assets	<u>\$ 411,972,760</u>	<u>\$ 426,074,460</u>	<u>\$ 448,330,546</u>	<u>\$ 463,412,047</u>	<u>\$ 482,453,121</u>	<u>\$ 509,364,446</u>	<u>\$ 534,889,835</u>	<u>\$ 544,444,805</u>	<u>\$ 564,930,951</u>

Note: Appleton began to report accrual information with the implementation of GASB Statement # 34 in 2003, therefore this schedule only shows eight prior years in addition to the current year.

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses									
Governmental Activities:									
General Government	\$ 6,492,619	\$ 6,419,439	\$ 6,945,784	\$ 6,791,974	\$ 8,800,555	\$ 9,034,711	\$ 9,803,592	\$ 13,706,195	\$ 9,109,045
Public Safety	22,639,969	23,575,858	24,424,002	24,478,781	25,981,454	26,734,234	26,793,172	28,042,633	27,370,398
Public Works	15,379,335	15,521,570	16,935,291	16,394,553	15,318,805	18,453,713	15,845,722	16,995,311	21,159,672
Education & Recreation	8,820,286	8,667,868	8,706,013	8,827,228	8,977,181	9,558,936	9,505,050	9,215,036	7,337,247
Community Development	4,356,058	2,450,493	2,532,059	2,300,154	1,982,044	1,893,734	2,362,625	3,647,803	3,525,353
Interest	4,080,710	3,983,171	2,070,103	4,731,390	2,790,898	2,537,817	2,624,393	2,428,491	2,201,902
Total Governmental Activities	<u>61,768,977</u>	<u>60,618,399</u>	<u>61,613,252</u>	<u>63,524,080</u>	<u>63,850,937</u>	<u>68,213,145</u>	<u>66,934,554</u>	<u>74,035,469</u>	<u>70,703,617</u>
Business-type Activities									
Water	11,436,383	11,384,777	12,075,437	13,734,286	14,431,806	13,794,313	14,218,376	14,456,132	14,960,496
Wastewater	10,442,858	10,901,021	10,714,320	10,527,573	10,919,223	11,193,807	11,004,780	11,039,780	10,792,194
Valley Transit	5,951,388	6,454,888	6,577,385	6,884,932	7,367,991	8,194,083	7,869,264	8,237,666	8,292,425
Stormwater	3,032,606	3,974,123	4,347,493	4,711,912	5,036,135	5,504,427	5,754,175	6,322,301	6,042,858
Other non-major enterprise funds	2,507,622	2,482,916	2,454,170	2,482,848	2,534,889	2,751,205	2,190,096	2,295,987	1,919,267
Total Business-type Activities	<u>33,370,857</u>	<u>35,197,725</u>	<u>36,168,805</u>	<u>38,341,551</u>	<u>40,290,044</u>	<u>41,437,835</u>	<u>41,036,691</u>	<u>42,351,866</u>	<u>42,007,240</u>
Total - Primary Government	<u>\$ 95,139,834</u>	<u>\$ 95,816,124</u>	<u>\$ 97,782,057</u>	<u>\$ 101,865,631</u>	<u>\$ 104,140,981</u>	<u>\$ 109,650,980</u>	<u>\$ 107,971,245</u>	<u>\$ 116,387,335</u>	<u>\$ 112,710,857</u>
Program Revenues									
Governmental Activities:									
Charges for Service	\$ 4,945,020	\$ 4,285,207	\$ 4,195,931	\$ 4,629,519	\$ 4,192,537	\$ 4,256,826	\$ 5,736,414	\$ 5,229,374	\$ 5,561,599
Operating Grants & Contributions	2,320,915	2,470,595	2,984,118	2,986,715	2,734,921	5,734,618	6,242,490	6,666,648	6,440,559
Capital Grants & Contributions	4,416,370	7,176,121	6,861,161	6,332,043	5,922,608	14,461,771	15,244,780	6,432,635	10,254,959
Total Governmental Activities	<u>11,682,305</u>	<u>13,931,923</u>	<u>14,041,210</u>	<u>13,948,277</u>	<u>12,850,066</u>	<u>24,453,215</u>	<u>27,223,684</u>	<u>18,328,657</u>	<u>22,257,117</u>
Business-type Activities									
Charges for Service									
Water	14,503,814	14,143,690	14,251,543	14,373,765	17,773,481	17,444,729	18,483,569	18,155,384	20,334,751
Wastewater	8,381,938	8,153,375	7,942,307	9,684,273	9,737,880	9,299,844	8,705,216	8,439,730	9,687,803
Valley Transit	845,530	899,244	983,778	1,136,722	1,163,950	1,310,187	1,452,588	1,383,740	1,512,804
Stormwater	3,102,677	3,835,617	3,933,221	5,713,662	6,151,417	6,336,084	6,291,673	6,776,766	7,196,739
Other non-major enterprise funds	2,566,566	2,575,747	2,593,791	2,847,392	2,863,151	2,830,333	2,716,563	2,480,431	2,820,305
Operating Grants & Contributions	4,355,203	4,560,499	4,401,611	4,599,362	5,006,545	5,526,780	5,499,174	5,856,887	5,911,742
Capital Grants & Contributions	4,345,345	7,303,800	4,995,504	4,094,711	2,398,543	3,388,620	2,290,162	3,923,537	2,383,154
Total Business-type Activities	<u>38,101,073</u>	<u>41,471,972</u>	<u>39,101,755</u>	<u>42,449,887</u>	<u>45,094,967</u>	<u>46,136,577</u>	<u>45,438,945</u>	<u>47,016,475</u>	<u>49,847,298</u>
Total - Primary Government	<u>\$ 49,783,378</u>	<u>\$ 55,403,895</u>	<u>\$ 53,142,965</u>	<u>\$ 56,398,164</u>	<u>\$ 57,945,033</u>	<u>\$ 70,589,792</u>	<u>\$ 72,662,629</u>	<u>\$ 65,345,132</u>	<u>\$ 72,104,415</u>
Net (Expense)/Revenue									
Governmental Activities	(50,086,672)	(46,686,476)	(47,572,042)	(49,575,803)	(51,000,871)	(43,759,930)	(39,710,870)	(55,706,812)	(48,446,500)
Business-Type Activities	4,730,216	6,274,247	2,932,950	4,108,336	4,804,923	4,698,742	4,402,254	4,664,609	7,840,058
Total Primary Government Net Assets	<u>\$ (45,356,456)</u>	<u>\$ (40,412,229)</u>	<u>\$ (44,639,092)</u>	<u>\$ (45,467,467)</u>	<u>\$ (46,195,948)</u>	<u>\$ (39,061,188)</u>	<u>\$ (35,308,616)</u>	<u>\$ (51,042,203)</u>	<u>\$ (40,606,442)</u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Revenues & Other Changes in Net Assets									
Governmental Activities:									
Taxes									
Property Taxes	32,614,255	32,883,651	34,909,951	36,843,733	38,745,650	41,461,893	41,920,273	40,296,877	40,724,725
Other Taxes	866,069	1,195,606	1,060,335	790,509	989,071	869,514	743,076	862,279	840,215
Intergovernmental revenues not restricted to specific programs	17,271,606	16,084,242	16,015,538	16,833,670	17,219,716	14,866,313	14,309,349	13,916,622	13,873,673
Investment income	2,030,374	2,182,845	1,682,999	5,470,655	4,877,181	4,634,775	1,562,496	2,703,110	2,936,126
Gain(Loss) on the sale of assets	206,811	135,307	2,255,997	532,942	432,440	275,699	298,632	208,401	297,709
Miscellaneous	568,296	1,224,976	790,190	-	51,861	130,482	116,175	190,944	92,842
Transfers	641,359	591,386	11,918,030	836,691	907,424	1,508,789	2,178,788	2,175,620	2,605,676
Total general revenues and transfers	<u>54,198,770</u>	<u>54,298,013</u>	<u>68,633,040</u>	<u>61,308,200</u>	<u>63,223,343</u>	<u>63,747,465</u>	<u>61,128,789</u>	<u>60,353,853</u>	<u>61,370,966</u>
Business-type Activities									
Investment income	1,142,573	788,552	791,730	1,452,672	3,098,764	3,726,367	475,003	2,412,385	2,310,471
Gain(Loss) on the sale of assets	(3,206)	-	-	-	338,957	1,251	255	-	-
Miscellaneous	8,940	18,750	11,816	68,918	159,557	6,219	49	6,555	16,827
Transfers	(641,359)	(591,386)	(11,918,030)	(836,691)	(907,424)	(1,508,789)	(2,178,788)	(2,175,620)	(2,605,676)
Total Business-type Activities	<u>506,948</u>	<u>215,916</u>	<u>(11,114,484)</u>	<u>684,899</u>	<u>2,689,854</u>	<u>2,225,048</u>	<u>(1,703,481)</u>	<u>243,320</u>	<u>(278,378)</u>
Total Primary Government	<u>\$ 54,705,718</u>	<u>\$ 54,513,929</u>	<u>\$ 57,518,556</u>	<u>\$ 61,993,099</u>	<u>\$ 65,913,197</u>	<u>\$ 65,972,513</u>	<u>\$ 59,425,308</u>	<u>\$ 60,597,173</u>	<u>\$ 61,092,588</u>
Change in Net Assets									
Governmental Activities:	\$ 4,112,098	\$ 7,611,537	\$ 21,060,998	\$ 11,732,397	\$ 12,222,472	\$ 19,987,535	\$ 21,417,919	\$ 4,647,041	\$ 12,924,466
Business-type Activities	5,237,164	6,490,163	(8,181,534)	4,793,235	7,494,777	6,923,790	2,698,773	4,907,929	7,561,680
Total Primary Government	<u>\$ 9,349,262</u>	<u>\$ 14,101,700</u>	<u>\$ 12,879,464</u>	<u>\$ 16,525,632</u>	<u>\$ 19,717,249</u>	<u>\$ 26,911,325</u>	<u>\$ 24,116,692</u>	<u>\$ 9,554,970</u>	<u>\$ 20,486,146</u>

Note: Appleton began to report accrual information with the implementation of GASB Statement # 34 in 2003, therefore this schedule only shows eight prior years in addition to the current year.

