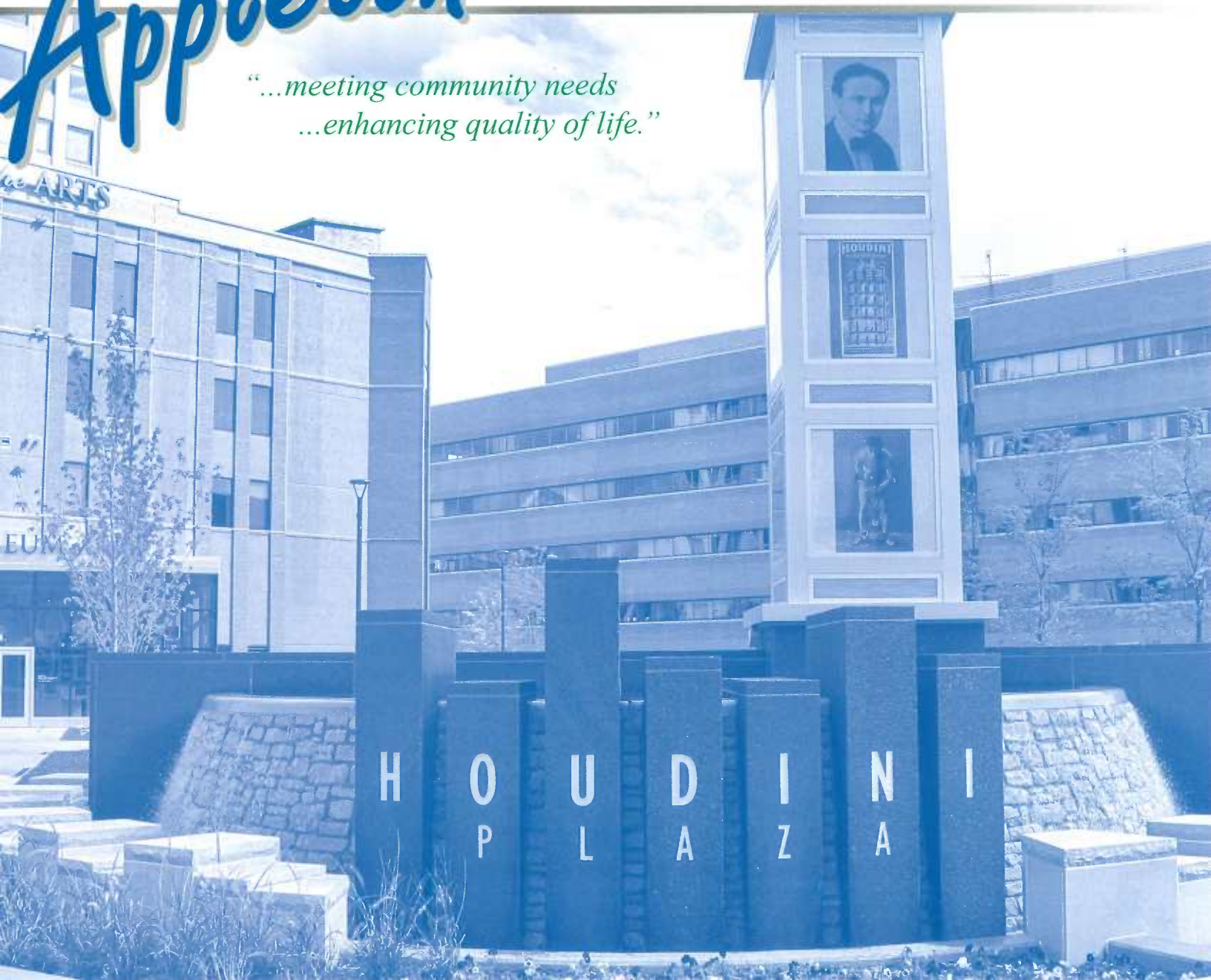


COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF APPLETON, WISCONSIN
YEAR ENDING DECEMBER 31, 2013



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



CITY OF APPLETON

Appleton, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2013

FINANCE DEPARTMENT

Anthony D. Saucerman, CPA, Director of Finance
Stephanie R. Rogers, CPA, Accounting Supervisor
Kelli K. Rindt, CPA, Enterprise Accounting Manager
John F. Hoft-March, CMA, Budget Manager

CITY OF APPLETON

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CITY OF APPLETON

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INTRODUCTORY SECTION



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

June 4, 2014

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

Presented for your review is the Comprehensive Annual Financial Report of the City of Appleton for the fiscal year ended December 31, 2013.

Management Representations

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Report Organization

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

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

The Reporting Entity

The City provides a full range of services, including police and fire protection, sanitation services, construction and maintenance of highways, streets and infrastructure, health services, planning and development, library, recreational activities and cultural events. The Water Utility, Wastewater Utility, Valley Transit System, Parking Utility, Stormwater Utility and Reid Municipal Golf Course are reported as enterprise funds of the primary government. The Appleton Housing Authority and the Business Improvement District component units are reported in the government-wide financial statements to emphasize that they are legally separate from the primary government. However, the school districts (Appleton, Menasha, Kimberly, Freedom, Hortonville), sanitary districts (Grand Chute Sanitary District #1, 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 up the Fox River from Green Bay. Various tribes of Indians roamed the lands of present day Appleton, which was ceded by the Menominee Indians to the United States in the Treaty of 1831. During the first few years of its history, there were three villages where the City of Appleton now stands: Lawesburgh on the east side, Grand Chute on the west end and Appleton in the middle. The three villages were incorporated under the name of Appleton in 1857. Very early, the Fox River improvements -- the building of dams and canals making it possible to use the water power for industry -- gave impetus to the growth of our City. The residents of our community are proud of Appleton's past and present; they manifest a great confidence in its future and a dedication to its ongoing betterment.

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

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

City service units and facilities include: police services (136 full-time equivalents (FTE's)), fire protection (96 FTE's), public works (97 FTE's), administrative offices (59.5 FTE's), health services (14 FTE's), parks and recreation (17 FTE's), library services (45.5 FTE's), transportation (54 FTE's), facilities management (11 FTE's) and water, wastewater, stormwater and parking utilities (97 FTE's). Of the City's 627 employees, 223 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 2013. The December, 2013 unemployment rate of 6.7% represented a .8% decrease from the December, 2012 rate of 7.5% and is representative of the national average of 6.5%. Additionally, City residents continued to enjoy above average earnings evidenced by the average gross income per income tax return of \$51,600 (2012 rate).

The City continues to rebound from the national recession that ended in 2009. While the City again experienced a decrease in its overall equalized value in 2013 of .63%, that compares favorably to prior years decreases of 3.04% in 2012 and 1.12% in 2011, and hopefully represents a bottoming out of property values. Other evidence of the continuing economic rebound is an 80% increase in the value of new construction in 2013 (\$88.5 million), including a \$31.5 million (184%) increase in commercial construction and a \$19.9 million (18%) increase in single family home construction. Along with the value of new construction, the number of building permits also increased in 2013, led by single family permits increasing from 45 in 2012 to 77 in 2013 and commercial construction permits increasing from 138 to 157 over that same time period. On the flip side, the City did experience a decrease in the number of multi-family building permits issued as well as a slight dip in permits issued for home additions and alterations. The decrease in multi-family permits was due primarily to a significant number of units delivered to market in 2012.

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 providing an ample supply of industrial park land. In 2013, the City created two new TIF Districts (TIF 9 and TIF 10) to spur development on the City's near north side and western edge. Also, the City closed TIF 2 in 2013 which added \$13.4 million of additional value to the tax roll. While overall TIF district values continue to slowly rebound from recession levels, TIF District 8, which lies along the Fox River corridor, continues to experience considerable development. In 2013, the equalized value of TIF 8 increased \$2.1 million led by the completion of two projects, Riverwalk Place, a 70 unit senior affordable housing complex, and The Landings, a 54 unit housing project. Additionally in TIF 8, the Riverheath development site continues to advance, with a new 35 unit apartment complex (with approximately 2,500 square feet of retail space lining the first floor) currently under construction. Finally, the former Foremost Farms site in TIF 8, which the City took title to in 2011, has been remediated and cleared and is being marketed for development of multi-family housing.

Despite the sluggish economy, businesses continue to gravitate towards the City. During the last year, 84 new businesses opened in the City while 72 closed, resulting in a net gain of 12. This improvement adds to the net gain of 53 businesses in the City in 2012.

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

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

Financial Information

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

Single Audit

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

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

Budgetary Controls

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

Encumbered amounts lapse at year-end. However, encumbrances can be re-appropriated 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, 2013, the City had 26 debt issues outstanding. These issues included \$27,730,000 of general obligation bonds and notes and \$128,915,000 of revenue bonds. The City enjoys an "Aa1" 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, 2013, the City's net general obligation debt of \$26,226,948 was well below the legal limit of \$231,115,610 (11.35%) and debt per capita equaled \$359. 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 \$698,838 (net of unrealized losses) on all investments for the year ended December 31, 2013.

The City's investment policy objective is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Deposits are insured by federal depository insurance up to \$250,000 for time and savings accounts and \$250,000 for demand deposit accounts (interest-bearing and non-interest bearing). In addition, if deposits are held in an institution outside of the State, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits. Investments in the State of Wisconsin Local Government Investment Pool, although unsecured, are insured and considered very safe since the pool's primary investment is government securities.

Risk Management: The City became a member of the Cities and Villages Mutual Insurance Company on January 1, 1990. To join the insurance mutual company, the City issued a \$2,300,000 taxable general obligation promissory note payable to the company. The mutual insurance company is comprised of numerous Wisconsin cities and villages pooling their risk in the exposure areas of general liability, auto liability, workers compensation, and police professionals' and public officials' liability. The pool is capitalized in excess of \$25,000,000 and has experienced 26 years of better than actuarially expected loss experience. The City anticipates substantial annual cost savings, increased self-insured levels (as accumulated funds grow) and advances in safety programs to further reduce our risk.

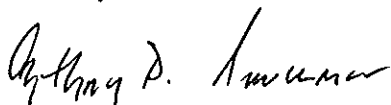
Independent Audit

City policy is in accordance with state and federal requirements to provide for an annual audit by independent certified public accountants. The accounting firm of Baker Tilly Virchow Krause, LLP was selected by the City. In addition to meeting the requirements set forth by the American Institute of Certified Public Accountants, the audit also was designed to meet the requirements of the State Single Audit Guidelines and 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 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,



Anthony D. Saucerman, CPA
Director of Finance

CITY OF APPLETON

Directory of Officials

MAYOR

Timothy M. Hanna

PRESIDENT OF THE COUNCIL

Kathy Plank

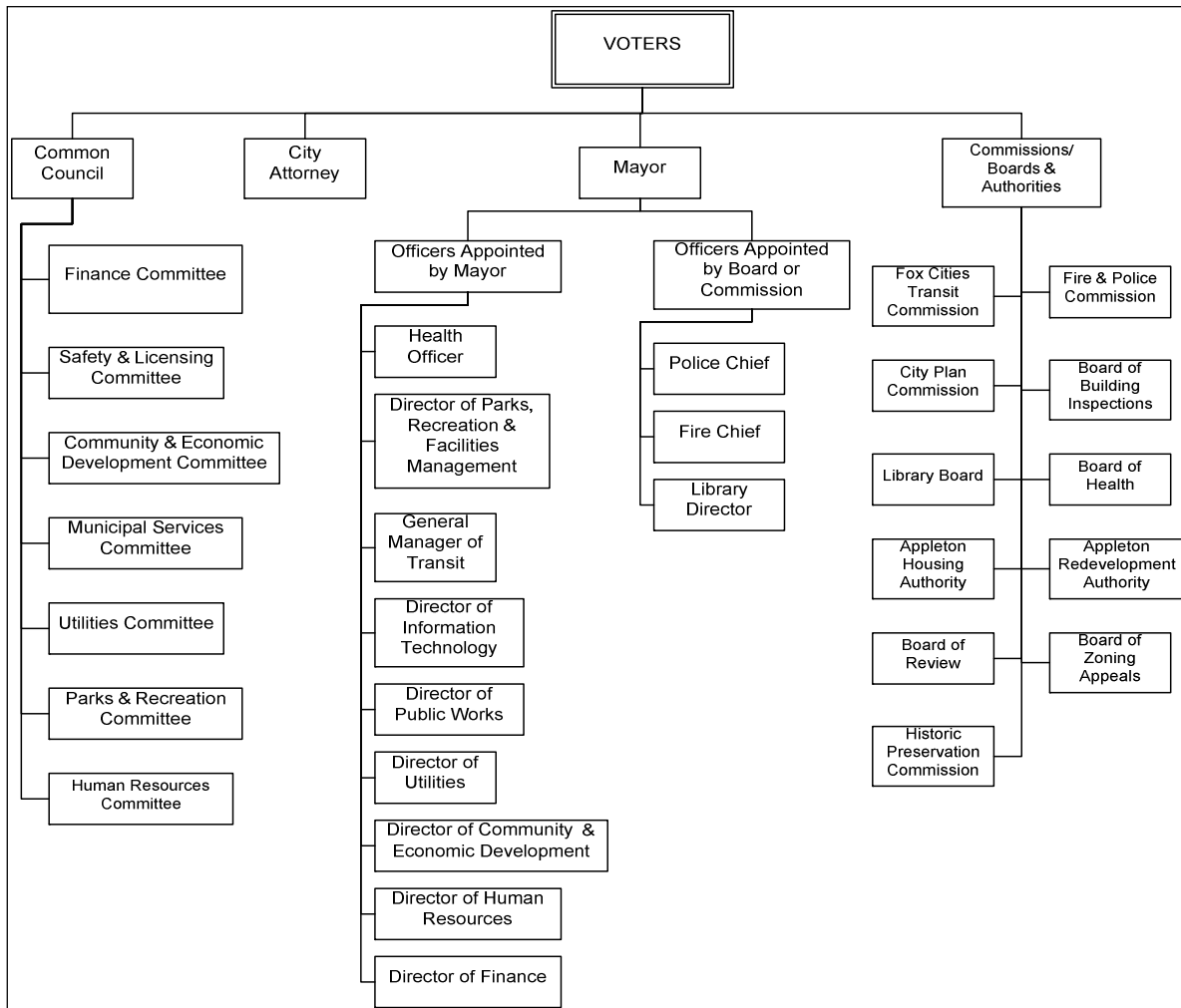
COUNCIL MEMBERS

District 1:	Tim Trauger	District 10:	Christine Williams
District 2:	Vered Meltzer	District 11:	Patti Coenen
District 3:	Curt J. Konetzke	District 12:	Cathy M. Spears
District 4:	Joseph Martin	District 13:	Kyle Lobner
District 5:	Sarah Garb	District 14:	Christopher Croatt
District 6:	Greg Dannecker	District 15:	Jeffrey M. Jirschele
District 7:	Kathy Plank		
District 8:	Polly Dalton		
District 9:	Peter J. Stueck		