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

Function/Program	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities:									
General Government	\$ 252,984	\$ 560,841	\$ 551,625	\$ 922,350	\$ 719,464	\$ 513,367	\$ 1,199,330	\$ 1,154,822	\$ 1,507,939
Public Safety	1,719,607	1,869,967	2,059,771	2,020,978	1,912,579	2,159,092	1,758,084	2,043,891	2,056,640
Public Works	6,064,272	8,825,461	8,363,126	7,513,891	6,787,697	18,966,301	20,838,101	10,788,629	14,847,671
Education & Recreation	1,636,676	1,645,419	1,690,834	1,623,161	2,087,549	1,710,864	1,699,207	1,916,289	2,105,605
Community Development	2,008,766	1,030,235	1,375,854	1,867,897	1,342,777	1,103,591	1,728,962	2,425,026	1,739,262
Total Governmental Activities	<u>11,682,305</u>	<u>13,931,923</u>	<u>14,041,210</u>	<u>13,948,277</u>	<u>12,850,066</u>	<u>24,453,215</u>	<u>27,223,684</u>	<u>18,328,657</u>	<u>22,257,117</u>
Business-type Activities									
Water	15,516,139	15,087,868	15,044,585	14,865,848	17,808,923	18,310,360	18,696,899	19,117,632	20,461,743
Wastewater	9,227,688	9,273,617	9,353,598	10,907,330	10,265,003	10,484,298	9,123,831	9,456,505	10,599,946
Valley Transit	5,159,558	8,957,170	6,514,788	6,192,470	6,317,752	6,985,997	7,243,607	7,876,370	8,030,058
Stormwater	5,631,122	5,577,570	5,594,993	7,636,847	7,814,638	7,525,589	7,658,045	8,085,537	7,935,246
Other non-major enterprise funds	2,566,566	2,575,747	2,593,791	2,847,392	2,888,651	2,830,333	2,716,563	2,480,430	2,820,305
Total Business-type Activities	<u>38,101,073</u>	<u>41,471,972</u>	<u>39,101,755</u>	<u>42,449,887</u>	<u>45,094,967</u>	<u>46,136,577</u>	<u>45,438,945</u>	<u>47,016,474</u>	<u>49,847,298</u>
Total - Primary Government	<u>\$ 49,783,378</u>	<u>\$ 55,403,895</u>	<u>\$ 53,142,965</u>	<u>\$ 56,398,164</u>	<u>\$ 57,945,033</u>	<u>\$ 70,589,792</u>	<u>\$ 72,662,629</u>	<u>\$ 65,345,131</u>	<u>\$ 72,104,415</u>

Note: Appleton began to report accrual information with the implementation of GASB Statement # 34 in 2003, therefore this schedule only shows eight prior years in addition to the current year.

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u> ⁽²⁾
General Fund										
Reserved for:										
Inventories	\$ 443,632	\$ 730,647	\$ 624,307	\$ 631,367	\$ 598,994	\$ 512,923	\$ 575,485	\$ 684,658	\$ 890,237	\$ -
Prepaid items	40,342	231,697	37,156	15,564	9,792	4,475	1,856	7,155	34,111	-
Noncurrent receivables/advances	11,801,779	10,793,361	11,706,947	11,193,955	10,609,275	11,545,439	10,040,207	8,935,430	10,479,175	-
Encumbrances	2,269,780	2,665,155	1,386,837	1,281,556	2,071,583	2,612,921	1,997,140	2,257,554	2,031,468	-
Unreserved	16,586,914	15,801,906	15,098,001	18,495,639	20,150,224	20,276,004	20,782,786	19,321,315	19,362,624	-
Nonspendable	-	-	-	-	-	-	-	-	-	12,268,106
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	107,259
Assigned	-	-	-	-	-	-	-	-	-	10,027,784
Unassigned (Deficit)	-	-	-	-	-	-	-	-	-	12,578,076
Total General Fund	<u>\$ 31,142,447</u>	<u>\$ 30,222,766</u>	<u>\$ 28,853,248</u>	<u>\$ 31,618,081</u>	<u>\$ 33,439,868</u>	<u>\$ 34,951,762</u>	<u>\$ 33,397,474</u>	<u>\$ 31,206,112</u>	<u>\$ 32,797,615</u>	<u>\$ 34,981,225</u>
All Other Governmental Funds										
Reserved for:										
Prepaid items	\$ -	\$ 82,614	\$ -	\$ -	\$ 313,569	\$ 16,588	\$ 539,196	\$ 52,860	\$ -	\$ -
Debt service	152,081	218,516	1,308,374	1,187,549	986,156	808,953	584,586	391,516	184,868	-
Encumbrances	803,204	1,437,827	1,327,663	4,058,957	2,686,620	4,801,361	4,721,695	3,187,167	2,195,894	-
Trust purposes ⁽¹⁾	15,423	15,922	15,703	16,070	16,364	32,093	33,746	34,043	33,652	-
Unreserved, reported in:										
Special revenue funds	(10,768,430)	(29,686,303)	(32,061,055)	(14,206,164)	(10,447,261)	(7,623,548)	(3,480,930)	1,248,662	(10,485,197)	-
Capital projects funds	(8,387,804)	11,644,012	11,461,170	13,252,019	8,186,649	6,872,235	9,420,766	5,136,208	6,552,711	-
Nonspendable	-	-	-	-	-	-	-	-	-	33,655
Restricted	-	-	-	-	-	-	-	-	-	1,868,147
Committed	-	-	-	-	-	-	-	-	-	928,906
Assigned	-	-	-	-	-	-	-	-	-	6,342,088
Unassigned (Deficit)	-	-	-	-	-	-	-	-	-	(14,674,790)
Total All Other Governmental Funds	<u>(18,185,526)</u>	<u>(16,287,412)</u>	<u>(17,948,145)</u>	<u>4,308,431</u>	<u>1,742,097</u>	<u>4,907,682</u>	<u>11,819,059</u>	<u>10,050,456</u>	<u>(1,518,072)</u>	<u>(5,501,994)</u>
Total Governmental Funds	<u>\$ 12,956,921</u>	<u>\$ 13,935,354</u>	<u>\$ 10,905,103</u>	<u>\$ 35,926,512</u>	<u>\$ 35,181,965</u>	<u>\$ 39,859,444</u>	<u>\$ 45,216,533</u>	<u>\$ 41,256,568</u>	<u>\$ 31,279,543</u>	<u>\$ 29,479,231</u>

Notes:

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

2. 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)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
REVENUES										
Taxes	\$ 33,099,823	\$ 33,480,323	\$ 34,079,257	\$ 35,970,286	\$ 37,634,241	\$ 39,734,722	\$ 42,331,407	\$ 42,663,349	\$ 41,159,156	\$ 41,564,939
Intergovernmental	19,683,745	19,926,685	18,663,193	19,211,564	19,671,713	19,661,932	19,544,970	19,880,980	20,322,514	19,681,477
Licenses and permits	884,000	857,425	855,231	921,707	938,603	858,761	809,009	823,787	990,827	895,927
Fines and forfeitures	355,125	277,692	281,958	251,401	271,530	315,809	346,338	342,923	356,971	359,662
Special assessments	3,705,450	2,393,102	2,504,028	2,557,843	2,667,675	2,096,649	1,811,687	2,340,813	1,668,528	2,618,990
Investment income	2,382,965	788,177	2,635,922	3,301,704	4,541,476	5,837,658	6,219,416	1,198,520	2,175,324	2,263,766
Charges for services	2,317,445	2,541,086	2,329,281	2,238,306	2,019,299	1,934,088	2,022,981	1,850,129	1,847,220	2,264,612
Other	2,672,953	2,784,593	2,976,130	2,989,714	3,393,516	3,306,896	4,280,040	5,496,329	4,987,458	3,768,553
Total Revenues	<u>65,101,506</u>	<u>63,049,083</u>	<u>64,325,000</u>	<u>67,442,525</u>	<u>71,138,053</u>	<u>73,746,515</u>	<u>77,365,848</u>	<u>74,596,830</u>	<u>73,507,998</u>	<u>73,417,926</u>
EXPENDITURES										
Current:										
General government	6,251,609	6,126,494	6,168,655	6,660,800	6,573,075	6,763,061	7,337,745	7,244,850	13,102,235	8,143,213
Public safety	21,174,302	22,074,301	22,986,627	23,539,036	23,884,518	25,106,325	26,172,339	26,365,040	27,285,984	27,073,709
Public works	12,629,782	12,909,444	13,660,780	13,486,345	13,236,170	13,922,268	16,059,000	14,513,842	15,656,093	16,323,554
Education and recreation	8,027,742	8,374,430	8,040,579	8,113,321	8,442,800	8,465,184	9,031,230	8,871,494	8,910,684	7,146,178
Community development	2,757,170	2,987,427	3,072,314	3,183,793	2,507,602	2,302,683	2,214,341	2,635,858	3,348,654	3,052,110
Capital Outlay	15,056,988	8,467,483	7,000,266	8,264,711	10,762,860	9,342,876	15,824,263	18,061,037	8,380,704	7,595,439
Debt Service:										
Principal retirement	7,149,027	5,388,571	5,746,890	5,708,427	9,333,847	7,121,471	5,944,027	6,578,288	6,755,336	7,021,625
Interest and fiscal charges	3,692,094	4,076,244	3,939,715	(1,836,951)	4,646,345	2,785,191	2,553,619	2,604,636	2,527,447	2,304,241
Total Expenditures	<u>76,738,714</u>	<u>70,404,394</u>	<u>70,615,826</u>	<u>67,119,482</u>	<u>79,387,217</u>	<u>75,809,059</u>	<u>85,136,564</u>	<u>86,875,045</u>	<u>85,967,137</u>	<u>78,660,069</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,637,208)</u>	<u>(7,355,311)</u>	<u>(6,290,826)</u>	<u>323,043</u>	<u>(8,249,164)</u>	<u>(2,062,544)</u>	<u>(7,770,716)</u>	<u>(12,278,215)</u>	<u>(12,459,139)</u>	<u>(5,242,143)</u>
OTHER FINANCING SOURCES (USES)										
Debt issued	10,530,000	4,312,743	1,099,352	12,246,220	5,180,387	5,165,000	11,195,000	5,735,000	-	-
Premium on debt issued	-	-	-	133,344	886	21,395	19,785	57,086	-	-
Refunding debt issued	-	-	-	-	-	-	(126,196)	-	-	-
Payments to escrow agents	-	-	-	(5,240,154)	-	-	-	-	-	-
Promissory note issued	-	-	-	-	-	-	-	-	-	500,000
Sale of city properties	1,741,379	683,294	1,683,147	4,376,356	605,603	214,675	362,631	93,404	34,854	11,962
Transfers in	7,400,967	27,505,734	7,399,121	20,744,753	10,713,616	8,863,513	11,630,997	9,752,946	16,929,723	9,727,630
Transfers out	(9,454,864)	(26,888,823)	(6,875,712)	(7,562,153)	(8,995,875)	(7,524,560)	(9,954,412)	(7,320,186)	(14,482,463)	(6,797,761)
Total Other Financing Sources (Uses)	<u>10,217,482</u>	<u>5,612,948</u>	<u>3,305,908</u>	<u>24,698,366</u>	<u>7,504,617</u>	<u>6,740,023</u>	<u>13,127,805</u>	<u>8,318,250</u>	<u>2,482,114</u>	<u>3,441,831</u>
Net Change in Fund Balances	(1,419,726)	(1,742,363)	(2,984,918)	25,021,409	(744,547)	4,677,479	5,357,089	(3,959,965)	(9,977,025)	(1,800,312)
FUND BALANCES (DEFICIT) - Beginning (as restated)										
	* 16,096,917	15,677,717	13,890,021	10,905,103	35,926,512	35,181,965	39,859,444	45,216,533	41,256,568	31,279,543
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 14,677,191</u>	<u>\$ 13,935,354</u>	<u>\$ 10,905,103</u>	<u>\$ 35,926,512</u>	<u>\$ 35,181,965</u>	<u>\$ 39,859,444</u>	<u>\$ 45,216,533</u>	<u>\$ 41,256,568</u>	<u>\$ 31,279,543</u>	<u>\$ 29,479,231</u>
Debt service as a percent of non-capital expenditures ⁽¹⁾	23.4%	19.1%	20.7%	16.2%	27.1%	18.6%	15.0%	19.2%	17.5%	17.8%

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

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

<u>Levy Year</u>	<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Agricultural Property</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u> ^A	<u>Total Direct Tax Rate</u> ^B	<u>Estimated Actual Taxable Value</u> ^C	<u>Assessed as Percent of Estimated Actual Value</u> ^D
2002	2003	2,538,529,000	645,168,800	158,744,000	20,400	123,458,191	3,465,920,391	8.5695	3,484,190,400	99.48%
2003	2004	2,599,645,900	693,289,600	163,630,500	140,400	118,638,100	3,575,344,500	8.3167	3,640,419,000	98.21%
2004	2005	2,669,283,400	756,401,000	153,906,600	134,200	114,535,530	3,694,260,730	8.5035	3,897,467,400	94.79%
2005	2006	2,754,366,400	854,361,200	143,387,200	229,600	122,876,400	3,875,220,800	8.4351	4,168,388,400	92.97%
2006	2007	3,223,179,200	895,088,600	155,893,700	160,700	129,273,600	4,403,595,800	7.6845	4,350,186,400	101.23%
2007	2008	3,282,743,500	960,472,700	153,616,800	206,800	128,718,000	4,525,757,800	7.9258	4,575,642,000	98.91%
2008	2009	3,326,884,100	1,014,816,800	156,247,000	206,400	143,801,600	4,641,955,900	7.9594	4,711,007,500	98.53%
2009	2010	3,358,972,100	1,099,921,700	151,449,600	200,600	142,907,700	4,753,451,700	7.9463	4,789,062,900	99.26%
2010	2011	3,339,934,400	1,129,570,400	141,693,800	694,900	141,066,900	4,752,960,400	8.0496	4,851,596,300	97.97%
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%

Notes:

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

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

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

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

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

Last Ten Fiscal Years

OUTAGAMIE COUNTY/APPLETON AREA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

<u>Levy Year</u>	<u>Collection Year</u>	<u>Basic Rate</u>	<u>G.O. Debt Service</u>	<u>City of Appleton Direct Rate ⁽¹⁾</u>	<u>Appleton School District</u>	<u>FVTC</u>	<u>Outagamie County</u>	<u>State of Wisconsin</u>	<u>Gross Tax Rate</u>	<u>State Tax Credits</u>	<u>Net Tax Rate</u>
2002	2003	\$ 7.68	\$ 0.89	\$ 8.57	\$ 8.63	\$ 1.89	\$ 4.85	\$ 0.20	\$ 25.97	\$ 1.29	\$ 22.85
2003	2004	7.46	0.86	8.32	8.83	1.83	4.72	0.20	26.55	1.21	22.69
2004	2005	7.66	0.84	8.50	8.92	1.82	4.73	0.21	26.54	1.13	23.05
2005	2006	7.63	0.81	8.44	8.94	1.83	4.74	0.20	24.14	1.06	23.09
2006	2007	6.95	0.73	7.68	7.95	1.65	4.25	0.17	23.90	1.18	20.52
2007	2008	7.13	0.80	7.93	7.96	1.69	4.33	0.17	22.08	1.28	20.79 *
2008	2009	7.20	0.76	7.96	8.13	1.71	4.37	0.17	22.34	1.36	20.98
2009	2010	7.18	0.77	7.95	8.50	1.73	4.41	0.17	22.76	1.30	21.46
2010	2011	7.21	0.84	8.05	9.29	1.82	4.53	0.17	23.86	1.31	22.55
2011	2012	7.48	0.67	8.15	9.21	1.80	4.58	0.17	23.91	1.31	22.60

OUTAGAMIE COUNTY/MENASHA 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>Menasha 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>
2002	2003	\$ 7.68	\$ 0.89	\$ 8.57	\$ 9.50	\$ 1.89	\$ 4.85	\$ 0.20	\$ 25.01	\$ 1.29	\$ 23.72
2003	2004	7.46	0.86	8.32	9.70	1.83	4.72	0.20	24.77	1.21	23.56
2004	2005	7.66	0.84	8.50	9.98	1.82	4.73	0.21	25.24	1.13	24.11
2005	2006	7.63	0.81	8.44	9.37	1.83	4.74	0.20	24.58	1.06	23.52
2006	2007	6.95	0.73	7.68	8.76	1.65	4.25	0.17	22.51	1.18	21.33
2007	2008	7.13	0.80	7.93	8.33	1.69	4.33	0.17	22.45	1.28	21.16 *
2008	2009	7.20	0.76	7.96	8.78	1.71	4.37	0.17	22.99	1.36	21.63
2009	2010	7.18	0.77	7.95	9.47	1.73	4.41	0.17	23.73	1.30	22.43
2010	2011	7.21	0.84	8.05	9.73	1.82	4.53	0.17	24.30	1.31	22.99
2011	2012	7.48	0.67	8.15	9.83	1.80	4.58	0.17	24.53	1.31	23.22

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

(Continued)

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

Last Ten Fiscal Years

OUTAGAMIE COUNTY/FREEDOM SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate ⁽¹⁾	Freedom School District	FVTC	Outagamie County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
2002	2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2003	2004	7.46	0.86	8.32	9.47	1.83	4.72	0.20	24.54	1.21	23.33
2004	2005	7.66	0.84	8.50	9.62	1.82	4.73	0.21	24.88	1.13	23.75
2005	2006	7.63	0.81	8.44	9.01	1.83	4.74	0.20	24.22	1.06	23.16
2006	2007	6.95	0.73	7.68	7.88	1.65	4.25	0.17	21.63	1.18	20.46 *
2007	2008	7.13	0.80	7.93	8.19	1.69	4.33	0.17	22.31	1.28	21.01 *
2008	2009	7.20	0.76	7.96	7.90	1.71	4.37	0.17	22.11	1.36	20.75
2009	2010	7.18	0.77	7.95	9.19	1.73	4.41	0.17	23.45	1.30	22.15
2010	2011	7.21	0.84	8.05	9.00	1.82	4.53	0.17	23.57	1.31	22.26
2011	2012	7.48	0.67	8.15	9.15	1.80	4.58	0.17	23.85	1.31	22.54