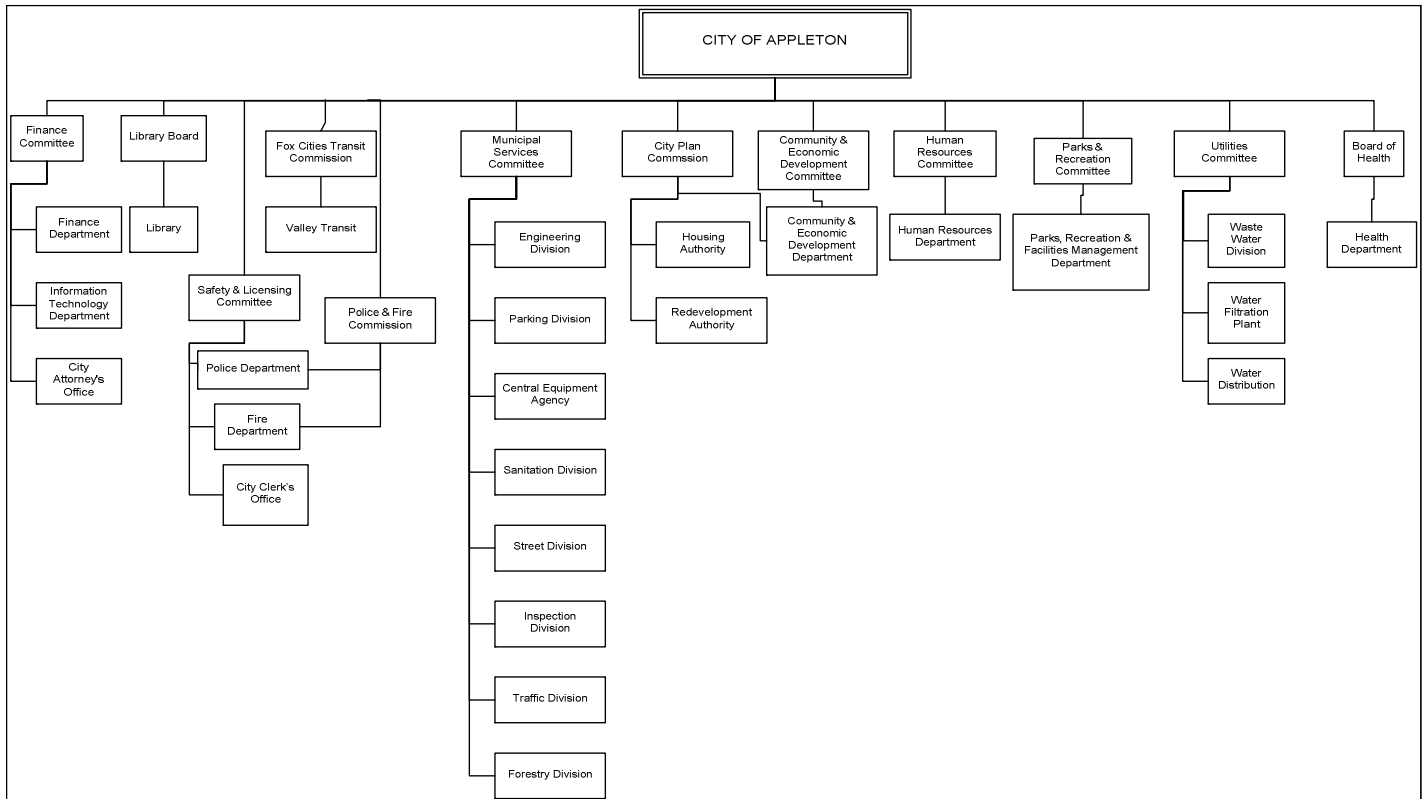
DEPARTMENT/DIVISION HEADS

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	Vacant
Valley Transit General Manager	Deborah S. Wetter
Director of Utilities	Chris Shaw
Director of Information Services	Dean Fox
Police Chief	Peter Helein
Director of Public Works	Paula A. Vandehey
City Assessor	DeAnn L. Brosman
Health Officer	Kurt D. Eggebrecht
Director of Finance	Anthony D. Saucerman
Director of Facilities, Parks & Recreation	Dean R. Gazza

City of Appleton Structure by Voters



City of Appleton Structure by Committee



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Appleton, Wisconsin, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Appleton's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Appleton, Wisconsin, as of December 31, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Appleton adopted the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, effective January 1, 2013. Our opinions are not modified with respect to this matter.

As discussed in Note I, the City of Appleton adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2013. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Appleton's basic financial statements. The 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Appleton's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2014 on our consideration of the City of Appleton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Appleton's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
June 4, 2014

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2013 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, 2013. 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 \$587,938,285. Of this amount, \$74,858,908 may be used to meet the City's obligations to citizens and creditors. The remaining amount is either subject to external restrictions on the utilization of the funds, or is invested in infrastructure capital assets. This compares to \$70,316,605 that was available at the end of 2012, an increase of \$4,542,303. The majority of the increase in 2013 was due to the positive results of the operations of the City's Water, Wastewater and Stormwater Utilities which, combined, added over \$4.45 million to their respective unrestricted net positions. A discussion of the results of these utilities operations can be found on page xxvii and xxviii of this report while the actual financial results can be found on pages 11 and 12.
- At the close of the fiscal year, the City of Appleton's governmental funds reported combined ending fund balances of \$26,309,826, a decrease of \$9,246,727 in comparison to the prior year. The bulk of the decrease in governmental fund balance, over \$4 million, was due to several capital projects funds having funding provided late in 2012 while the corresponding projects were delayed until 2013. Most notably were the Houdini Plaza reconstruction project, the demolition of the Washington Place facility, and funding of new police radios and related radio infrastructure. All of these projects, planned for 2012, were pushed back to 2013 and incurred substantial costs during the year. The substantial cash balances in these funds at the end of 2012 temporarily inflated fund balances heading into 2013. Additionally, Tax Incremental Financing Districts (TIF) 6 and 8, continue to experience substantial development which will be funded by future tax increments on the increased property value, but in the short-term result in a decrease in the District's fund balances. Along with these capital projects funds decreases, the general fund also experienced a decrease of approximately \$3.3 million in 2013. A detailed discussion of the decrease in general fund balance can be found on page xxvi of this report.
- The City continues to maintain \$2,025,426 of reserves (included in the City's \$11,261,464 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 xxviii of this report.
- The City saw an increase in both the number and value of construction permits in 2013. Much of the increase was attributable to growth in commercial construction and single family homes. The employment base in Appleton and the Fox Cities remains competitive and stable. Overall City equalized values decreased .63% in 2013. However, in total, the City's TIF Districts increased in value by .66% and two new Districts (9 and 10) were formed late in the year to foster future development. The City also has seen substantial development activity along its riverfront areas with new construction projects both completed and beginning new phases at RiverHeath, Eagle Flats, and the former Foremost Farms site.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2013 UNAUDITED

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE STATEMENTS

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

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

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

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

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

The government-wide financial statements include not only the City of Appleton itself (known as the primary government), but also two component units 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, 2013 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 46 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and TIF District No. 3, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2013 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 21 to 73 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 74 to 77 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 78 to 102 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Appleton, assets exceeded liabilities by \$587,938,285 as of December 31, 2013.

The largest portion of the City's net position (approximately 84%) reflects its investments in capital assets less any outstanding debt used to acquire those assets. The City uses these capital assets to provide

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For the Year Ended December 31, 2013
UNAUDITED

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

services to citizens; consequently they are not liquid and available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF APPLETON'S NET POSITION

	<u>Governmental Activities 2013</u>	<u>Business- Type Activities 2013</u>	<u>Totals</u>
Current and Other Assets	\$ 104,153,577	\$ 76,387,295	\$ 180,540,872
Capital Assets	<u>331,963,234</u>	<u>299,087,744</u>	<u>631,050,978</u>
Total Assets	<u>436,116,811</u>	<u>375,475,039</u>	<u>811,591,850</u>
Deferred Outflows of Resources	<u>-</u>	<u>1,129,521</u>	<u>1,129,521</u>
Long-Term Liabilities	36,574,393	133,271,788	169,846,181
Other Liabilities	<u>9,449,141</u>	<u>3,777,841</u>	<u>13,226,982</u>
Total Liabilities	<u>46,023,534</u>	<u>137,049,629</u>	<u>183,073,163</u>
Deferred Inflows of Resources	<u>41,652,089</u>	<u>57,834</u>	<u>41,709,923</u>
Net Position:			
Net Investment in Capital Assets	309,789,370	184,439,245	493,234,053
Restricted	8,784,010	11,061,314	19,845,324
Unrestricted	<u>29,867,808</u>	<u>43,996,538</u>	<u>74,858,908</u>
Total Net Position	<u>\$ 348,441,188</u>	<u>\$ 239,497,097</u>	<u>\$ 587,938,285</u>
	<u>Governmental Activities 2012</u>	<u>Business- Type Activities 2012</u>	<u>Totals</u>
Current and Other Assets	\$ 110,203,770	\$ 70,621,650	\$ 180,825,420
Capital Assets	<u>328,156,955</u>	<u>295,791,650</u>	<u>623,948,605</u>
Total Assets	<u>438,360,725</u>	<u>366,413,300</u>	<u>804,774,025</u>
Long-term Liabilities	42,306,237	127,086,033	169,392,270
Other Liabilities	<u>50,363,793</u>	<u>3,873,512</u>	<u>54,237,305</u>
Total Liabilities	<u>92,670,030</u>	<u>130,959,545</u>	<u>223,629,575</u>
Net Position:			
Net Investment in Capital Assets	306,228,924	183,532,977	488,423,709
Restricted	10,030,642	12,373,494	22,404,136
Unrestricted	<u>29,431,129</u>	<u>39,547,284</u>	<u>70,316,605</u>
Total Net Position	<u>\$ 345,690,695</u>	<u>\$ 235,453,755</u>	<u>\$ 581,144,450</u>

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For the Year Ended December 31, 2013
UNAUDITED

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

An additional portion of the City's net position (approximately 3.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$74,858,908 may be used to meet the government's ongoing obligation to its citizens and creditors.

Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended December 31, 2013. Governmental activities increased the City of Appleton's net position by \$2,750,493. Of this amount, \$2,730,312 was contributed from others. Business-type activities increased the City's net position by \$4,043,342. Capital contributions in the business-type activities were \$1,932,924.

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

	Governmental Activities 2013	Business- Type Activities 2013	Totals
Revenues:			
Program Revenues:			
Charges for services	\$ 6,483,565	\$ 43,332,538	\$ 49,816,103
Operating grants and contributions	5,148,710	6,204,695	11,353,405
Capital grants and contributions	9,124,671	1,296,144	10,420,815
General Revenues:			
Property taxes	41,155,010	-	41,155,010
Other taxes	838,567	-	838,567
Intergovernmental	12,207,975	-	12,207,975
Investment income (loss)	1,041,540	(350,702)	690,838
Gain (loss) on sale of assets	128,766	(3,362)	125,404
Miscellaneous	93,731	16,833	110,564
Total Revenues	76,222,535	50,496,146	126,718,681
Expenses:			
General government	8,408,466	-	8,408,466
Public safety	31,862,833	-	31,862,833
Public works	22,586,195	-	22,586,195
Education and recreation	7,936,225	-	7,936,225
Community development	2,743,633	-	2,743,633
Interest and fiscal charges	2,014,417	-	2,014,417
Water Utility	-	16,302,030	16,302,030
Wastewater Utility	-	10,244,112	10,244,112
Valley Transit	-	8,773,289	8,773,289
Stormwater Utility	-	6,811,514	6,811,514
Other non-major proprietary funds	-	2,242,132	2,242,132
Total Expenses	75,551,769	44,373,077	119,924,846
Increases in net position before transfers	670,766	6,123,069	6,793,835
Transfers	2,079,727	(2,079,727)	-
Increase in net position	2,750,493	4,043,342	6,793,835
Net Position – January 1, 2013	345,690,695	235,453,755	581,144,450
Net Position – December 31, 2013	\$ 348,441,188	\$ 239,497,097	\$ 587,938,285

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For the Year Ended December 31, 2013
UNAUDITED