OUTAGAMIE COUNTY/HORTONVILLE SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate ⁽¹⁾	Freedom School District	FVTC	Outagamie County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
2002	2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2003	2004	-	-	-	-	-	-	-	-	-	-
2004	2005	-	-	-	-	-	-	-	-	-	-
2005	2006	-	-	-	-	-	-	-	-	-	-
2006	2007	-	-	-	-	-	-	-	-	-	-
2007	2008	-	-	-	-	-	-	-	-	-	-
2008	2009	7.20	-	-	8.22	-	-	-	8.22	-	21.08 *
2009	2010	7.18	0.77	7.95	8.75	1.73	4.41	0.17	23.01	1.30	21.71
2010	2011	7.21	0.84	8.05	9.38	1.82	4.53	0.17	23.95	1.31	22.65 *
2011	2012	7.48	0.67	8.15	9.27	1.80	4.58	0.17	23.97	1.31	22.66

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

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

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

Last Ten Fiscal Years

CALUMET COUNTY/APPLETON AREA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate ⁽¹⁾	Appleton School District	FVTC	Calumet County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
2002	2003	\$ 7.52	\$ 0.87	\$ 8.39	\$ 8.44	\$ 1.85	\$ 4.65	\$ 0.20	\$ 23.53	\$ 1.24	\$ 22.29
2003	2004	7.49	0.87	8.36	8.88	1.84	4.65	0.20	23.93	1.16	22.76 *
2004	2005	7.68	0.84	8.52	8.93	1.82	4.66	0.21	24.14	1.09	23.05
2005	2006	7.54	0.80	8.34	8.85	1.81	4.50	0.20	23.70	1.04	22.66
2006	2007	7.02	0.73	7.75	8.01	1.67	4.05	0.17	21.65	1.16	20.48 *
2007	2008	7.16	0.80	7.96	7.99	1.69	4.11	0.17	21.92	1.29	20.64 *
2008	2009	7.16	0.75	7.91	8.09	1.70	4.13	0.17	22.00	1.38	20.62
2009	2010	7.10	0.77	7.87	8.42	1.71	4.17	0.17	22.34	1.27	21.08 *
2010	2011	7.17	0.83	8.00	9.24	1.81	4.48	0.17	23.70	1.22	22.47 *
2011	2012	7.44	0.66	8.10	9.15	1.79	4.46	0.17	23.67	1.23	22.45 *

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
2002	2003	\$ 7.52	\$ 0.87	\$ 8.39	\$ 9.97	\$ 1.85	\$ 4.65	\$ 0.20	\$ 25.06	\$ 1.24	\$ 23.82
2003	2004	7.49	0.87	8.36	9.87	1.84	4.65	0.20	24.92	1.16	23.76
2004	2005	7.68	0.84	8.52	10.10	1.82	4.66	0.21	25.31	1.09	24.22
2005	2006	7.54	0.80	8.34	9.68	1.81	4.50	0.20	24.53	1.04	23.49
2006	2007	7.02	0.73	7.75	9.53	1.67	4.05	0.17	23.17	1.16	22.00 *
2007	2008	7.16	0.80	7.96	9.38	1.69	4.11	0.17	23.31	1.29	22.03 *
2008	2009	7.16	0.75	7.91	9.02	1.70	4.13	0.17	22.93	1.38	21.56 *
2009	2010	7.10	0.77	7.87	9.39	1.71	4.17	0.17	23.31	1.27	22.04
2010	2011	7.17	0.83	8.00	10.09	1.81	4.48	0.17	24.55	1.22	23.33
2011	2012	7.44	0.66	8.10	10.22	1.79	4.46	0.17	24.74	1.23	23.51

* 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
2002	2003	\$ 7.85	\$ 0.91	\$ 8.76	\$ 8.83	\$ 1.93	\$ 5.62	\$ 0.21	\$ 25.35	\$ 1.50	\$ 23.85
2003	2004	7.73	0.90	8.63	9.16	1.90	5.60	0.21	25.50	1.30	24.20
2004	2005	7.72	0.84	8.56	8.97	1.83	5.72	0.21	25.29	1.33	23.96
2005	2006	7.54	0.80	8.34	8.84	1.81	5.64	0.20	24.83	1.25	23.58
2006	2007	7.33	0.76	8.09	8.36	1.74	5.55	0.18	23.92	1.52	22.40
2007	2008	7.43	0.83	8.26	8.29	1.76	5.73	0.18	24.22	1.63	22.58 *
2008	2009	7.24	0.76	8.00	8.17	1.72	5.55	0.17	23.61	1.65	21.96
2009	2010	7.10	0.76	7.86	8.40	1.71	5.54	0.17	23.68	1.45	22.23
2010	2011	7.39	0.86	8.25	9.67	1.86	5.96	0.18	25.92	1.42	24.50
2011	2012	7.40	0.66	8.06	9.10	1.78	5.62	0.17	24.73	1.29	23.43 *

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
2002	2003	\$ 7.85	\$ 0.91	\$ 8.76	\$ 9.72	\$ 1.93	\$ 5.62	\$ 0.21	\$ 26.24	\$ 1.50	\$ 24.74
2003	2004	7.73	0.90	8.63	10.07	1.90	5.60	0.21	26.41	1.30	25.10 *
2004	2005	7.72	0.84	8.56	10.05	1.83	5.72	0.21	26.37	1.33	25.04
2005	2006	7.54	0.80	8.34	9.27	1.81	5.64	0.20	25.26	1.25	24.01
2006	2007	7.33	0.76	8.09	9.21	1.74	5.55	0.18	24.77	1.52	23.25
2007	2008	7.43	0.83	8.26	8.68	1.76	5.73	0.18	24.61	1.63	22.97 *
2008	2009	7.24	0.76	8.00	8.82	1.72	5.55	0.17	24.26	1.65	22.61
2009	2010	7.10	0.76	7.86	9.36	1.71	5.54	0.17	24.64	1.45	23.19
2010	2011	7.39	0.86	8.25	9.95	1.86	5.96	0.18	26.20	1.42	24.79 *
2011	2012	7.40	0.66	8.06	9.71	1.78	5.62	0.17	25.34	1.29	24.04 *

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

(1) The City of Appleton has had a local ordinance that imposes restraints on the total City levy since 1997. The Tax Levy Ordinance limits the increase in the City's tax levy to the rate of change in the Consumer Price Index (CPI) plus an allowance for growth, adjusted for services transferred to other funding sources, new revenues and one time grant awards. In 2005, 2007, and again in 2011 the State of Wisconsin imposed two year limitations on all units of local government. This limit is similar in many respects to the Tax Levy Ordinance, though not identical. The current limitation is net new construction, with no allowance for changes in the CPI. Furthermore, the State of Wisconsin, through its Expenditure Restraint Program, distributes a pool of money annually to local governments that meet certain restrictions on the growth of General Fund expenditures. In general, the Expenditure Restraint Program limits the growth of General Fund expenditures to 60% of the percentage of growth in equalized value, up to a maximum of 2%, plus the change in the CPI.

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

<u>Name</u>	<u>Nature of Business</u>	<u>2011</u>			<u>2002</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>
Winters Properties et al	Real Estate Development	\$ 51,303,500	1.07	1	\$ 20,060,831	0.58	3
Pfefferle/Hoffman/Evans et al Ptshps	Real Estate Development	45,196,500	0.94	2			
Plank Inv/Eisenhower /Kensington Prop	Real Estate Development	40,536,800	0.85	3			
North Appleton Ambulatory Care Ctr	Medical Clinic	30,192,800	0.63	4			
Thomas Wright et al	Rental Properties	27,507,900	0.58	5	13,619,100	0.39	6
LHPT Appleton	Hospital	22,476,400	0.47	6			
Thrivent/North Meadows	Insurance ^(C)	20,149,200	0.42	7	21,016,544	0.61	2
Appleton, Inc. (Appleton Papers)	NCR Paper Products	18,099,600	0.38	8	25,191,400	0.73	1
Watermark Montclair	Hotel	17,080,000	0.36	9	17,513,700	0.51	4
Livesey	Real Estate Development	15,723,000	0.33	10			
VH Enterprise/Warehouse Spec. et al	Warehouse Storage				13,242,941	0.38	7
Voith Inc./Voith Fabrics	Industrial Machines/Papermaker Felts				12,370,700	0.36	8
Guardian Life Insurance	Insurance				9,464,204	0.27	5
Secura Insurance	Insurance				10,600,600	0.31	10
Gannett Midwest	Newspaper Publisher				11,998,500	0.35	9
	TOTAL	\$ 288,265,700	6.03		\$ 155,078,520	4.47	

^(A) Per City Assessor's records.

^(B) Based on the city's total January 1, 2011 and 2002 assessed valuation of \$4,782,952,700 and \$3,465,920,391, respectively, including personal property.

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

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

Last Ten Fiscal Years

Collection Year	Total Tax Levy	Collections 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
2002	\$ 27,418,190	\$ 27,027,898	98.58	\$ 27,378,007	99.85	\$ 40,183	0.15 %
2003	28,004,767	27,639,769	98.70	27,975,008	99.89	29,759	0.11
2004	28,111,450	27,667,971	98.42	28,096,621	99.95	14,829	0.05
2005	29,532,807	29,109,910	98.57	29,504,923	99.91	27,884	0.09
2006	30,359,156	29,744,663	97.98	30,344,594	99.95	14,562	0.05
2007	31,260,387	30,601,198	97.89	31,260,370	100.00	17	0.00
2008	32,807,841	32,085,754	97.80	32,786,569	99.94	21,272	0.06
2009	34,150,080	33,354,943	97.67	34,125,979	99.93	24,101	0.07
2010	36,354,678	35,694,813	98.18	36,331,377	99.94	23,301	0.06
2011	37,004,526	36,382,944	98.32	36,984,655	99.95	19,871	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.

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

	<u>City Direct Rate</u>	<u>Outagamie County Direct Rate</u>	<u>Calumet County Direct Rate</u>	<u>Winnebago County Direct Rate</u>	<u>Wisconsin</u>
2002	0.0	0.0	0.0	0.0	5.0 %
2003	0.0	0.0	0.0	0.0	5.0
2004	0.0	0.0	0.0	0.0	5.0
2005	0.0	0.0	0.0	0.0	5.0
2006	0.0	0.0	0.0	0.0	5.0
2007	0.0	0.0	0.0	0.0	5.0
2008	0.0	0.0	0.0	0.0	5.0
2009	0.0	0.0	0.0	0.0	5.0
2010	0.0	0.0	0.0	0.0	5.0
2011	0.0	0.0	0.0	0.0	5.0

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

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

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Business-type Bonds for Activities	Capital Leases	Water Revenue Bonds	Wastewater Revenue Bonds	Stormwater Revenue Bonds			
2002	53,664,187	4,105,000	-	68,317,448	14,394,190	12,885,000	153,365,825	8.56%	2,150
2003	52,421,190	3,425,000	-	65,420,000	13,877,356	16,540,000	151,683,546	8.33%	2,117
2004	47,591,564	2,715,000	-	65,935,000	12,688,237	19,760,000	148,689,801	7.76%	2,068
2005	48,805,437	2,606,847	-	66,090,000	10,978,711	19,200,000	147,680,995	7.48%	2,049
2006	44,435,078	1,903,509	-	62,295,000	12,877,923	22,250,000	143,761,510	6.74%	1,997
2007	42,241,816	1,428,509	-	69,340,000	13,719,989	26,610,000	153,340,314	6.99%	2,125
2008	47,602,789	708,509	-	80,450,000	15,878,993	31,385,000	176,025,291	7.99%	2,435
2009	46,751,834	708,509	-	76,025,000	13,483,990	40,605,000	177,574,333	8.39%	2,453
2010	39,988,830	708,509	-	71,425,000	15,904,002	39,045,000	167,071,341	7.50%	2,301
2011	32,959,538	708,509	-	69,820,000	18,318,020	37,220,000	159,026,067	N/A	2,187

* N/A = Not Available.

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

<u>Fiscal Year</u>	<u>General Obligation Bonds ⁽¹⁾</u>	<u>Less Assets Restricted for Debt Service</u>	<u>Total Net Debt</u>	<u>Percentage of Actual Taxable Value of Property ⁽²⁾</u>	<u>Per Capita ⁽³⁾</u>
2002	57,769,187	(3,679,901)	54,089,286	1.55	758
2003	55,846,190	(3,230,500)	52,615,690	1.45	734
2004	50,306,564	(3,218,970)	47,087,594	1.21	655
2005	51,412,284	(3,941,778)	47,470,506	1.14	659
2006	46,338,587	(4,987,410)	41,351,177	0.95	574
2007	43,670,325	(4,633,083)	39,037,242	0.85	541
2008	48,311,298	(2,648,853)	45,662,445	0.97	632
2009	47,460,343	(2,570,018)	44,890,325	0.94	620
2010	40,697,339	(2,342,787)	38,354,552	0.79	528
2011	33,668,047	(1,972,070)	31,695,977	0.66	436

(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)	\$ 31,695,977	100.0000 %	<u>\$ 31,695,977</u>
<u>Overlapping Debt</u>			
Appleton Area School District	20,455,000	64.0000	13,091,200
Menasha Joint School District	13,964,098	4.2000	586,492
Kimberly Area School District	34,950,000	1.4400	503,280
Freedom Area School District	7,380,000	8.6000	634,680
Hortonville Area School District	17,430,000	0.0006	108
Fox Valley Technical College	31,243,635	13.8900	4,339,741
Outagamie County	42,737,113	30.4700	13,021,998
Calumet County	9,206,906	15.3000	1,408,657
Winnebago County	48,529,047	0.5879	<u>285,302</u>
Total Overlapping Debt			<u>33,871,458</u>
Total Direct And Overlapping Debt			<u><u>\$ 65,567,435</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 2011:

Equalized Value of Real & Personal Property	<u>\$ 4,797,103,500</u>
Outagamie County	4,057,594,500
Calumet County	660,319,900
Winnebago County	79,189,100
Legal Debt Limit (5% of equalized value)	<u>239,855,175</u>
Amount of Debt Applicable to Debt Limitation:	
Total General Obligation Bonds and Notes Outstanding at December 31, 2011	33,668,047
Less: Assets in Government Fund Types Available for Debt Service	<u>(1,972,070)</u>
Amount of Debt Applicable to Debt Limit	<u>31,695,977</u>
Remaining Legal Debt Margin	<u>\$ 208,159,198</u>

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	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$ 174,209,520	\$ 182,020,950	\$ 194,873,370	\$ 208,419,420	\$ 217,509,320	\$ 228,782,100	\$ 235,550,375	\$ 239,453,145	\$ 242,579,815	\$ 239,855,175
Total net debt applicable to limit	<u>54,089,286</u>	<u>52,615,690</u>	<u>47,087,594</u>	<u>47,470,506</u>	<u>41,351,177</u>	<u>39,037,242</u>	<u>45,662,445</u>	<u>44,890,325</u>	<u>38,354,552</u>	<u>31,695,977</u>
Legal Debt Margin	<u>\$ 120,120,234</u>	<u>\$ 129,405,260</u>	<u>\$ 147,785,776</u>	<u>\$ 160,948,914</u>	<u>\$ 176,158,143</u>	<u>\$ 189,744,858</u>	<u>\$ 189,887,930</u>	<u>\$ 194,562,820</u>	<u>\$ 204,225,263</u>	<u>\$ 208,159,198</u>
Total net debt applicable to limit as a percentage of debt limit	31.05%	28.91%	24.16%	22.78%	19.01%	17.06%	19.39%	18.75%	15.81%	13.21%

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

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Gross Revenues</u> ⁽¹⁾	<u>Direct Operating Expenses</u> ⁽²⁾	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2002	\$ 12,936,374	\$ 4,332,001	\$ 8,604,373	\$ 3,670,000	\$ 2,649,476	\$ 6,319,476	1.36
2003	14,687,589	5,411,849	9,275,740	3,670,000	2,649,476	6,319,476	1.47
2004	14,333,414	5,292,495	9,040,919	3,820,000	2,786,904	6,606,904	1.37
2005	14,415,014	5,858,708	8,556,306	4,115,000	2,778,618	6,893,618	1.24
2006	14,711,828	7,479,725	7,232,103	4,105,000	3,164,590	7,269,590	0.99
2007	18,648,036	8,073,424	10,574,612	6,314,707	3,332,401	9,647,108	1.10
2008	18,412,335	7,533,995	10,878,340	5,015,000	3,121,486	8,136,486	1.34
2009	18,650,289	7,466,058	11,184,231	5,015,000	3,121,486	8,136,486	1.37
2010	18,937,401	6,934,385	12,003,016	5,015,000	3,121,486	8,136,486	1.48
2011	20,939,470	7,455,689	13,483,781	5,135,000	3,237,096	8,372,096	1.61

(Continued)

⁽¹⁾ Includes total operating revenues and investment income.

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

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

Last Ten Fiscal Years

Fiscal Year	Gross Revenues ⁽¹⁾	Direct Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2002	\$ 9,746,238	\$ 5,065,104	\$ 4,681,134	\$ 2,254,987	\$ 149,406	\$ 2,404,393	1.95
2003	8,960,550	5,959,734	3,000,816	2,254,987	149,406	2,404,393	1.25
2004	8,553,064	6,476,793	2,076,271	2,254,987	149,406	2,404,393	0.86
2005	8,279,773	6,077,023	2,202,750	2,154,987	102,266	2,257,253	0.98
2006	10,218,912	6,165,826	4,053,086	2,279,987	238,978	2,518,965	1.61
2007	11,080,701	6,533,954	4,546,747	2,359,987	340,571	2,700,558	1.68
2008	10,993,895	6,494,629	4,499,266	2,514,987	510,398	3,025,385	1.49
2009	8,889,435	6,275,498	2,613,937	2,514,987	510,398	3,025,385	0.86
2010	9,290,578	6,445,634	2,844,944	1,320,982	626,947	1,947,929	1.46
2011	10,517,300	6,371,307	4,145,993	1,368,020	726,072	2,094,092	1.98

(Continued)

⁽¹⁾ Includes total operating revenues and investment income.

⁽²⁾ Includes total operating expenses less depreciation.