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

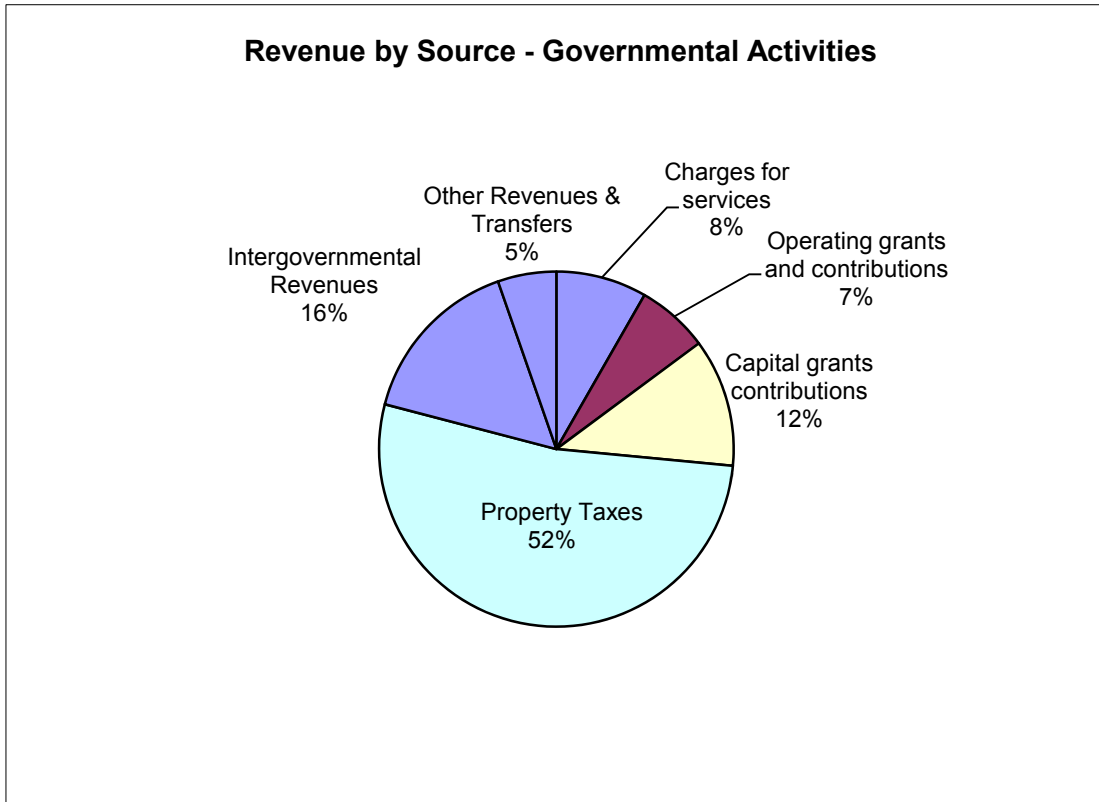
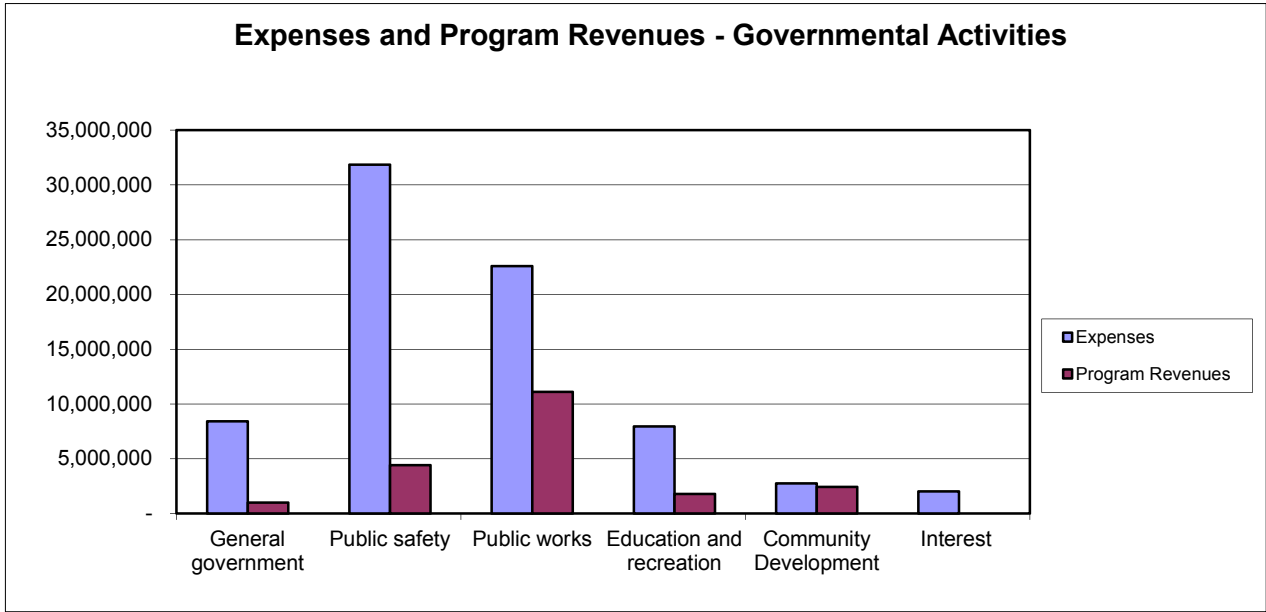
CITY OF APPLETON CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (cont.)

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

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
 For the Year Ended December 31, 2013
 UNAUDITED

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

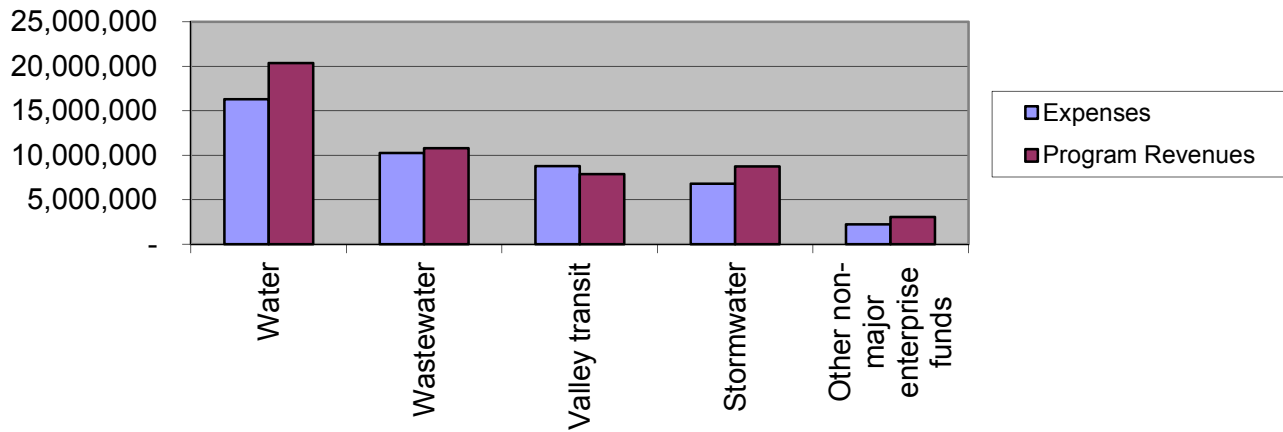


CITY OF APPLETON

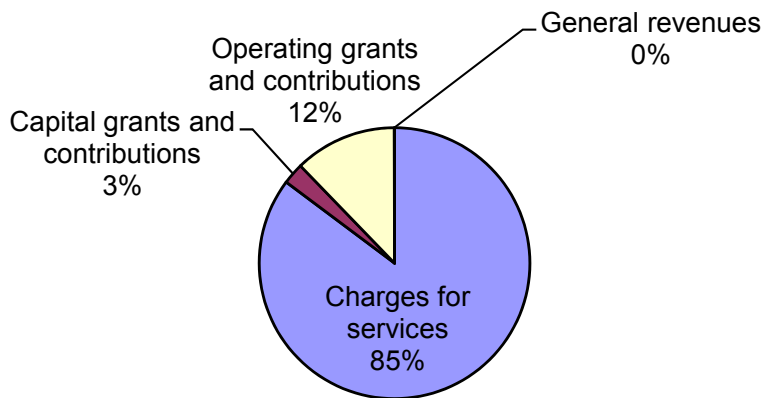
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
 For the Year Ended December 31, 2013
 UNAUDITED

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, 2013
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 \$26,309,826. 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 \$11,289,964; 2) restricted \$2,282,659; 3) committed \$1,087,732; 4) assigned \$17,320,269; and 5) unassigned (\$5,670,798). 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.11 of the financial statements.

The \$5,670,798 unassigned deficit noted above represents \$11,261,464 of positive unassigned general fund balance offset by a \$16,497,007 deficit in TIF funds, \$419,268 deficit in capital projects funds, and \$15,987 reimbursement receivable in the CDBG grant fund. The TIF deficits are expected to be recovered through future tax increments in the districts, the capital project deficits are expected to be reimbursed through a 2014 bond issuance, and the grant deficit is related primarily to the timing of grant draws and is expected to be recovered next year.

General Fund: The general fund is the main operating fund of the City. The general fund has a detailed reserve policy that ensures financial stability for the City of Appleton. The reserve policy stipulates that the total unreserved fund balances (excluding designations for debt service) will be 25% of the following year's budgeted appropriations. It also calls for a designated balance for debt service of 25% of the ensuing year's debt service requirements. Any excess funds over that amount will have at least 75% used for the reduction of long-term liabilities. Utilization of the remaining funds is subject to recommendation from the Finance Committee to be used for additional reduction of long-term liabilities or general fund expenditures, with final council approval. This policy has allowed the City to keep its outstanding debt well below the legal debt limit. We are currently at 11.35% of the limit and have a debt per capita of \$359.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2013 UNAUDITED

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

In 2013, the general fund balance decreased \$3,318,761. The main reason for the decrease was a planned use of fund balance to pay for various priorities within the City. In 2013, the Common Council approved the transfer of \$1,970,638 of accumulated general fund balance to various capital projects funds to pay the costs of projects rather than issuing debt. This action saved taxpayers money in future interest costs as well as the costs of issuing bonds. Additionally, the Council approved the use of \$670,000 general fund balance to supplement the costs of street and sidewalk maintenance projects that had been postponed in prior years. Finally, an additional \$264,000 of fund balance was approved to supplement the Risk Management fund, which had been experiencing unusually high workers' compensation claims over the past few years, drawing down that funds' equity.

In terms of operating results, the major factor contributing to the decrease in the general fund balance was lower than expected interest income. Due to market conditions, 2013 was a very challenging year for those entities holding longer term U.S. bond and treasury investments. Annual investment results were greatly influenced by unrealized losses required to be recorded at year end. These unrealized losses, the result of comparing the cost of the investments to their market value at December 31, 2013, offset actual interest earnings for the year, resulting in a \$1,502,614 unfavorable budget variance. Fortunately, since the City intends to hold these investments until maturity, these "paper" losses are not expected to be realized.

Offsetting this loss was additional license and permit revenues, intergovernmental revenues and local street project reimbursements that reduced the total unfavorable revenue variance from the original budget to \$564,261. This operating shortfall in the general fund was further mitigated by favorable budget expense variances in general fund departments (due mainly to favorable health insurance cost experience), lower retiree severance costs, and a reduction in the City's share of transit funding which resulted in a favorable operating expense variance in comparison to the original budget of \$632,962.

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 2013. 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 parking structures constructed within the district 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: Water Utility operating income was \$8,007,539 in 2013, or a 6.59% rate of return on the net investment rate base. This compares to operating income of \$9,024,052 in 2012, or a 7.62% rate of return. The decrease in operating income was caused mainly by water consumption returning to normal levels after a dry, warm summer in 2012. The raw water quality in 2013 was similar to the diminished quality of prior years, thus requiring increased treatment costs. There were also more costs incurred in responding to main breaks and valve issues in 2013, as well as the closure of an underground tank at Prospect Avenue (at a cost of \$107,000).

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2013 UNAUDITED

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

Wastewater Utility: The Wastewater Utility recorded an operating income of \$1,023,925 in 2013 compared to an operating income of \$1,303,935 in 2012. The slight decrease in operating income was caused by a decrease in special hauled waste revenue, a slight increase in depreciation expense due to a major rehabilitation of a lift station, and the installation of a new aeration blower system at the treatment plant.

Valley Transit: Operating revenues increased \$62,041 from 2012, mainly due to an increase in the amount of cash fares. Overall ridership declined very slightly, by approximately 0.2%. This decline is mostly due to a slight decrease in the use of the Appleton Area School District (AASD) pass program and an increase in the use of transfers. Because the AASD program is a fixed price program, a decrease in ridership does not affect revenue. Operating expenses increased by \$566,672 due to increased contracted transportation, fuel, depreciation, and personnel costs. The increase in personnel expenses was the result of a negotiated 3% increase for represented staff that was implemented on December 31, 2012 and a 1.5% increase in required contributions to the Wisconsin Retirement System.

These increases were partially offset by lower casualty and liability insurance costs resulting from a partial return of prior periods' premiums from the insurance carrier. These factors, coupled with lower investment income and federal and state capital contributions, resulted in the net position of Valley Transit decreasing \$400,127.

Stormwater Utility: Stormwater Utility operating income was \$3,244,102 in 2013 compared to an operating income of \$2,236,240 in 2012. The increase in operating income was mainly due to a 24% rate increase on July 1, 2013. This increase in revenue was partially offset by an increase in depreciation expense due to the completion of two large detention ponds at Reid Golf Course.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended General Fund budget had total appropriations (including transfers) of \$5,997,657 more than the original budget. The total original appropriations, including those for transfers out, were \$57,489,592, while the final appropriations were \$63,487,249. A large part of the increase, \$2,025,426, was related to contingency funds established in the past that will similarly be carried over into 2014 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 (\$527,398), along with unspent funds (\$125,903) from a franchise fee settlement with a cable service provider.

In 2013, the largest budget amendment related to the use of \$1,970,638 of unassigned general fund balance to fund current capital projects in order to eliminate the 2013 borrowing needs, thus saving on interest and debt issuance costs. Another \$670,000 of fund balance was used to fund street and sidewalk projects, and \$260,000 of unassigned fund balance was appropriated to assist the Risk Management Fund in complying with established fund balance reserve policies. The remaining increase in the 2013 budget of \$1,071,593 was related to funds carried over for departmental projects budgeted in 2012, but not completed until 2013 (\$635,602) and for various items approved by the City Council throughout the year (\$435,991).

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2013 UNAUDITED

CAPITAL ASSETS

By the end of 2013, the City had invested a total of \$631,050,978 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 \$1.93 million of expenses and will continue to be a focus due to an aging distribution system. The only other major capital project underway was a multi-year meter system replacement project which accounted for \$1.4 million of costs in 2013.

Wastewater: Additions included \$1.18 million in improvements to the wastewater collection system. A major lift station rehabilitation project was completed at a cost of \$488,000. Additionally, a variable frequency drive (VFD) aeration blower was installed at the treatment plant at a cost of \$928,000. This project will reduce electrical use during the waste treatment process.

Stormwater: Improvements necessary to continue our efforts in the management of stormwater in the City accounted for \$7.2 million in additions to land, mains, detention ponds and facilities in order to comply with regulations. In 2013, two detention ponds at Reid Golf Course were completed at a cost of \$3.2 million. Additionally, underground storage infrastructure costing \$1 million was installed at Red Oak ravine as part of a joint project with the Town of Menasha.

General: The City continued its commitment to gaining efficiencies through automation by investing \$506,831 in technology related projects in 2013. Included on the list of improvements were the replacement of the network core switch, completion of installation of the new video conferencing system, and additional enhancements to the centralized call recording system installed in 2012. Also included were improvements to the software allowing remote access to the City's computing network, which enables employees such as inspectors and engineers to consult and update records while in the field, and installation of a video recording and meeting documentation management system for Council and committee meetings.

Quality of life enhancements of \$1,939,458 constituted over half of the general fixed asset expenditures in 2013. Chief among them was the completion of a major renovation of Houdini Plaza in the center of the downtown area (approximately \$1.5 million in total, partially funded by donations from individuals and businesses). This renovation represented a complete transformation of the space to accommodate public events for which the original layout was poorly suited (downtown farmers' market, music performances, etc.) while also solving logistical problems in the provision of City services to adjacent businesses. Other projects included installing or upgrading tennis courts in several neighborhood parks, design work for a restroom/concessions building at the Miracle League Baseball field, and planning and design of future park and swimming pool renovations.

Major facilities capital investments included planning for several upcoming municipal projects in the center of downtown (construction of a City Hall and new library and replacement of a parking structure, \$39,458), upgrades to the HVAC system in the main computer equipment room (\$83,391), partial roof replacement at the City's Municipal Services Building (\$177,895), and the next phase of correcting surface drainage and deteriorating asphalt issues, also at the Municipal Services Building, with \$115,702 spent on installing new concrete pavement around the facility.

Finally, maintaining existing infrastructure continues to remain a high priority with approximately \$7.5 million invested in various street, sidewalk and related infrastructure projects throughout the City.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
 For the Year Ended December 31, 2013
 UNAUDITED

CAPITAL ASSETS (cont.)

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

	Governmental Activities 2013	Business-Type Activities 2013	Totals
	<u>2013</u>	<u>2013</u>	<u>Totals</u>
Land	\$ 9,143,072	\$ 11,393,785	\$ 20,536,857
Right-of-ways	72,960,031	-	72,960,031
Land improvements	38,439,262	-	38,439,262
Intangible assets	53,010	747,260	800,270
Improvements	6,863,105	-	6,863,105
Buildings	31,470,532	264,052,307	295,522,839
Equipment, furniture and fixtures	14,074,660	17,681,726	31,756,386
Streets	96,563,945	-	96,563,945
Sidewalks	19,333,128	-	19,333,128
Traffic signals	3,830,486	-	3,830,486
Bridges	33,658,622	-	33,658,622
Construction in progress	5,573,381	5,212,666	10,786,047
	<u>\$ 331,963,234</u>	<u>\$ 299,087,744</u>	<u>\$ 631,050,978</u>
Totals			
	Governmental Activities 2012	Business-Type Activities 2012	Totals
	<u>2012</u>	<u>2012</u>	<u>Totals</u>
Land	\$ 9,143,072	\$ 11,172,746	\$ 20,315,818
Right-of-ways	72,884,906	-	72,884,906
Land improvements	38,357,426	-	38,357,426
Intangible assets	56,897	728,813	785,710
Improvements	5,299,856	-	5,299,856
Buildings	31,908,161	259,890,551	291,798,712
Equipment, furniture and fixtures	14,079,045	18,853,163	32,932,208
Streets	94,797,931	-	94,797,931
Sidewalks	19,142,562	-	19,142,562
Traffic signals	3,641,263	-	3,641,263
Bridges	34,070,377	-	34,070,377
Construction in progress	4,775,459	5,146,377	9,921,836
	<u>\$ 328,156,955</u>	<u>\$ 295,791,650</u>	<u>\$ 623,948,605</u>
Totals			

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For the Year Ended December 31, 2013
UNAUDITED

LONG-TERM DEBT

During 2013, the City did not issue any new general obligation debt but retired \$5,575,000 of general obligation bonds, resulting in an outstanding balance of \$27,730,000 at December 31, 2013. Additionally, the City issued \$13,620,000 of revenue bonds while retiring \$8,370,000 of bonds.

Under Wisconsin State Statutes Chapter 67, the City of Appleton's aggregate indebtedness may not exceed 5% of the equalized value of taxable property located in the City. The net amount of debt that is applicable to the statutory limit is \$26,226,948 (\$27,730,000 less reserves on hand) which is considerably below the maximum of \$231,115,610.

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

	Governmental Activity 2013	Business-Type Activity 2013	Totals
General obligation bonds	\$ 27,005,000	\$ 725,000	\$ 27,730,000
Promissory note	300,000	-	300,000
Revenue bonds	-	128,915,000	128,915,000
Total Outstanding General Obligation and Revenue Bonds	<u>\$ 27,305,000</u>	<u>\$ 129,640,000</u>	<u>\$ 156,945,000</u>
	Governmental Activity 2012	Business-Type Activity 2012	Totals
General obligation bonds	\$ 32,570,000	\$ 735,000	\$ 33,305,000
Promissory note	800,000	-	800,000
Revenue bonds	-	123,665,000	123,665,000
Total Outstanding General Obligation and Revenue Bonds	<u>\$ 33,370,000</u>	<u>\$ 124,400,000</u>	<u>\$ 157,770,000</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, Appvion Inc., remains relatively stable. The City's largest employer, St. Elizabeth's Hospital, a health care provider, employs more than 1,900 people and also remains stable.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For the Year Ended December 31, 2013 UNAUDITED

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS (cont.)

The City's unemployment rate showed steady improvement over the year, dropping .8% from 7.5% in December, 2012 to 6.7% in December, 2013.

The City's equalized value decreased by \$29 million to \$4.62 billion, which still represents 29% of the equalized value of the Fox Cities area. There are many reasons for the drop in values, from the revaluation of residential properties to the decline in the national economy.

Despite these economic challenges, the promotion of commercial and industrial development remains one of the City's top priorities. This has been accomplished through the creation of several TIF Districts, which have allowed the City to install the infrastructure necessary to stimulate development while maintaining an adequate supply of industrial park land and developable sites. Development continues along the Fox River corridor with the completion of two apartment complexes at Eagle Flats, a residential and commercial development project. Additionally, construction continues at the Riverheath site, a mixed-use project that will provide residential and commercial space, and progress continues in the development of the former Foremost Dairy site.

In TIF 6, the City's Southpoint Commerce Park is poised for development with over 100 acres of fully improved industrial sites. These parcels, coupled with a large selection of residential lots in 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: Anthony D. Saucerman, CPA, Finance Director at 1-920-832-6440 or at tony.saucerman@appleton.org.

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

CITY OF APPLETON

STATEMENT OF NET POSITION

As of December 31, 2013

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
ASSETS				
Cash and investments	\$ 31,156,607	\$ 36,881,950	\$ 68,038,557	\$ 211,933
Receivables				
Taxes	44,117,162	-	44,117,162	-
Deferred loans	6,307,755	-	6,307,755	-
Accounts	332,918	8,069,255	8,402,173	-
Special assessments	1,556,644	443,739	2,000,383	-
Delinquent special assessments	12,219	-	12,219	-
Developer loans	2,268,444	-	2,268,444	-
Accrued interest	338,184	-	338,184	-
Other	1,159,884	499,376	1,659,260	64,362
Note receivable - component unit	500,000	-	500,000	-
Note receivable - primary government	-	-	-	300,000
Due from other governments	5,969,140	1,757,577	7,726,717	-
Internal balances - interfunds	(269,374)	269,374	-	-
Internal balances - advances	186,744	(186,744)	-	-
Inventories	889,631	661,305	1,550,936	-
Prepaid items	17,491	102,495	119,986	-
Restricted Assets				
Temporarily Restricted				
Cash and investments	-	27,631,511	27,631,511	-
Accrued interest	-	162,446	162,446	-
Investment in WMIC	2,020,950	-	2,020,950	-
Property held for future use	-	95,011	95,011	-
Land held for resale	7,589,178	-	7,589,178	534,850
Capital Assets				
Land	120,542,365	11,393,785	131,936,150	-
Construction in progress	5,573,381	5,212,666	10,786,047	-
Intangible assets	25,048	747,260	772,308	-
Depreciable capital assets, net of depreciation	<u>205,822,440</u>	<u>281,734,033</u>	<u>487,556,473</u>	-
Total Assets	<u>436,116,811</u>	<u>375,475,039</u>	<u>811,591,850</u>	<u>1,111,145</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	1,129,521	1,129,521	-
LIABILITIES				
Accounts payable	1,974,790	1,689,013	3,663,803	7,150
Other accrued liabilities and deposits	2,577,696	876,476	3,454,172	-
Claims payable	4,837,000	-	4,837,000	-
Due to other governments	115	897,910	898,025	-
Unearned revenue	-	314,442	314,442	-
Deposits	59,540	-	59,540	-
Noncurrent Liabilities				
Due within one year	7,495,563	3,607,211	11,102,774	5,000
Due in more than one year	<u>29,078,830</u>	<u>129,664,577</u>	<u>158,743,407</u>	<u>795,000</u>
Total Liabilities	<u>46,023,534</u>	<u>137,049,629</u>	<u>183,073,163</u>	<u>807,150</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	<u>41,652,089</u>	<u>57,834</u>	<u>41,709,923</u>	<u>193,131</u>
NET POSITION				
Net investment in capital assets	309,789,370	184,439,245	493,234,053	-
Restricted	8,784,010	11,061,314	19,845,324	-
Unrestricted	<u>29,867,808</u>	<u>43,996,538</u>	<u>74,858,908</u>	<u>110,864</u>
TOTAL NET POSITION	<u>\$ 348,441,188</u>	<u>\$ 239,497,097</u>	<u>\$ 587,938,285</u>	<u>\$ 110,864</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 8,408,466	\$ 1,001,379	\$ -	\$ -
Public safety	31,862,833	1,154,612	781,685	2,474,779
Public works	22,586,195	2,347,105	2,686,499	6,081,524
Education and recreation	7,936,225	782,729	1,011,286	-
Community development	2,743,633	1,197,740	669,240	568,368
Interest	2,014,417	-	-	-
Total Governmental Activities	75,551,769	6,483,565	5,148,710	9,124,671
Business-Type Activities				
Water	16,302,030	20,316,037	-	28,644
Wastewater	10,244,112	10,486,298	-	327,969
Valley transit	8,773,289	1,547,558	6,204,695	126,488
Stormwater	6,811,514	8,146,867	-	590,030
Other non-major enterprise funds	2,242,132	2,835,778	-	223,013
Total Business-Type Activities	44,373,077	43,332,538	6,204,695	1,296,144
Total Primary Government	\$ 119,924,846	\$ 49,816,103	\$ 11,353,405	\$ 10,420,815
Component Units				
Business Improvement District	\$ 206,183	\$ 205,569	\$ -	\$ -
Appleton Redevelopment Authority	1,886	-	-	-
Total Component Units	\$ 208,069	\$ 205,569	\$ -	\$ -

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 (loss)

Gain on the sale of assets

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning (as restated)

NET POSITION - ENDING

See accompanying notes to financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Totals	
\$ (7,407,087)	\$ -	\$ (7,407,087)	\$ -
(27,451,757)	-	(27,451,757)	-
(11,471,067)	-	(11,471,067)	-
(6,142,210)	-	(6,142,210)	-
(308,285)	-	(308,285)	-
(2,014,417)	-	(2,014,417)	-
<u>(54,794,823)</u>	<u>-</u>	<u>(54,794,823)</u>	<u>-</u>
-	4,042,651	4,042,651	-
-	570,155	570,155	-
-	(894,548)	(894,548)	-
-	1,925,383	1,925,383	-
-	816,659	816,659	-
<u>-</u>	<u>6,460,300</u>	<u>6,460,300</u>	<u>-</u>
(54,794,823)	6,460,300	(48,334,523)	-
-	-	-	(614)
-	-	-	(1,886)
38,054,288	-	38,054,288	-
3,100,722	-	3,100,722	-
838,567	-	838,567	-
12,207,975	-	12,207,975	-
1,041,540	(350,702)	690,838	(368)
128,766	(3,362)	125,404	-
93,731	16,833	110,564	-
<u>2,079,727</u>	<u>(2,079,727)</u>	<u>-</u>	<u>-</u>
<u>57,545,316</u>	<u>(2,416,958)</u>	<u>55,128,358</u>	<u>(368)</u>
2,750,493	4,043,342	6,793,835	(2,868)
<u>345,690,695</u>	<u>235,453,755</u>	<u>581,144,450</u>	<u>113,732</u>
<u>\$ 348,441,188</u>	<u>\$ 239,497,097</u>	<u>\$ 587,938,285</u>	<u>\$ 110,864</u>

See accompanying notes to financial statements.