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

Last Ten Fiscal Years

Fiscal Year	Gross Revenues ⁽¹⁾	Direct Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2002	\$ 3,167,779	\$ 1,397,335	\$ 1,770,444	\$ 640,000	\$ 524,439	\$ 1,164,439	1.52
2003	3,447,134	1,394,562	2,052,572	795,000	656,841	1,451,841	1.41
2004	4,014,515	2,136,180	1,878,335	935,000	785,047	1,720,047	1.09
2005	4,196,249	2,273,075	1,923,174	935,000	785,047	1,720,047	1.12
2006	6,210,783	2,362,608	3,848,175	1,085,000	897,659	1,982,659	1.94
2007	6,777,951	2,574,353	4,203,598	1,235,000	1,149,707	2,384,707	1.76
2008	7,133,976	2,787,726	4,346,250	1,500,000	1,335,648	2,835,648	1.53
2009	6,376,258	2,800,619	3,575,639	2,535,000	931,565	3,466,565	1.03
2010	7,472,389	2,916,892	4,555,497	2,535,000	931,565	3,466,565	1.31
2011	7,996,827	2,551,104	5,445,723	2,535,000	931,565	3,466,565	1.57

⁽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⁾
2002	71,348	1,792,395,580	43,228	14,948	37,785	6.7
2003	71,649	1,821,726,575	43,972	15,275	37,531	7.0
2004	71,895	1,914,976,268	45,631	15,075	37,188	6.1
2005	72,085	1,975,028,500	46,167	15,196	37,081	5.8
2006	72,004	2,132,152,832	48,635	15,166	37,046	6.0
2007	72,158	2,193,539,875	49,473	15,143	37,150	5.8
2008	72,297	2,203,834,342	50,501	15,148	37,168	5.9
2009	72,400	2,117,485,336	48,751	15,002	36,091	11.0
2010	72,623	2,229,079,843	50,653	14,953	36,110	10.1
2011	72,715	N/A *	N/A *	14,983	36,767	8.7

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

* N/A = Not Available

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

<u>Company Name</u>	<u>Product or Service</u>	<u>2011</u>			<u>2002</u>		
		<u>Number of Employees *</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees *</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Thrivent Investment Management, Inc.	Insurance	1,831	1	5.0	2,000	1	5.3 %
Appleton Area School District	Education	1,690	2	4.6	1,775	2	4.7
Appleton, Inc.	NCR Paper Products	1,535	3	4.2	1,523	3	4.0
Miller Electric Manufacturing	Electric Arc Welders	1,300	4	3.5	1,000	7	2.6
Outagamie County	Government	1,243	5	3.4	1,192	5	3.2
Appleton Medical Center	Medical & Health Care Facility	1,230	6	3.3	1,100	6	2.9
St. Elizabeth Hospital	Medical & Health Care Facility	1,037	7	2.8	1,250	4	3.3
West Business Services	Communication Services	1,000	8	2.7			
Valley Packaging Industries, Inc.	Hi-speed Packager	940	9	2.6	700	9	1.9
Voith Allis, Inc.	Paper Machines & Fabric	770	10	2.1			
The Guardian Insurance Company	Insurance				800	8	2.1
City of Appleton	Government				684	10	1.8
Total		<u>12,576</u>		<u>34.2 %</u>	<u>12,024</u>		<u>31.8 %</u>
Total Employment		<u>36,767</u>			<u>37,785</u>		

* Includes Full- and Part-Time employees

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

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

<u>DEPARTMENT</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government										
Assessor's Office	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.63	6.13
Attorney's Office	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City Clerk's Office	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Finance Department	16.00	16.00	15.00	15.00	15.00	15.70	15.80	16.00	16.00	15.00
Human Resources	8.60	8.60	8.60	8.60	8.60	8.60	8.60	8.60	8.80	8.80
Information Services	15.40	15.40	15.40	15.40	15.40	15.40	15.40	15.00	15.00	12.00
Mayor's Office	3.00	3.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00
Facilities Management	-	-	-	-	-	8.00	8.00	8.00	8.00	19.92
Total - General Government	61.00	60.00	58.00	59.00	59.00	67.70	67.80	67.60	67.43	73.84
Community Development	12.50	12.50	11.00	11.00	10.00	10.00	10.00	10.00	10.00	13.75
Recreation/Library/Transit										
Parks & Recreation	39.50	39.50	36.17	36.17	36.17	36.17	36.17	35.87	33.37	6.95
Library	45.50	46.00	46.00	46.00	45.50	45.50	45.50	45.50	45.50	45.00
Valley Transit	56.50	56.50	55.50	55.30	55.93	55.43	53.03	53.03	52.65	52.65
Total - Recreation/Library/Transit	141.50	142.00	137.67	137.47	137.60	137.10	134.70	134.40	131.52	104.60
Public Works	160.00	160.00	155.00	154.00	153.00	153.00	153.00	153.00	151.00	156.50
Public Health & Safety										
Health Department	14.10	14.05	16.55	17.55	17.60	17.40	17.20	16.20	16.15	15.95
Fire Department										
Firefighters and Officers	90.00	90.00	90.00	90.00	90.00	89.00	89.00	89.00	89.00	88.00
Civilian & Administrative	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	9.50	9.00
Police Department										
Sworn	107.00	107.00	102.00	102.00	102.00	105.00	105.00	106.00	105.00	105.00
Civilian	33.00	33.00	33.00	32.00	31.00	30.00	30.00	30.00	29.50	29.00
Total - Public Health & Safety	256.10	256.05	253.55	253.55	252.60	253.40	253.20	253.20	249.15	246.95
Water & Sewer Utilities	47.00	47.00	43.00	43.00	41.00	35.00	35.00	35.00	35.00	34.00
Total Regular Employees	678.10	677.55	658.22	658.02	653.20	656.20	653.70	653.20	644.09	629.64

Source: Finance and HR Departments.

Notes:

Full time employment is considered to be 2,080 hours per year. Full time equivalencies are calculated by dividing scheduled hours of work by 2,080. The reduction shown above in staffing for Parks & Recreation in 2011 is the result of combining responsibility for like activities in other departments, specifically, maintenance of Parks structures and facilities has been moved to the Facilities department and the forestry function, much of which takes place in the public right of way, has been moved to Public Works.

Schedule 19
City of Appleton
Operating Indicators by Function/Program

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Building permits issued	917	910	854	756	712	705	577	552	560	572
Est. construction value (\$000)	117,140.6	109,657.9	68,789.4	124,847.8	91,707.3	88,629.5	102,632.9	101,957.4	58,369.2	46,054.4
School aged children vaccinated	98.0%	99.2%	99.6%	97.8%	99.4%	99.5%	99.5%	99.5%	94.8%	97.1%
Accurate weights & measures devices	88.1%	93.4%	95.9%	91.8%	95.0%	91.7%	93.5%	92.0%	94.4%	96.5%
Food-borne disease outbreaks	0	0	0	0	0	0	1	1	0	0
Police										
Calls for service	N/A	55,570	51,926	52,154	55,947	54,956	54,494	50,796	51,183	50,163
Reported Group A crimes ¹	2,046	2,139	2,554	2,487	2,547	2,561	2,824	4,370	4,194	473
Reported Group B crimes ¹	9,615	10,320	10,886	11,089	11,764	11,758	14,515	7,650	7,213	741
Fire										
Emergency response < 4 min.	80%	81%	72%	67%	62%	72.0%	67.0%	66.1%	61.0%	64.0%
Fire loss (\$000)	2,095.6	746.5	832.5	276.9	1,284.0	953.8	1,580.5	2,196.8	1,177.1	846.7
Fire-related deaths	0	0	0	0	0	0	0	0	0	0
Emergency calls	2,330	2,232	2,317	2,511	2,439	2,739	2,991	2,721	3,524	3,516
Public Works										
Tons of refuse collected	29,201	29,712	31,226	29,945	30,600	30,300	29,301	22,126 ⁵	22,214	22,085
Tons of recycling collected	8,058	8,179	8,060	7,579	6,962	7,024	6,704	6,046	5,368	4,405
Cu. Yds. of debris - street sweeping	1,850	2,525	2,537	2,165	2,722	2,161	3,351	3,368	3,130	2,995
Cost/ton - residential auto pickup	\$ 54.51	\$ 56.86	\$ 52.35	\$ 57.67	\$ 57.67	\$ 61.38	\$ 67.47	\$ 71.21	\$ 82.20	\$ 83.34
Miles of street reconstructed	6.75	6.02	6.64	3.47	3.39	1.68	3.37	7.24	2.89	4.25
% of trees < 6" dia. pruned annually	N/A	N/A	N/A	N/A	50	50	50	60	60	50
Average pruning cycle, trees > 6" dia.	N/A	N/A	N/A	N/A	7.0 yrs	7.5 yrs	7.9 yrs	7.5 yrs	7.5 yrs	7.5 yrs
Parks & Recreation										
Sports league participants	8,437	8,348	8,425	6,709	6,675	5,824	5,425	5,538	2,284 ⁶	2,207
Aquatics program participants ^{2,3}	2,523	3,679	3,689	2,120	2,218	2,616	2,750	2,616	2,950	3,087
Open swim attendance ³	97,838	93,452	71,676	96,375	86,315	83,616	75,846	64,372	72,086	81,282
Rounds of golf played	45,576	46,320	44,342	39,313	35,595	34,870	34,666	35,545	31,530	29,044
Public Library										
Titles in collection	318,898	342,514	332,036	350,256	299,295	382,690	307,777	316,182	298,221 ⁷	332,913
Materials circulated	1,075,224	1,109,668	1,104,215	1,153,946	1,231,738	1,392,057	1,445,373	1,564,890	1,528,776	1,511,715
Annual door count	552,005	559,789	534,075	551,072	537,057	533,291	554,125	590,528	586,677	569,898
Water										
Avg. daily consumption (000 gal.)	8,397	8,385	8,135	8,108	8,096	7,937	7,593	7,515	8,456	8,875
Peak daily consumption (000 gal.)	15,126	13,222	13,153	14,635	13,765	13,941	11,659	11,636	10,419	11,718
Number of invoices per quarter ⁴	25,161	24,849	25,161	26,785	26,963	27,101	27,257	27,336	27,507	27,650
Wastewater										
Avg. daily sewage treatment (000 gal.)	15,100.0	14,600.0	14,400.0	11,500.0	10,301.4	10,852.1	13,122.0	11,120.0	12,300.0	13,000.0
Valley Transit										
Total route miles	922,456	908,792	894,824	894,756	880,219	893,218	895,168	869,611	876,760	915,688
Passengers	970,417	909,197	937,410	954,725	937,297	958,359	1,001,325	909,109	956,086	1,073,655
Cost per trip	\$ 3.66	\$ 4.15	\$ 4.42	\$ 4.25	\$ 4.20	\$ 4.54	\$ 4.72	\$ 4.84	\$ 5.19	\$ 4.36