CITY OF APPLETON

BALANCE SHEET - GOVERNMENTAL FUNDS
As of December 31, 2013

	General	Tax Incremental District No. 3	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 18,785,490	\$ 109,907	\$ 10,226,378	\$ 29,121,775
Receivables				
Taxes	34,782,626	894,830	8,439,706	44,117,162
Deferred loans	-	-	6,307,755	6,307,755
Accounts	318,823	-	14,095	332,918
Special assessments	798,791	-	757,853	1,556,644
Delinquent special assessments	12,219	-	-	12,219
Developer loans	1,212,699	-	1,055,745	2,268,444
Accrued interest	338,184	-	-	338,184
Other	253,689	-	765,443	1,019,132
Due from other governments	5,348,967	-	620,173	5,969,140
Due from other funds	2,506,721	-	46,460	2,553,181
Note receivable - component unit	-	-	500,000	500,000
Inventories	799,465	-	-	799,465
Prepaid items	4,513	-	-	4,513
Advances to other funds	17,497,566	-	-	17,497,566
TOTAL ASSETS	\$ 82,659,753	\$ 1,004,737	\$ 28,733,608	\$ 112,398,098
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 972,414	\$ -	\$ 898,037	\$ 1,870,451
Other accrued liabilities	2,194,587	-	68,798	2,263,385
Due to other governments	115	-	-	115
Claims payable	2,937,000	-	-	2,937,000
Due to other funds	1,310,986	-	548,371	1,859,357
Deposits	-	-	59,540	59,540
Advances from other funds	-	13,782,247	3,528,575	17,310,822
Total Liabilities	7,415,102	13,782,247	5,103,321	26,300,670
Deferred Inflows of Resources				
Unearned revenue	32,620,669	894,830	8,136,590	41,652,089
Unavailable revenue	9,124,160	-	9,011,353	18,135,513
Total Deferred Inflows of Resources	41,744,829	894,830	17,147,943	59,787,602
Fund Balances				
Nonspendable	11,255,209	-	34,755	11,289,964
Restricted	-	-	2,282,659	2,282,659
Committed	-	-	1,087,732	1,087,732
Assigned	10,983,149	-	6,337,120	17,320,269
Unassigned (deficit)	11,261,464	(13,672,340)	(3,259,922)	(5,670,798)
Total Fund Balances	33,499,822	(13,672,340)	6,482,344	26,309,826
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 82,659,753	\$ 1,004,737	\$ 28,733,608	
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II.A.				321,521,434
Land held for resale is not a financial resources and, therefore, is not reported in the funds.				7,589,178
Some receivables that are not currently available are reported as unavailable revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.				18,135,513
Internal service funds are reported in the statement of net position as governmental funds.				10,950,230
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II.A.				<u>(36,064,993)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES				\$ 348,441,188

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, 2013

	General	Tax Incremental District No. 3	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 31,990,198	\$ 968,910	\$ 9,034,469	\$ 41,993,577
Intergovernmental	15,454,279	8,914	4,079,676	19,542,869
Licenses and permits	1,086,494	-	-	1,086,494
Fines and forfeitures	334,540	-	-	334,540
Special assessments	1,128,596	-	941,243	2,069,839
Investment income	164,575	2,815	33,330	200,720
Charges for services	1,210,888	-	1,341,472	2,552,360
Other	2,754,525	-	2,505,638	5,260,163
Total Revenues	<u>54,124,095</u>	<u>980,639</u>	<u>17,935,828</u>	<u>73,040,562</u>
EXPENDITURES				
Current				
General government	6,679,402	1,659	616,303	7,297,364
Public safety	27,526,967	-	414,968	27,941,935
Public works	14,125,236	-	3,248,427	17,373,663
Education and recreation	7,375,059	-	-	7,375,059
Community development	1,554,648	-	1,426,480	2,981,128
Capital Outlay	-	-	14,281,748	14,281,748
Debt Service				
Principal	-	-	6,057,333	6,057,333
Interest and fiscal charges	-	682,488	1,241,768	1,924,256
Total Expenditures	<u>57,261,312</u>	<u>684,147</u>	<u>27,287,027</u>	<u>85,232,486</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,137,217)</u>	<u>296,492</u>	<u>(9,351,199)</u>	<u>(12,191,924)</u>
OTHER FINANCING SOURCES (USES)				
Sale of city property	9,718	-	996	10,714
Transfers in	2,308,694	1,200,000	5,776,715	9,285,409
Transfers out	<u>(2,499,956)</u>	<u>(970,252)</u>	<u>(2,880,718)</u>	<u>(6,350,926)</u>
Total Other Financing Sources (Uses)	<u>(181,544)</u>	<u>229,748</u>	<u>2,896,993</u>	<u>2,945,197</u>
Net Change in Fund Balances	<u>(3,318,761)</u>	<u>526,240</u>	<u>(6,454,206)</u>	<u>(9,246,727)</u>
FUND BALANCES (DEFICIT) - Beginning	<u>36,818,583</u>	<u>(14,198,580)</u>	<u>12,936,550</u>	<u>35,556,553</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 33,499,822</u>	<u>\$ (13,672,340)</u>	<u>\$ 6,482,344</u>	<u>\$ 26,309,826</u>

See accompanying notes to financial statements.

CITY OF APPLETON

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

Net change in fund balances - total governmental funds \$ (9,246,727)

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

Governmental funds report capital outlay as expenditures. However, in the
statement of net position the cost of these assets is capitalized and they are
depreciated over their estimated useful lives with depreciation expense reported
in the statement of activities.

Total capital asset additions - paid for with City funds	\$ 11,808,403	
Total capital asset additions - contributed to the City	2,730,312	
Less: capital outlay and expenditures capitalized in the internal service funds	(2,148,849)	
Less: close-out of prior year CWIP	(906,068)	11,483,798
Depreciation is reported in the government-wide statements		(7,094,995)

Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins)
is to decrease net position. (490,682)

Land held for resale is reported in the funds as expenditures. However, in the statement
of net position, the cost of these assets are capitalized. 525,052

Receivables not currently available are reported as unavailable revenue in the fund financial
statements but are recognized as revenue when earned in the government-wide
financial statements.

Interest charged on advances	846,438	
Developer loans	980,745	
Rehabilitation loans	(14,105)	
Accounts receivable/interest income	(5,086)	
Special assessments	208,429	2,016,421

Debt issued provide current financial resources to governmental funds,
but issuing these obligations increases long-term liabilities in the statement of net
position. Repayment of debt principal is an expenditure in the governmental funds, but the
repayment reduces long-term liabilities in the statement of net position.

Principal repaid 6,057,333

Some expenses in the statement of activities do not require the use of
current financial resources and, therefore, are not reported as expenditures
in the governmental funds.

Compensated absences		(172,771)
Disability benefits		8,370
Pension liability		15,585
Postclosure care cost		90,000
Accrued interest on debt		40,072

Governmental funds report debt premiums and discounts as other financing sources
or expenditures. However, in the statement of net position, these are deferred and reported
as reductions in long-term debt. These are allocated over the period the debt
is outstanding in the statement of activities and are reported as interest expense.

Premium		54,429
Debt issuance costs		(183,105)

Internal service funds are used by management to charge the costs of self insurance
and central equipment agency costs to individual funds. The increase in net
position of the internal service funds is reported with governmental activities.

(352,287)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 2,750,493

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
As of December 31, 2013

		<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		\$ 12,311,150	\$ 10,993,704	\$ -
Accounts Receivable				
Customer accounts		4,588,568	1,711,185	-
Special assessments		9,928	359,128	-
Other		44,763	304,185	-
Due From Other Governments				
Federal government		-	-	600,154
State of Wisconsin		-	-	779,202
Local governments		-	-	378,221
Due from other funds		536,110	490,949	-
Inventories		323,266	157,537	180,502
Prepaid items		-	-	29,695
Restricted Assets				
Cash and investments		-	632,270	-
Total Current Assets		<u>17,813,785</u>	<u>14,648,958</u>	<u>1,967,774</u>
Noncurrent Assets				
Restricted Assets				
Cash and investments		11,152,701	8,448,342	1,249,143
Accrued interest		56,410	66,824	-
Investment in WMIC		-	-	-
Capital Assets				
Land		1,192,474	358,774	891,831
Construction in progress		822,417	393,420	-
Intangible assets		174,103	151,711	-
Building and improvements		131,641,110	136,026,447	3,903,581
Equipment, furniture and vehicles		27,160,334	35,133,916	9,533,540
Less: Accumulated depreciation		(47,345,628)	(86,896,819)	(9,602,190)
Other Assets				
Property held for future use		95,011	-	-
Total Noncurrent Assets		<u>124,948,932</u>	<u>93,682,615</u>	<u>5,975,905</u>
Total Assets		<u>142,762,717</u>	<u>108,331,573</u>	<u>7,943,679</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding		<u>808,169</u>	<u>-</u>	<u>-</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>
\$ 12,152,790	\$ 1,424,306	\$ 36,881,950	\$ 2,034,832
1,769,502	-	8,069,255	-
74,683	-	443,739	-
135,339	15,089	499,376	140,752
-	-	600,154	-
-	-	779,202	-
-	-	378,221	-
237,467	-	1,264,526	-
-	-	661,305	90,166
72,800	-	102,495	12,978
<u>2,179,234</u>	<u>-</u>	<u>2,811,504</u>	<u>-</u>
<u>16,621,815</u>	<u>1,439,395</u>	<u>52,491,727</u>	<u>2,278,728</u>
3,969,821	-	24,820,007	-
39,212	-	162,446	-
-	-	-	2,020,950
5,731,260	3,219,446	11,393,785	-
3,993,916	2,913	5,212,666	-
421,446	-	747,260	-
101,465,416	24,083,316	397,119,870	-
28,000	635,994	72,491,784	24,547,069
(26,697,112)	(17,335,872)	(187,877,621)	(14,105,269)
<u>-</u>	<u>-</u>	<u>95,011</u>	<u>-</u>
<u>88,951,959</u>	<u>10,605,797</u>	<u>324,165,208</u>	<u>12,462,750</u>
<u>105,573,774</u>	<u>12,045,192</u>	<u>376,656,935</u>	<u>14,741,478</u>
<u>321,352</u>	<u>-</u>	<u>1,129,521</u>	<u>-</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
As of December 31, 2013

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 121,942	\$ 267,443	\$ 246,335
Compensated absences	158,736	127,936	159,005
Other accrued liabilities	107,877	78,997	133,977
Claims payable	-	-	-
Due to other governments	-	-	897,910
Due to other funds	1,819,828	-	102,508
Unearned revenues	-	-	314,442
Current portion of general obligation debt	-	-	-
Current portion of advance from other funds	-	-	-
Current Liabilities Payables From Restricted Assets			
Revenue bonds payable	-	785,000	-
Accrued interest	-	108,937	-
Total Current Liabilities	<u>2,208,383</u>	<u>1,368,313</u>	<u>1,854,177</u>
Noncurrent Liabilities			
General obligation debt payable	-	-	-
Revenue bonds and notes payable	68,910,000	15,410,000	-
Advance from other funds	-	-	-
Compensated absences	211,639	130,374	127,581
Other postemployment benefit liability	-	-	-
Unamortized premium of debt issuance	<u>1,410,021</u>	<u>207,404</u>	<u>-</u>
Total Noncurrent Liabilities	<u>70,531,660</u>	<u>15,747,778</u>	<u>127,581</u>
Total Liabilities	<u>72,740,043</u>	<u>17,116,091</u>	<u>1,981,758</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	55,380,670	70,190,873	4,726,762
Restricted for			
Debt service	56,410	1,622,513	-
DNR replacement fund	-	4,982,799	-
Capital replacement fund	-	1,007,359	1,249,143
Unrestricted (deficit)	<u>15,393,763</u>	<u>13,411,938</u>	<u>(13,984)</u>
TOTAL NET POSITION	<u>\$ 70,830,843</u>	<u>\$ 91,215,482</u>	<u>\$ 5,961,921</u>

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

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

NET POSITION OF BUSINESS-TYPE ACTIVITIES

<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Stormwater</u>	<u>Other</u>		<u>Activities -</u>
<u>Utility</u>	<u>Enterprise</u>	<u>Totals</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service Funds</u>
\$ 961,085	\$ 92,208	\$ 1,689,013	\$ 104,339
80,658	45,876	572,211	130,131
45,064	32,698	398,613	83,157
-	-	-	1,900,000
-	-	897,910	-
-	-	1,922,336	36,014
-	-	314,442	-
-	30,000	30,000	7,668
-	21,744	21,744	-
2,220,000	-	3,005,000	-
368,926	-	477,863	-
<u>3,675,733</u>	<u>222,526</u>	<u>9,329,132</u>	<u>2,261,309</u>
-	695,000	695,000	38,337
41,590,000	-	125,910,000	-
-	165,000	165,000	-
40,080	62,092	571,766	90,936
-	-	-	473,482
870,386	-	2,487,811	-
<u>42,500,466</u>	<u>922,092</u>	<u>129,829,577</u>	<u>602,755</u>
<u>46,176,199</u>	<u>1,144,618</u>	<u>139,158,709</u>	<u>2,864,064</u>
-	57,834	57,834	-
44,260,143	9,880,797	184,439,245	10,395,795
2,143,090	-	3,822,013	-
-	-	4,982,799	-
-	-	2,256,502	-
<u>13,315,694</u>	<u>961,943</u>	<u>43,069,354</u>	<u>1,481,619</u>
<u>\$ 59,718,927</u>	<u>\$ 10,842,740</u>	238,569,913	<u>\$ 11,877,414</u>
		<u>927,184</u>	
		<u>\$ 239,497,097</u>	

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2013

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
OPERATING REVENUES			
Charges for services	\$ 19,899,475	\$ 9,771,446	\$ 1,472,445
Other	416,562	714,852	75,113
Total Operating Revenues	<u>20,316,037</u>	<u>10,486,298</u>	<u>1,547,558</u>
OPERATING EXPENSES			
Operation and maintenance	8,250,694	6,282,545	8,119,031
Depreciation	4,057,804	3,179,828	655,108
Total Operating Expenses	<u>12,308,498</u>	<u>9,462,373</u>	<u>8,774,139</u>
Operating Income (Loss)	<u>8,007,539</u>	<u>1,023,925</u>	<u>(7,226,581)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income/(loss)	(120,553)	(141,436)	-
Interest expense	(3,255,532)	(632,409)	-
Debt issuance costs	(777,571)	(203,097)	-
Gain (loss) on sale of capital assets	(13,464)	-	-
Amortization of prior losses on refunding of bonds	(181,324)	-	-
Amortization of premium on debt issuance	276,504	20,668	-
Subsidies from other governmental units	-	-	6,204,695
Other	16,833	-	-
Total Nonoperating Revenues (Expenses)	<u>(4,055,107)</u>	<u>(956,274)</u>	<u>6,204,695</u>
Income (Loss) Before contributions and transfers	3,952,432	67,651	(1,021,886)
Capital contributions	309,704	327,969	126,488
Transfer in	-	-	495,271
Transfers out - tax equivalent	(1,819,828)	-	-
Transfers out	(13,800)	(138,450)	-
Change in Net Position	2,428,508	257,170	(400,127)
TOTAL NET POSITION - Beginning	<u>68,402,335</u>	<u>90,958,312</u>	<u>6,362,048</u>
TOTAL NET POSITION - ENDING	<u>\$ 70,830,843</u>	<u>\$ 91,215,482</u>	<u>\$ 5,961,921</u>

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

Change in Net Position Business-type Activities

See accompanying notes to financial statements.

<u>Business-Type Activities - Enterprise Funds</u>			<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>
\$ 8,088,322	\$ 2,126,508	\$ 41,358,196	\$ 7,068,945
58,545	709,270	1,974,342	336,477
<u>8,146,867</u>	<u>2,835,778</u>	<u>43,332,538</u>	<u>7,405,422</u>
2,706,960	1,703,304	27,062,534	7,690,347
<u>2,195,805</u>	<u>557,857</u>	<u>10,646,402</u>	<u>2,132,182</u>
<u>4,902,765</u>	<u>2,261,161</u>	<u>37,708,936</u>	<u>9,822,529</u>
<u>3,244,102</u>	<u>574,617</u>	<u>5,623,602</u>	<u>(2,417,107)</u>
(80,851)	(7,862)	(350,702)	(1,637)
(1,355,205)	(14,774)	(5,257,920)	(1,557)
(566,845)	(10,400)	(1,557,913)	-
-	(3,362)	(16,826)	208,393
(44,904)	-	(226,228)	-
113,298	-	410,470	-
-	-	6,204,695	-
-	-	16,833	7,939
<u>(1,934,507)</u>	<u>(36,398)</u>	<u>(777,591)</u>	<u>213,138</u>
1,309,595	538,219	4,846,011	(2,203,969)
945,750	223,013	1,932,924	2,050,572
-	-	495,271	-
-	-	(1,819,828)	-
<u>(12,500)</u>	<u>(1,227,200)</u>	<u>(1,391,950)</u>	<u>(217,976)</u>
2,242,845	(465,968)	4,062,428	(371,373)
<u>57,476,082</u>	<u>11,308,708</u>		<u>12,248,787</u>
<u>\$ 59,718,927</u>	<u>\$ 10,842,740</u>		<u>\$ 11,877,414</u>
		<u>(19,086)</u>	
		<u>\$ 4,043,342</u>	

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS For the Year Ended December 31, 2013

	<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	\$ 20,277,189	\$ 10,629,800	\$ 1,446,345
Paid to suppliers for goods and services	(6,596,213)	(4,746,020)	(5,563,775)
Paid to employees for services	(1,649,687)	(1,415,796)	(2,474,112)
Net Cash Flows From Operating Activities	<u>12,031,289</u>	<u>4,467,984</u>	<u>(6,591,542)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Tax equivalent paid to municipality	(1,750,394)	-	-
Transfers out	(13,800)	(138,450)	-
Operation subsidies received from other governmental units	-	-	5,672,574
Net Cash Flows From Noncapital Financing Activities	<u>(1,764,194)</u>	<u>(138,450)</u>	<u>5,672,574</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(3,701,654)	(1,950,879)	(181,096)
Proceeds from sale of capital assets	-	-	-
Debt issued	7,180,000	-	-
Premium received on debt issued	61,136	-	-
Costs of issuing debt	(96,775)	-	-
Principal paid on long-term debt	(5,465,000)	(755,000)	-
Interest paid on long-term debt	(3,303,812)	(665,156)	-
Capital contributed by others	2,025	1,307	134,351
Special assessments received	4,964	434,094	-
Net Cash Flows From Capital and Related Financing Activities	<u>(5,319,116)</u>	<u>(2,935,634)</u>	<u>(46,745)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	240,623	260,430	(2,450)
Investments sold and matured	1,329,905	896,568	-
Purchases of investments	(1,644,349)	(1,238,098)	-
Net Cash Flows From Investing Activities	<u>(73,821)</u>	<u>(81,100)</u>	<u>(2,450)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,874,158	1,312,800	(968,163)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>10,080,787</u>	<u>9,902,650</u>	<u>2,217,306</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 14,954,945</u>	<u>\$ 11,215,450</u>	<u>\$ 1,249,143</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>
\$ 7,755,889	\$ 2,837,004	\$ 42,946,227	\$ 7,741,099
(2,007,900)	(839,460)	(19,753,368)	(5,394,964)
(816,434)	(781,220)	(7,137,249)	(2,169,182)
<u>4,931,555</u>	<u>1,216,324</u>	<u>16,055,610</u>	<u>176,953</u>
-	-	(1,750,394)	-
(12,500)	(1,227,200)	(1,391,950)	(217,976)
-	-	5,672,574	-
<u>(12,500)</u>	<u>(1,227,200)</u>	<u>2,530,230</u>	<u>(217,976)</u>
(6,595,668)	(165,234)	(12,594,531)	-
-	202	202	10,232
6,440,000	-	13,620,000	-
37,708	-	98,844	-
(89,950)	-	(186,725)	-
(2,150,000)	(10,000)	(8,380,000)	(7,667)
(1,511,396)	(16,039)	(5,496,403)	(1,619)
398,559	-	536,242	-
100,208	-	539,266	-
<u>(3,370,539)</u>	<u>(191,071)</u>	<u>(11,863,105)</u>	<u>946</u>
169,976	(7,862)	660,717	(1,637)
795,958	-	3,022,431	-
(1,378,547)	-	(4,260,994)	-
<u>(412,613)</u>	<u>(7,862)</u>	<u>(577,846)</u>	<u>(1,637)</u>
1,135,903	(209,809)	6,144,889	(41,714)
<u>11,133,359</u>	<u>1,634,115</u>	<u>34,968,217</u>	<u>2,076,546</u>
<u>\$ 12,269,262</u>	<u>\$ 1,424,306</u>	<u>\$ 41,113,106</u>	<u>\$ 2,034,832</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS For the Year Ended December 31, 2013

	<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)	\$ 8,007,539	\$ 1,023,925	\$ (7,226,581)
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities			
Nonoperating income	16,833	-	-
Depreciation expense	4,057,804	3,179,828	655,108
Depreciation charged to other funds	239,048	-	-
Changes in Noncash Components of Working Capital			
Customer accounts receivable	(22,429)	17,420	-
Other accounts receivable	(4,724)	(199,427)	(133,881)
Due from other funds	(267,576)	325,509	102,508
Inventories	7,876	25,284	13,027
Prepaid items	-	-	(18,626)
Accounts payable	(20,415)	120,098	(7,350)
Customer deposits	-	-	-
Accrued liabilities	22,412	21,067	(8,415)
Accrued compensated absences	(5,079)	(45,720)	-
Postemployment benefits liability	-	-	-
Unearned revenues	-	-	32,668
	<u> </u>	<u> </u>	<u> </u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 12,031,289</u>	<u>\$ 4,467,984</u>	<u>\$ (6,591,542)</u>
 RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS			
Cash and investments - statement of net position - proprietary fund	\$ 12,311,150	\$ 10,993,704	\$ -
Restricted cash and investments - statement of net position - proprietary fund			
Current	-	632,270	-
Noncurrent	11,152,701	8,448,342	1,249,143
Less: Noncash equivalents	<u>(8,508,906)</u>	<u>(8,858,866)</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 14,954,945</u>	<u>\$ 11,215,450</u>	<u>\$ 1,249,143</u>
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributed property and equipment	\$ 307,679	\$ -	\$ -
Interest charged to construction	48,280	28,902	-
Capital costs special assessed to customers	-	326,662	-
Investment valuation adjustments	(362,107)	(403,764)	-
Debt issuance costs written off	680,796	203,097	-

<u>Business-Type Activities - Enterprise Funds</u>			Governmental
<u>Stormwater Utility</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	<u>Activities - Internal Service Funds</u>
\$ 3,244,102	\$ 574,617	\$ 5,623,602	\$ (2,417,107)
-	-	16,833	216,332
2,195,805	557,857	10,646,402	2,132,182
-	-	239,048	-
(397,294)	-	(402,303)	-
-	(8,801)	(346,833)	119,345
6,316	-	166,757	(140,530)
-	-	46,187	(19,149)
(72,800)	-	(91,426)	12,978
3,780	86,909	183,022	(40,377)
(27,059)	-	(27,059)	-
4,024	(165)	38,923	(10,036)
(25,319)	(4,120)	(80,238)	(5,484)
-	-	-	328,799
-	10,027	42,695	-
<u>\$ 4,931,555</u>	<u>\$ 1,216,324</u>	<u>\$ 16,055,610</u>	<u>\$ 176,953</u>
\$ 12,152,790	\$ 1,424,306	\$ 36,881,950	\$ 2,034,832
2,179,234	-	2,811,504	-
3,969,821	-	24,820,007	-
(6,032,583)	-	(23,400,355)	-
<u>\$ 12,269,262</u>	<u>\$ 1,424,306</u>	<u>\$ 41,113,106</u>	<u>\$ 2,034,832</u>
\$ 565,594	\$ 223,014	\$ 1,096,287	\$ 2,050,572
138,344	-	215,526	-
45,989	-	372,651	-
(252,557)	-	(1,018,428)	-
476,895	10,400	1,371,188	-

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUND
As of December 31, 2013

	Tax Collection Fund
ASSETS	
Cash and investments	\$ 52,258,917
Property taxes receivable	<u>20,717,733</u>
TOTAL ASSETS	<u>\$ 72,976,650</u>
LIABILITIES	
Due to other taxing authorities	\$ 72,908,978
Accounts payable	<u>67,672</u>
TOTAL LIABILITIES	<u>\$ 72,976,650</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET POSITION - COMPONENT UNITS
As of December 31, 2013

	Business Improvement District	Appleton Redevelopment Authority	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 135,958	\$ 75,975	\$ 211,933
Other accounts receivable	64,362	-	64,362
Note receivable - primary government	-	5,000	5,000
Land held for resale	-	534,850	534,850
Total Current Assets	<u>200,320</u>	<u>615,825</u>	<u>816,145</u>
Noncurrent Assets			
Note receivable - primary government	-	295,000	295,000
Total Noncurrent Assets	<u>-</u>	<u>295,000</u>	<u>295,000</u>
Total Assets	<u>200,320</u>	<u>910,825</u>	<u>1,111,145</u>
LIABILITIES			
Current Liabilities			
Accounts payable	7,150	-	7,150
Note payable - primary government	-	5,000	5,000
Total Current Liabilities	<u>7,150</u>	<u>5,000</u>	<u>12,150</u>
Noncurrent Liabilities			
Note payable - primary government	-	500,000	500,000
Note payable	-	295,000	295,000
Total Noncurrent Liabilities	<u>-</u>	<u>795,000</u>	<u>795,000</u>
Total Liabilities	<u>7,150</u>	<u>800,000</u>	<u>807,150</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	<u>193,131</u>	<u>-</u>	<u>193,131</u>
NET POSITION			
Unrestricted	<u>39</u>	<u>110,825</u>	<u>110,864</u>
TOTAL NET POSITION	<u><u>\$ 39</u></u>	<u><u>\$ 110,825</u></u>	<u><u>\$ 110,864</u></u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF ACTIVITIES - COMPONENT UNITS For the Year Ended December 31, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Major Component Units				
Business Improvement District	\$ 206,183	\$ 205,569	\$ -	\$ -
Appleton Redevelopment Authority	<u>1,886</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Component Units	<u>\$ 208,069</u>	<u>\$ 205,569</u>	<u>\$ -</u>	<u>\$ -</u>
		General Revenues		
		Investment income (loss)		
		Total General Revenues		
		Change in net position		
		NET POSITION - Beginning (as restated)		
		NET POSITION - ENDING		

See accompanying notes to financial statements.

Net (Expense) Revenue and
Changes in Net Position

<u>Business Improvement District</u>	<u>Appleton Redevelopment Authority</u>	<u>Totals</u>
\$ (614)	\$ -	\$ (614)
<u>-</u>	<u>(1,886)</u>	<u>(1,886)</u>
(614)	(1,886)	(2,500)
<u>-</u>	<u>(368)</u>	<u>(368)</u>
<u>-</u>	<u>(368)</u>	<u>(368)</u>
(614)	(2,254)	(2,868)
<u>653</u>	<u>113,079</u>	<u>113,732</u>
<u>\$ 39</u>	<u>\$ 110,825</u>	<u>\$ 110,864</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, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

Discretely Presented Component Units

Business Improvement District

The government-wide financial statements include the Business Improvement District of the City of Appleton ("District") as a component unit. The District is a legally separate organization. The board of the District is appointed by the mayor of Appleton and approved by City Council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the District, and also create a potential financial benefit to or burden on the City. See Note IV. K. As a component unit, the District's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2013. Separately issued financial statements of the Business Improvement District of the City of Appleton may be obtained from Appleton Downtown Incorporated, which is located at 116 North Appleton Street, Appleton, WI 54912.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

A. *REPORTING ENTITY* (cont.)

Discretely Presented Component Units (cont.)

Redevelopment Authority of the City of Appleton

The government-wide financial statements include the Redevelopment Authority of the City of Appleton (“Redevelopment Authority”) as a component unit. The Redevelopment Authority is a legally separate organization. The board of the Redevelopment Authority is appointed by the mayor of Appleton and approved by the City Council. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Redevelopment Authority, and also create a potential financial benefit to or burden on the City. See Note IV. K. As a component unit, the Redevelopment Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2013. Separately issued financial statements of the Redevelopment Authority of the City of Appleton may be obtained from the Redevelopment Authority's office, which is located at 100 North Appleton Street, Appleton, WI 54911.

B. *GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS*

Government-Wide Financial Statements

In November 2010, the GASB issued Statement No. 61 – *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. This standard was implemented effective January 1, 2013. Refer to Note IV.J.

In March 2012, the GASB issued Statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was implemented effective January 1, 2013.

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

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditure/expenses.

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

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

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

The City reports the following major governmental funds:

Major Governmental Funds

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

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

The City reports the following major enterprise funds:

Major Enterprise Funds

Water Utility – accounts for operations of the water system

Wastewater Utility – accounts for operations of the wastewater system

Valley Transit – accounts for operations of the public transit authority

Stormwater Utility – accounts for operations of the stormwater management

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Fund Financial Statements (cont.)

The City reports the following nonmajor governmental and enterprise funds:

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

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	Emergency Shelter
Program	Lead Control Hazard Grant
Health Grants	Tuchscherer Disability
Police Grants	Peabody Estate
Fire Grants	Balliet Locomotive
Hazardous Materials Level A	Lutz Park
Room Tax	Park Purpose Open Space
Continuum of Care	Union Spring Park
HOME Homeowner	Project City Park
Housing Rehabilitation Grant	Universal Playground
	Miracle League Baseball

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

Debt Service

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

Subdivision Development	Tax Incremental District No. 10
Projects	Public Safety Facilities
Industrial Park Land	Public Works Equipment
Park and Recreation Projects	Business Park Escrow
Tax Incremental District No. 5	CEA Replacement
Tax Incremental District No. 6	Community Development
Tax Incremental District No. 7	Facilities Capital Projects
Tax Incremental District No. 8	Library Expansion
Tax Incremental District No. 9	Information 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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Fund Financial Statements (cont.)