* N/A = Not Available

- ¹. Reporting changed from Uniform Crime Report to National Incident Reporting in 2009
- ². Appleton residents only
- ³. Not unduplicated
- ⁴. Measure changed in 2005 from number of customers.
- ⁵. Decrease due to discontinuation of commercial refuse collection in 2009.
- ⁶. Decrease due to transition of softball program to outside organization in 2010.
- ⁷. Decrease due to above average rate of culling associated with installation of RFID tags.

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	82	82	83	83	83	83	83	83	83	84
Fire										
Stations	6	6	6	6	6	6	6	6	6	6
Fire suppression units	9	10	11	11	12	11	11	10	10	10
Public Works										
Miles of streets	313.0	322.0	332.7	335.0	339.4	334.2	337.9	339.5	340.3	342.2
Refuse packers	14	14	14	14	14	14	13	12	12	12
Single- and tri-axle dump trucks	24	24	24	24	24	23	23	25	25	24
Other heavy vehicles	20	20	20	19	19	20	20	21	21	21
Parks & Recreation										
Parks	32	32	32	32	32	32	32	32	32	32
Acreage	495.3	495.3	495.3	495.3	495.3	495.3	495.3	495.3	495.3	495.3
Swimming pools ¹	2	2	2	2	2	2	2	2	2	2
Golf courses	1	1	1	1	1	1	1	1	1	1
Water										
Miles of mains	333.7	341.1	348.9	354.5	361.9	362.9	366.6	372.3	374.5	378.2
Storage capacity (000 gallons)	6,800	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300
Wastewater										
Miles of mains	282.1	287.1	292.7	298.6	303.0	303.8	307.3	309.4	309.6	310.0
Stormwater										
Miles of mains	251.9	259.6	272.8	281.7	286.5	289.1	293.5	297.6	298.3	301.6

¹: In addition to two City-owned pools, the Parks and Recreation department provides programming at three pools owned by the Appleton Area School District.

SINGLE AUDIT SECTION

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Appleton, Wisconsin as of and for the year ended December 31, 2011, which collectively comprise the City of Appleton's basic financial statements and have issued our report thereon dated June 7, 2012. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Housing Authority of the City of Appleton, as described in our report on the City of Appleton's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting, and compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of the City of Appleton is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Appleton's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Appleton's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Appleton's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a significant deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Appleton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Appleton in a separate letter dated June 7, 2012.

This report is intended solely for the information and use of the City of Appleton's management, the city council, others within the entity, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
June 7, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT OR MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE
STATE SINGLE AUDIT GUIDELINES AND THE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

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

Compliance

We have audited the City of Appleton, Wisconsin's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the City of Appleton's major federal and state programs for the year ended December 31, 2011. The City of Appleton's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and major state programs is the responsibility of the City of Appleton's management. Our responsibility is to express an opinion on the City of Appleton's compliance based on our audit.

The City of Appleton's basic financial statements included the operation of the Housing Authority of the City of Appleton, which received \$4,565,129 in federal and state awards which is not included in the schedule of expenditure of federal and state awards for the year ended December 31, 2011. Our audit, described below, did not include the operations of the Housing Authority because the component unit had a separate audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*. Those standards, OMB Circular A-133 and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or major state program occurred. An audit includes examining, on a test basis, evidence about the City of Appleton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Appleton's compliance with those requirements.

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

In our opinion, the City of Appleton complied, in all material respects, with the compliance requirements referred to above that could have a direct or material effect on each of its major federal and major state programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the City of Appleton is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the City of Appleton's internal control over compliance with requirements that could have a direct and material effect on a major federal or major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance with OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Appleton's internal control over compliance.

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

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

Schedule of Expenditures of Federal and State Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Appleton, Wisconsin as of and for the year ended December 31, 2011, and have issued our report thereon dated June 7, 2012 which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City of Appleton's financial statements. Our report was modified to include a reference to other auditors who audited the financial statements of the Appleton Housing Authority, as described in our report on the City of Appleton's financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

This report is intended solely for the information and use of the City of Appleton's management, the city council, others within the entity, federal and state awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
June 7, 2012

CITY OF APPLETON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	(Accrued) Deferred Revenue January 1, 2011	Grantor Reimburse- ments	Expenditures	Accrued (Deferred) Revenue December 31, 2011
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Direct Programs					
Community Development Block Grant Entitlement Program (CDBG)					
Entitlement Program	14.218	\$ (149,126)	\$ 646,681	\$ 588,125	\$ 90,570
Program Income	14.218	-	123,424	123,424	-
ARRA Community Development Block Grant - Recovery (CDBG-R)	14.253	<u>(632)</u>	<u>69,665</u>	<u>79,880</u>	<u>10,847</u>
Total CDBG Cluster		<u>(149,758)</u>	<u>839,770</u>	<u>791,429</u>	<u>101,417</u>
Passed Through State of Wisconsin Department of Administration					
CDBG - Neighborhood Stabilization Program (NSP)	14.228	(9,844)	230,731	270,889	50,002
Passed Through State of Wisconsin Department of Commerce					
Emergency Shelter Grant (ESG)	14.231	(14,581)	45,076	30,495	-
Supportive Housing Program (SHP)	14.235	(40,727)	225,972	211,253	26,008
ARRA Homeless Prevention and Rapid Rehousing (HPRP)	14.257	(21,390)	139,020	117,630	-
ARRA Lead Hazard Control (LHC)	14.907	<u>(13,351)</u>	<u>209,462</u>	<u>185,566</u>	<u>(10,545)</u>
Total U.S. Department of Housing and Urban Development		<u>(249,651)</u>	<u>1,690,031</u>	<u>1,607,262</u>	<u>166,882</u>
U.S. DEPARTMENT OF JUSTICE					
Direct Programs					
Bulletproof Vest Partnership Program	16.607	-	5,624	5,624	-
Edward Byrne Memorial Justice Assistance Grant 2011	16.738	-	11,787	11,787	-
Edward Byrne Memorial Justice Assistance Grant 2012	16.738	-	-	10,219	10,219
Passed Through Outagamie County					
ARRA Edward Byrne Memorial Justice Assistance Grant	16.804	<u>(43,024)</u>	<u>56,846</u>	<u>13,822</u>	<u>-</u>
Total JAG Program Cluster		<u>(43,024)</u>	<u>68,633</u>	<u>35,828</u>	<u>10,219</u>
Passed Through State of Wisconsin Department of Justice					
Cease Grants	16.unknown	-	411	411	-
Total U.S. Department of Justice		<u>(43,024)</u>	<u>74,668</u>	<u>41,863</u>	<u>10,219</u>
U.S. DEPARTMENT OF TRANSPORTATION					
Federal Transit Cluster					
Direct Programs					
Federal Transit Formula Grants	20.507	(600,202)	2,546,121	2,166,872	220,953
ARRA Federal Transit Formula Grants	20.507	(18,958)	414,373	605,908	210,493
Passed Through State of Wisconsin Department of Transportation					
Federal Transit Capital Improvement Grants					
WI-03-0080	20.500	(42,359)	42,359	-	-
WI-03-0084	20.500	(17,614)	-	-	17,614
WI-03-0087	20.500	<u>(51,173)</u>	<u>50,878</u>	<u>(295)</u>	<u>-</u>
Total Federal Transit Cluster		<u>(730,306)</u>	<u>3,053,731</u>	<u>2,772,485</u>	<u>449,060</u>