Enterprise Funds – may be used to report any activity for which a fee is charged to external 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

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

Government-Wide Financial Statements

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

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Fund Financial Statements

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

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

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

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

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

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

The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

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

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

1. Deposits and Investments (cont.)

Custodial Credit Risk

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

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

Credit Risk

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

Concentration of Credit Risk

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

Interest Rate Risk and Investments Highly Sensitive to Market Changes

The City will structure its investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to 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, 2013

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

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

1. Deposits and Investments (cont.)

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2013, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.A. for further information.

2. Receivables

Property Taxes

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

Property tax calendar – 2013 tax roll:

Lien date and levy date	November 2013
Tax bills mailed	December 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	March 31, 2014
Third installment due	May 31, 2014
Fourth installment due	July 31, 2014
Final settlement with county	August 15, 2014
Personal property taxes in full	January 31, 2014
Tax sale – 2013 delinquent real estate taxes	October 2016

Uncollectible Accounts

An allowance for doubtful accounts has been established for certain deferred housing loans in the amount of \$244,230. An allowance for doubtful accounts has also been established for TID No. 5 receivables in the amount of \$25,186. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water, wastewater, and stormwater utilities customer accounts receivable because they have the right by law to place substantially all delinquent bills on the tax roll.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

2. Receivables (cont.)

Interfund Loans

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

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

Loans

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

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

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

3. Inventories and Prepaid Items

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

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

4. Restricted Assets

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

5. Capital Assets

Government-Wide Statements

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. \$215,526 of net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

5. Capital Assets (cont.)

Fund Financial Statements

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

6. Land Held for Resale

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

7. Deferred Outflows of Resources

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

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

8. Compensated Absences

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

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2013 are determined on the basis of current salary rates and include salary related payments.

9. Long-Term Obligations/Conduit Debt

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

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are 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 premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance for year-end for gains/losses is shown as a deferred outflow/inflow in the statement of net position.

The City has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is \$44,058,108, made up of six issues.

10. Deferred Inflows of Resources

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

11. Equity Classifications

Government-Wide Statements

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

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

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

	Governmental Activities	Business-type Activities	Adjustment	Totals
Net investment in capital assets	\$ 309,789,370	\$ 184,439,245	\$ (994,562)	\$ 493,234,053
Unrestricted	29,867,808	43,996,538	994,562	74,858,908

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

11. Equity Classifications (cont.)

Government–Wide Statements (cont.)

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

Fund Statements

Governmental fund equity is classified as fund balance and displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The City has authorized the City Council to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

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

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

11. Equity Classifications (cont.)

Fund Statements (cont.)

The City Council formally established a stabilization fund. The stabilization fund is contained as 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 \$527,398.

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 \$4,695,520 for compensated absences and \$9,977,710 for working capital and is included in assigned and unassigned general fund balance, respectively.

See Note IV. I. for further information.

12. Basis for Existing Rates – Proprietary Funds

Water Utility

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

Wastewater Utility

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

Valley Transit

Current fares were effective January 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 1 2013.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

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

Capital assets per statement of net position	
Land	\$ 120,542,365
Construction in progress	5,573,381
Intangible assets	25,048
Depreciable capital assets, net of depreciation	<u>205,822,440</u>
Sub-total	331,963,234
Less: Internal service fund capital assets	<u>(10,441,800)</u>
 Net Adjustment for Capital Assets	 <u>\$ 321,521,434</u>

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

Bonds and notes payable	\$ 26,958,995
Promissory note	300,000
Unamortized debt premium	258,606
Compensated absences	6,093,334
Accrued interest ¹	231,154
Disability benefits	103,172
Pension liability	139,732
Postclosure care cost	<u>1,980,000</u>
 Net Adjustment for Liabilities	 <u>\$ 36,064,993</u>

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGET INFORMATION

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

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

- a. Prior to the end of July, the department heads submit to the mayor proposed budgets, including expenditures and applicable revenue projections.
- b. The mayor and staff then develop the budget and service plan and submit it to the common council at the first council meeting in October. The executive budget includes proposed expenditures and the means of financing them. Copies of the document are made available for public review.
- c. Public hearings are conducted to obtain taxpayer comments.
- d. The budget is adopted formally by resolution of the common council at the first finance committee meeting in November.
- e. Activities of the general fund, special revenue funds, the debt service fund, capital projects funds, permanent fund, enterprise funds, and internal service funds are budgeted. The budget as adopted shows total expenditures/expenses by individual fund. Expenditures/expenses cannot legally exceed appropriations at this level without two-thirds common council approval. Council policies include additional budgetary controls beyond this legal level.
- f. Under council policy, new appropriations up to \$15,000 require written approval by the mayor, countersigned by the Director of Finance, and reported to the Finance Committee as an informational item if funded by grants, user fees, or other non-tax revenues. New appropriations in excess of \$15,000 and those funded by taxes or debt also require the approval of the Finance Committee and two-thirds of the common council.
- g. Formal budgetary integration is employed as a management control device during the year for all funds.

A comparison of budget and actual is included in the accompanying financial statements for the major funds. The budget presentations are at the function level, whereas the legal level of control is at the total expenditures level.
- h. All budgets adopted conform to generally accepted accounting principles (GAAP). Budget amounts are as originally adopted or as amended. Individual amendments were legally authorized as described above.
- i. Budgets for all governmental funds, except grant-funded special revenue funds, lapse at year end. Reappropriations of any funds are made by council action.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Funds	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Debt Service Fund	\$ 6,152,608	\$ 6,635,151	\$ 482,543
Tax Incremental District No. 8	868,727	1,614,442	745,715
Room Tax	382,000	384,751	2,751

C. DEFICIT BALANCES

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

As of December 31, 2013, the following individual funds held a deficit balance:

Fund	Amount	Reason
Special Revenue Funds		
Tax Incremental District No. 3	\$ 13,672,340	Remaining development costs to be recovered over time
Community Development Block Grant	5,543	Revenue not received within 60 days of year-end
Health Grants	10,444	Revenue not received within 60 days of year-end
Capital Project Funds		
Tax Incremental District No. 6	2,061,180	Remaining development costs to be recovered over time
Tax Incremental District No. 8	761,437	Remaining development costs to be recovered over time
Tax Incremental District No. 9	1,025	Remaining development costs to be recovered over time
Tax Incremental District No. 10	1,025	Remaining development costs to be recovered over time
Facilities Capital Projects	131,798	Excess of expenditures over revenues
Library Expansion	54,901	Excess of expenditures over revenues
Technology	232,569	Excess of expenditures over revenues

TIF District deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for districts created before October 1, 1995 and 23 years for districts created through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. The CDBG and Health Grants fund deficits are anticipated to be funded with grant revenues. The non-TIF capital project fund deficits are anticipated to be funded with general obligation debt issues.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

D. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the City's equalized value due to new construction, or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The City is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

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

	Carrying Value	Bank and Investment Balances	Associated Risks
Demand deposits	\$ 17,581,392	\$ 19,549,753	Custodial credit risk
U.S. treasuries	31,102,128	31,102,128	Custodial credit risk, interest rate risk
U.S. agencies	39,132,009	39,132,009	Custodial credit risk, credit risk, concentration of credit risk, interest rate risk, investments highly sensitive to market changes
Money market mutual funds	59,651,840	59,651,840	Credit risk, interest rate risk
LGIP	419,935	419,935	Credit risk
Petty Cash	41,681	-	None
Total Cash and Investments	\$ 147,928,985	\$ 149,855,665	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 68,038,557		
Restricted cash and investments	27,631,511		
Per statement of assets and liabilities –			
Agency Fund	52,258,917		
Total Cash and Investments	\$ 147,928,985		

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

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

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, 2013, 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	AA+	AAA
Mutual Funds	US Bank	AA+	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.

Concentration of Credit Risk

At December 31, 2013, the City held no one investment that was over 5% of the total investment portfolio.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

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

As of December 31, 2013, 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	\$ 59,651,840	\$ 59,651,840	\$ -	\$ -
US treasuries	31,102,128	5,369,138	18,435,416	7,297,574
US agencies	39,132,009	1,229,574	22,885,911	15,016,524
Totals	<u>\$ 129,885,977</u>	<u>\$ 66,250,552</u>	<u>\$ 41,321,327</u>	<u>\$ 22,314,098</u>

Investments Highly Sensitive to Market Changes

The City held securities of \$5,159,209 with maturities exceeding ten years.

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

B. RECEIVABLES

All receivables are due within one year, except for developer loans of \$2,958,444, special assessments of \$1,564,680, delinquent special assessments of \$12,219, and deferred loans of \$6,307,755.

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

	Unearned	Unavailable
Property taxes receivable	\$ 41,592,799	\$ -
Interest on advances	-	8,271,253
Interest income	-	17,526
Developer loans	-	1,445,745
Rehabilitation loans	-	6,307,755
Accounts receivable	-	28,554
Special assessments not yet due	-	1,564,680
Grant drawdowns prior to meeting all eligibility requirements	59,290	-
Note receivable – component unit	-	500,000
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 41,652,089</u>	<u>\$ 18,135,513</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long Term Debt Accounts

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

Equipment Replacement Account

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

Following is a list of restricted assets in the business-type activities as of December 31, 2013:

	<u>Restricted Assets</u>	<u>Liabilities Payable from Restricted Assets and Accrued Interest Allocation</u>	<u>Borrowed Restricted Assets</u>	<u>Restricted Net Position</u>
Bond redemption account	\$ 2,811,504	\$ 359,176	\$ -	\$ 2,452,328
Bond reserve account	12,331,531	-	10,961,846	1,369,685
Bond depreciation account	1,000,000	(7,359)	-	1,007,359
Construction account	5,292,934	-	5,292,934	-
DNR equipment replacement account	4,946,399	(36,400)	-	4,982,799
Capital equipment replacement account	1,249,143	-	-	1,249,143
Accrued interest	162,446	162,446	-	-
 Total Restricted Assets	 <u>\$ 27,793,957</u>	 <u>\$ 477,863</u>	 <u>\$ 16,254,780</u>	 <u>\$ 11,061,314</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 9,143,072	\$ -	\$ -	\$ 9,143,072
Right of ways	72,884,906	75,125	-	72,960,031
Land improvements ⁽¹⁾	38,357,426	81,836	-	38,439,262
Intangible assets	25,048	-	-	25,048
Construction in progress	4,775,459	1,703,990	906,068	5,573,381
Total Capital Assets Not Being Depreciated/Amortized	125,185,911	1,860,951	906,068	126,140,794
Capital assets being depreciated/amortized				
Intangible assets	38,868	-	-	38,868
Improvements	8,282,743	1,844,523	39,980	10,087,286
Buildings	44,706,641	368,021	15,967	45,058,695
Equipment, furniture and fixtures	32,520,343	2,695,174	3,501,513	31,714,004
Streets	155,821,005	6,381,233	977,408	161,224,830
Sidewalk	29,038,124	1,050,010	251,212	29,836,922
Traffic signals	5,166,788	338,803	57,010	5,448,581
Bridges	41,175,654	-	-	41,175,654
Total Capital Assets Being Depreciated/Amortized	316,750,166	12,677,764	4,843,090	324,584,840
Less: Accumulated depreciation/amortization for				
Intangible assets	(7,019)	(3,887)	-	(10,906)
Improvements	(2,982,887)	(253,288)	11,994	(3,224,181)
Buildings	(12,798,480)	(847,746)	58,063	(13,588,163)
Equipment, furniture and fixtures	(18,441,298)	(2,556,947)	3,358,901	(17,639,344)
Streets	(61,023,074)	(4,288,518)	650,707	(64,660,885)
Sidewalk	(9,895,562)	(738,964)	130,732	(10,503,794)
Traffic signals	(1,525,525)	(126,072)	33,502	(1,618,095)
Bridges	(7,105,277)	(411,755)	-	(7,517,032)
Total Accumulated Depreciation/Amortization	(113,779,122)	(9,227,177)	4,243,899	(118,762,400)
Net Capital Assets Being Depreciated/Amortized	202,971,044			205,822,440
 Total Capital Assets, Net of Depreciation/Amortization	 \$ 328,156,955			 \$ 331,963,234

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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	\$ 315,310
Public safety	578,938
Public works, which includes the depreciation of roads, streets, signals, and bridges	5,697,783
Education and recreation	<u>502,964</u>
Sub-Total	7,094,955
Capital assets held by internal service funds charged to the various functions based on their usage of the assets	<u>2,132,182</u>
Total Governmental Activities Depreciation/Amortization Expense	<u>\$ 9,227,177</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated/amortized				
Land	\$ 11,172,746	\$ 234,000	\$ 12,961	\$ 11,393,785
Intangible assets	728,813	18,447	-	747,260
Construction in progress	<u>5,146,377</u>	<u>4,317,999</u>	<u>4,251,710</u>	<u>5,212,666</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>17,047,936</u>	<u>4,570,446</u>	<u>4,264,671</u>	<u>17,353,711</u>
Capital assets being depreciated				
Buildings and improvements	385,139,163	12,691,517	710,810	397,119,870
Machinery and equipment	<u>71,424,735</u>	<u>1,182,003</u>	<u>114,954</u>	<u>72,491,784</u>
Total Capital Assets Being Depreciated	<u>456,563,898</u>	<u>13,873,520</u>	<u>825,764</u>	<u>469,611,654</u>
Less: Accumulated depreciation for				
Buildings and improvements	(125,248,612)	(8,532,010)	713,059	(133,067,563)
Machinery and equipment	<u>(52,571,572)</u>	<u>(2,353,440)</u>	<u>114,954</u>	<u>(54,810,058)</u>
Total Accumulated Depreciation	<u>(177,820,184)</u>	<u>(10,885,450)</u>	<u>828,013</u>	<u>(187,877,621)</u>
Net Capital Assets Being Depreciated	<u>278,743,714</u>			<u>281,734,033</u>
Capital Assets, Net of Depreciation	<u>\$ 295,791,650</u>			<u>\$ 299,087,744</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 4,057,804
Wastewater	3,179,828
Valley Transit	655,108
Stormwater	2,195,805
Parking	473,686
Reid Municipal Golf Course	<u>84,171</u>
Total Business-type Activities	
Depreciation Expense	<u>\$ 10,646,402</u>

An additional \$239,048 was charged to other funds or to operations.