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

CITY OF APPLETON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	(Accrued) Deferred Revenue January 1, 2011	Grantor Reimburse- ments	Expenditures	Accrued (Deferred) Revenue December 31, 2011
U.S. DEPARTMENT OF TRANSPORTATION (cont.)					
Passed Through State of Wisconsin Department of Transportation (cont.)					
State Planning and Research	20.515	\$ (49,922)	\$ 50,000	\$ 78	\$ -
Section 5310 - JARC/WETAP - 1/1/10 - 12/31/10	20.516	(83,866)	83,866	-	-
Section 5310 - JARC/WETAP - 1/1/11 - 12/31/11	20.516	-	95,794	172,763	76,969
Bicycle Pedestrian Facilities Program (BFPF)	20.205	(45,760)	5,696	-	40,064
Safe Routes to School Grant - Infrastructure	20.205	(20,637)	34,479	34,569	20,727
Safe Routes to School Grant - Incentive	20.205	(489)	489	-	-
State and Community Highway Safety					
Alcohol Enforcement 2010	20.600	(4,528)	4,528	-	-
Alcohol Enforcement 2011	20.600	-	25,285	28,986	3,701
Seat Belt 2011	20.600	-	-	3,473	3,473
Speed Enforcement 2010	20.600	(4,135)	4,135	-	-
Speed Enforcement 2011	20.600	-	27,305	30,669	3,364
Bicycle Enforcement 2011	20.600	-	1,381	1,381	-
Pedestrian Enforcement 2011	20.600	-	1,593	1,593	-
Total State and Community Highway Safety	20.600	<u>(8,663)</u>	<u>64,227</u>	<u>66,102</u>	<u>10,538</u>
Total U.S. Department of Transportation		<u>(939,643)</u>	<u>3,388,282</u>	<u>3,045,997</u>	<u>597,358</u>
U.S. DEPARTMENT OF NATURAL RESOURCES					
Passed Through State of Wisconsin Department of Natural Resources					
ARRA Capitalization Grants for Clean Water State Revolving Loan Funds	66.458	<u>(97,790)</u>	<u>97,790</u>	-	-
Total U.S. Department of Natural Resources		<u>(97,790)</u>	<u>97,790</u>	-	-
U.S. DEPARTMENT OF ENERGY					
Direct Programs					
ARRA Energy Efficiency and Conservation Block Grant (EECBG)	81.128	<u>(107,389)</u>	<u>419,788</u>	<u>312,399</u>	-
Total U.S. Department of Energy		<u>(107,389)</u>	<u>419,788</u>	<u>312,399</u>	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed Through State of Wisconsin Department of Health Services					
ARRA Immunizations and Vaccines - 9/1/09 - 12/31/11	93.268	1,018	23,037	20,043	(4,012)
Childhood Immunization Grant - 1/1/10 - 12/31/10	93.268	<u>2,023</u>	-	<u>2,023</u>	-
Total Childhood Immunization Grant		<u>3,041</u>	<u>23,037</u>	<u>22,066</u>	<u>(4,012)</u>

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

CITY OF APPLETON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	(Accrued) Deferred Revenue January 1, 2011	Grantor Reimburse- ments	Expenditures	Accrued (Deferred) Revenue December 31, 2011
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont.)					
Passed Through State of Wisconsin Department of Health Services (cont.)					
Preventative Health and Health Services Block Grant 1/1/09 - 12/31/09	93.991	\$ 4,803	\$ -	\$ 4,803	\$ -
Preventative Health and Health Services Block Grant 1/1/10 - 12/31/10	93.991	<u>10,560</u>	<u>5,838</u>	<u>10,747</u>	<u>(5,651)</u>
Total Preventative Health and Health Services Block Grant		<u>15,363</u>	<u>5,838</u>	<u>15,550</u>	<u>(5,651)</u>
Maternal and Child Health Services Block Grant 1/1/10 - 12/31/10	93.994	<u>18,599</u>	<u>29,376</u>	<u>33,885</u>	<u>(14,090)</u>
Total Maternal and Child Health Services Block Grant		<u>18,599</u>	<u>29,376</u>	<u>33,885</u>	<u>(14,090)</u>
CDC Investigations - Technical Assistance - 1/1/05 - 12/31/05	93.283	3,279	-	3,279	-
CDC Investigations - Bioterrorism Grant - 1/1/10 - 12/31/10	93.283	<u>114,241</u>	<u>91,597</u>	<u>196,731</u>	<u>(9,107)</u>
Total CDC Investigations Technical Assistance		<u>117,520</u>	<u>91,597</u>	<u>200,010</u>	<u>(9,107)</u>
Project Grants Cooperative Agreement for Tuberculosis Control Programs - 1/1/02 - 12/31/02	93.116	<u>2,008</u>	-	<u>87</u>	<u>(1,921)</u>
Total U.S. Department of Health and Human Services		<u>156,531</u>	<u>149,848</u>	<u>271,598</u>	<u>(34,781)</u>
U.S. DEPARTMENT OF HOMELAND SECURITY					
Passed through State of Wisconsin Department of Military Affairs Disaster Grants - Public Assistance	97.036	-	3,975	3,975	-
Passed through State of Wisconsin Department of Administration Office of Justice Assistance					
Assistance to Firefighters Grant Program - Fire Prevention and Safety Grants	97.044	<u>-</u>	<u>33,280</u>	<u>33,280</u>	<u>-</u>
Total U.S. Department of Homeland Security		<u>-</u>	<u>37,255</u>	<u>37,255</u>	<u>-</u>
TOTAL FEDERAL AWARDS		<u>\$ (1,280,966)</u>	<u>\$ 5,857,662</u>	<u>\$ 5,316,374</u>	<u>\$ 739,678</u>

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

CITY OF APPLETON

SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended December 31, 2011

<u>State Grantor/Program Title</u>	<u>State I.D. Number</u>	<u>(Accrued) Deferred Revenue January 1, 2011</u>	<u>Grantor Reimburse- ments</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue December 31, 2011</u>
WISCONSIN DEPARTMENT OF TRANSPORTATION					
Section 5310 - JARC/WETAP - 1/1/11 - 12/31/11	20.516	\$ -	\$ 86,382	\$ 86,382	\$ -
Transit Operating Aids					
2009	395.104	206,917	-	206,917	-
2010	395.104	(396,585)	307,733	1,549	90,401
2011	395.104	-	2,011,345	2,235,650	224,305
Total Wisconsin Department of Transportation		<u>(189,668)</u>	<u>2,405,460</u>	<u>2,530,498</u>	<u>314,706</u>
WISCONSIN DEPARTMENT OF NATURAL RESOURCES					
Urbanized Nonpoint Source Stormwater Management Grants	370.658	<u>(399,835)</u>	<u>449,355</u>	<u>113,389</u>	<u>63,869</u>
Total Wisconsin Department of Natural Resources		<u>(399,835)</u>	<u>449,355</u>	<u>113,389</u>	<u>63,869</u>
WISCONSIN DEPARTMENT OF HEALTH SERVICES					
T. Melvin Public Education (associated with PHHS) - 1/1/01 - 12/31/01	435.158853	930	-	-	(930)
Lead Poisoning - 1/1/10 - 12/31/10	435.157720	3,394	11,479	14,074	(799)
Total Wisconsin Department of Health and Family Services		<u>4,324</u>	<u>11,479</u>	<u>14,074</u>	<u>(1,729)</u>
WISCONSIN DEPARTMENT OF MILITARY AFFAIRS					
Regional Emergency Response Team	465.306	41,489	86,979	128,468	-
Radiological Field Team Services	465.306	8,457	24,999	33,456	-
Total Wisconsin Department of Military Affairs		<u>49,946</u>	<u>111,978</u>	<u>161,924</u>	-
TOTAL STATE AWARDS		<u>\$ (535,233)</u>	<u>\$ 2,978,272</u>	<u>\$ 2,819,885</u>	<u>\$ 376,846</u>

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

CITY OF APPLETON

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2011

NOTE 1 – REPORTING ENTITY

This report on Federal and State Awards includes the federal and state awards of the funds of the City of Appleton. The reporting entity for the City is based upon criteria established by the Governmental Accounting Standards Board.

The City of Appleton is the primary government according to GASB criteria, while the Housing Authority of the City of Appleton is a component unit.

Federal and state awards received directly by the Housing Authority are not included in this report since the Housing Authority has been audited by other auditors for their grants and those amounts are reported in a separate report.

The schedule includes only those programs required to be included in accordance with the *State Single Audit Guidelines*.

NOTE 2 – BASIS OF PRESENTATION

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

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

CITY OF APPLETON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2011

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued: *unqualified*

Internal control over financial reporting:

- > Material weakness identified? yes X no

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

Noncompliance material to basic financial
statements noted?

 yes X no

FEDERAL OR STATE AWARDS

Internal control over major programs:

- > Material weakness identified? yes X no

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

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

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

 yes X no

 Federal Programs State Programs

Auditee qualified as low-risk auditee?

 X yes no X yes no

Identification of major federal programs:

CFDA Numbers

81.128
14.907
20.500/20.507

Name of Federal Program or Cluster

ARRA – Energy Efficiency and Conservation
Block Grant
ARRA – Lead Hazard Control
Federal Transit Cluster

 Federal State

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

 \$ 300,000 \$ 100,000

CITY OF APPLETON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2011

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

FEDERAL OR STATE AWARDS (cont.)

Identification of major state programs:

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AND STATE FINDINGS AND QUESTIONED COSTS

None reported.

CITY OF APPLETON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2011

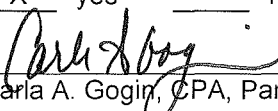
SECTION IV – OTHER ISSUES

1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? yes X no

2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Department of Health Services	<u> </u> yes	<u> X </u> no
Department of Natural Resources	<u> </u> yes	<u> X </u> no
Department of Transportation	<u> </u> yes	<u> X </u> no
Department of Military Affairs	<u> </u> yes	<u> X </u> no

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

4. Name and signature of partner


Carla A. Gogin, CPA, Partner

5. Date of report June 7, 2012