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, AND TRANSFERS

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue – Community Development Block Grant	\$ 79,964
General	Special Revenue – Police grants	6,300
General	Special Revenue – Continuum of care	6,667
General	Special Revenue – Emergency shelter	73,849
General	Facilities capital project	116,896
General	Library expansion	54,901
General	Technology	209,794
General	Internal Service – Risk management	36,014
General	Enterprise – Water Utility	1,819,828
General	Enterprise – Valley Transit	102,508
Special Revenue – Sanitation and Recycling Programs	General	46,460
Enterprise – Water Utility	General	536,110
Enterprise – Wastewater Utility	General	490,949
Enterprise – Stormwater Utility	General	<u>237,467</u>
Sub-Total – Fund Financial Statements		3,817,707
Less: Internal service allocation		(927,184)
Less: Elimination to government-wide		<u>(3,159,897)</u>
Total – Government-wide Financial Statements		<u>\$ (269,374)</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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	\$ 1,922,336
Business-type Activity	Governmental Activity	(2,191,710)
Total		<u>\$ (269,374)</u>

All amounts are due within one year.

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

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

Advances

In 1999, the City approved charging interest on the advances to the Tax Incremental Districts at 5%, compounded annually. Accumulated interest is shown as deferred revenue in the general fund and charged to expenditures annually in the payable fund. The advances will be repaid as monies are available.

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

During 2013, 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>\$ 17,682,496</u>	<u>\$ 2,727,923</u>	<u>\$ 20,410,419</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Advances (cont.)

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>	<u>Amount Not Due Within One Year</u>
General	Special Revenue – Tax Incremental District No. 3	\$ 5,955,862	\$ 7,826,385	\$ 13,782,247	\$ 13,782,247
General	Capital Projects – Tax Incremental District No. 6	2,281,707	405,799	2,687,506	2,687,506
General	Capital Projects – Tax Incremental District No. 8	800,000	39,019	839,019	839,019
General	Capital Projects – Tax Incremental District No. 9	1,000	25	1,025	1,025
General	Capital Projects – Tax Incremental District No. 10	1,000	25	1,025	1,025
General	Enterprise – Reid Municipal Golf Course	186,744	-	186,744	165,000
Sub-Total – Fund Financial Statements		<u>\$ 9,226,313</u>	<u>\$ 8,271,253</u>	17,497,566	<u>\$ 17,475,822</u>
Less: Fund eliminations				17,310,822	
Total – Government-wide Statements				<u>\$ 186,744</u>	

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

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

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

<u>Years</u>	<u>General Fund Advance to Reid Golf Course Principal</u>
2014	\$ 21,744
2015	15,000
2016	15,000
2017	15,000
2018	15,000
2019	15,000
2025	60,000
2026	30,000
Totals	<u>\$ 186,744</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>	
General	Special Revenue – Room Tax	\$ 33,000	Administrative fees	
	Capital Projects – Tax Incremental District No. 2	156,448	TIF close-out	
	Capital Projects – Business Park Escrow	128,468	TIF escrow close-out	
	Enterprise – Water Utility	13,800	Administrative fees	
	Enterprise – Water Utility	1,819,828	Payment in lieu of taxes	
	Enterprise – Wastewater Utility	117,450	Administrative fees	
	Enterprise – Parking Utility	9,300	Administrative fees	
	Enterprise – Stormwater Utility	12,500	Administrative fees	
	Enterprise – Reid Municipal Golf Course	17,900	Administrative fees	
	Debt Service	Special Revenue – Tax Incremental District No. 3	970,252	Debt payments
		Capital Project – Tax Incremental District No. 5	35,350	Debt payments
		Capital Project – Tax Incremental District No. 6	1,860,001	Debt payments
Capital Project – Tax Incremental District No. 7		1,525	Debt payments	
Capital Project – Tax Incremental District No. 8		20,869	Debt payments	
Special Revenue Funds		Tax Incremental District No. 3 Business and Neighborhood Revitalization Grant	1,200,000	Increase advance
	Enterprise – Parking Utility	5,000	CDBG projects	
	General			

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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>
Capital Project Funds			
Tax Incremental District No. 8	Capital Projects – Public Safety Facilities	\$ 350,000	Capital assets
Public Safety Facilities	General	535,862	Capital assets
Public Works Equipment	General	1,364,704	Capital assets
Facility Capital Projects	General	70,072	Capital assets
CEA Replacement	Capital Projects – Public Safety Facilities	295,057	Capital assets
CEA Replacement	General	29,047	Capital assets
CEA Replacement	Internal Service – CEA	217,976	Capital assets
CEA Replacement	Enterprise – Wastewater Utility	21,000	Capital assets
Enterprise			
Valley Transit	General	<u>495,271</u>	Local share of funding
Sub-Total – Fund Financial Statements		9,780,680	
Less: Fund eliminations		(6,846,197)	
Government-wide elimination		(217,976)	
Infrastructure contributed to the business-type activities by the governmental activities		<u>(636,780)</u>	
Total – Government-Wide Statement of Activities		<u>\$ 2,079,727</u>	
<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	
Governmental Activity	Business-type Activity	\$ 3,211,778	
Business-type Activity	Governmental Activity	<u>(1,132,051)</u>	
Total		<u>\$ 2,079,727</u>	

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General Obligation Debt					
General	\$ 32,516,328	\$ -	\$ 5,557,333	\$ 26,958,995	\$ 4,107,332
Internal service	53,672	-	7,667	46,005	7,668
Promissory note	800,000	-	500,000	300,000	5,000
Add/(Subtract) Deferred Amounts For					
Premiums	313,035	-	54,429	258,606	-
Total Bonds and Notes Payable	33,683,035	-	6,119,429	27,563,606	4,120,000
Other Liabilities					
Vested compensated absences					
General	5,920,563	3,213,345	3,040,574	6,093,334	3,121,976
Internal service	221,098	124,647	124,678	221,067	130,131
Other postemployment benefits					
Internal service	144,683	328,799	-	473,482	-
Landfill liability	2,070,000	-	90,000	1,980,000	90,000
Disability benefits	111,542	-	8,370	103,172	19,435
Pension liability	155,316	-	15,584	139,732	14,021
Total Other Liabilities	8,623,202	3,666,791	3,279,206	9,010,787	3,375,563
Total Governmental Activities Long-Term Liabilities	\$ 42,306,237	\$ 3,666,791	\$ 9,398,635	\$ 36,574,393	\$ 7,495,563
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 735,000	\$ -	\$ 10,000	\$ 725,000	\$ 30,000
Revenue bonds	123,665,000	13,620,000	8,370,000	128,915,000	3,005,000
Add/(Subtract) Deferred Amounts For					
Premiums	2,799,437	98,844	410,470	2,487,811	-
Sub-totals	127,199,437	13,718,844	8,790,470	132,127,811	3,035,000
Other Liabilities					
Vested compensated absences	1,242,346	462,097	560,466	1,143,977	572,211
Total Business-type Activities Long-Term Liabilities	\$ 128,441,783	\$ 14,180,941	\$ 9,350,936	\$ 133,271,788	\$ 3,607,211

The water revenue bond debt service payments are primarily due on January 1st and July 1st. The utility makes the January 1st payment on December 31st of the prior year. Therefore, no current principal amount is shown on the statement of net position at December 31, 2013.

General Obligation Debt

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2013, was \$231,115,610. Total general obligation debt outstanding at year end was \$27,730,000.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-13
Governmental Activities					
General Obligation Bonds					
General Obligation Notes, Series 2005B	10/12/05	4/1/15	3.00 – 4.00%	\$ 6,210,000	\$ 1,840,000
General Obligation Notes, Series 2006A	8/9/06	10/1/16	4.125 – 4.200%	4,725,000	1,965,000
General Obligation Notes, Series 2007	8/1/07	4/1/17	4.25%	5,165,000	2,990,000
General Obligation Notes, Series 2008A	8/5/08	4/1/16	3.00 – 4.00%	3,980,000	2,250,000
General Obligation Notes, Series 2008B	11/26/08	4/1/28	3.75 – 5.00%	7,325,000	6,520,000
General Obligation Notes, Series 2009A	11/5/09	4/1/19	2.50 – 3.125%	5,735,000	3,830,000
General Obligation Notes, Series 2012A	11/7/12	4/1/22	2.00 – 3.00%	5,460,000	5,115,000
General Obligation Refunding Notes, Series 2012B	8/30/12	4/1/25	0.40 – 3.00%	2,920,000	2,495,000
Total Governmental Activities – General Obligation Debt					\$ 27,005,000
	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-13
Business-type Activities					
General Obligation Debt					
General Obligation Refunding Notes, Series 2012B	8/30/12	4/1/25	0.40 – 3.00%	\$ 735,000	\$ 725,000
Total Business-type Activities General Obligation Debt					\$ 725,000

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2014	\$ 4,115,000	\$ 856,853	\$ 30,000	\$ 14,670
2015	4,290,000	714,609	60,000	14,385
2016	3,490,000	583,652	60,000	13,920
2017	3,820,000	467,857	60,000	13,320
2018	3,015,000	367,354	60,000	12,555
2019 – 2023	5,490,000	1,075,471	360,000	40,957
2024 – 2028	<u>2,785,000</u>	<u>363,127</u>	<u>95,000</u>	<u>2,025</u>
Totals	<u>\$ 27,005,000</u>	<u>\$ 4,428,923</u>	<u>\$ 725,000</u>	<u>\$ 111,832</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	\$ 1,272,704
General Fund – compensated absences	4,695,520
Debt Service Fund – general obligation debt	230,348
Special Revenue Fund – Tuchscherer disability	<u>48,494</u>
Total	<u>\$ 6,247,066</u>

Revenue Debt

Revenue bonds are payable only from revenues derived from the operation of the water, wastewater, and stormwater utilities. The utilities have pledged future utility revenues, net of specified operating expenses, to repay all revenue bonds listed on pages 53 and 54. Proceeds from the bonds provided financing for construction. The total principal and interest remaining to be paid on the bonds is \$171,657,507 for water, wastewater, and stormwater. For the current year, the water utility paid \$8,768,812 of principal and interest and had \$11,944,790 of net revenues. Annual principal and interest payments are expected to require 38% of net water revenues on average. The wastewater utility paid \$1,420,156 of principal and interest and had \$4,062,317 of net revenues. Annual principal and interest payments are expected to require 30% of net wastewater revenues on average. The stormwater utility paid \$3,661,396 of principal and interest and had \$5,359,056 of net revenues. Annual principal and interest payments are expected to require 55% of net stormwater revenues on average.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Revenue debt payable at December 31, 2013 consists of the following:

Business-type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-13
<u>Water Utility</u>					
Water System Revenue Refunding Bonds, Series 2007A	2/6/07	1/1/25	4.00 – 4.50%	\$ 58,510,000	\$ 34,605,000
Water System Revenue Bonds, Series 2007C	3/1/07	1/1/26	4.00 – 4.75%	12,140,000	9,435,000
Water System Revenue Bonds, Series 2008	12/17/08	1/1/28	3.00 – 5.50%	15,215,000	12,355,000
Water System Revenue Bonds, Series 2011	8/24/11	1/1/31	2.00 – 4.20%	3,170,000	2,925,000
Water System Revenue Bonds, Series 2012	8/8/12	1/1/32	2.00 – 3.25%	2,510,000	2,410,000
Water System Revenue Bonds, Series 2013	8/7/13	1/1/33	2.00 – 4.50%	7,180,000	7,180,000
				Total Water Utility	<u>68,910,000</u>
<u>Wastewater Utility</u>					
Sewerage System Revenue Bonds, Series 2006	8/9/06	5/1/26	4.25 – 5.00%	3,265,000	2,465,000
Sewerage System Revenue Bonds, Series 2007	9/5/07	5/1/27	4.25 – 5.00%	2,350,000	1,860,000
Sewerage System Revenue Bonds, Series 2008	9/10/08	5/1/28	3.00 – 4.50%	4,330,000	3,550,000
Sewerage System Revenue Bonds, Series 2010	5/22/10	5/1/30	2.00 – 4.00%	4,935,000	4,725,000
Sewerage System Revenue Bonds, Series 2011	8/24/11	5/1/31	2.00 – 4.25%	3,735,000	3,595,000
				Total Wastewater Utility	<u>16,195,000</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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 12-31-13
<u>Stormwater Utility</u>					
Stormwater System Revenue Bonds, Series 2004	10/15/04	4/1/24	2.50 – 4.65%	\$ 3,535,000	\$ 175,000
Stormwater System Revenue Refunding Bonds, Series 2006	5/1/06	4/1/26	4.00 – 4.50%	7,855,000	5,530,000
Stormwater System Revenue Bonds, Series 2007	9/5/07	4/1/27	4.25 – 5.00%	5,145,000	4,060,000
Stormwater System Revenue Bonds, Series 2008	9/10/08	4/1/28	3.00 – 4.50%	6,010,000	4,910,000
Stormwater System Revenue Bonds, Series 2009	12/30/09	4/1/29	2.00 – 4.45%	10,720,000	10,075,000
Stormwater System Revenue Bonds, Series 2012	8/8/12	4/1/32	2.00 – 4.00%	13,190,000	12,620,000
Stormwater System Revenue Bonds, Series 2013	8/7/13	4/1/33	2.00 – 4.50%	6,440,000	6,440,000
			Total Stormwater Utility		<u>43,810,000</u>
Total Business-type Activities Revenue Debt					<u>\$ 128,915,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Revenue Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 3,005,000	\$ 3,975,023
2015	8,885,000	5,316,729
2016	9,250,000	4,944,898
2017	9,675,000	4,548,211
2018	10,085,000	4,125,345
2019 – 2023	48,300,000	13,850,710
2024 – 2028	30,010,000	5,174,587
2029 – 2033	9,705,000	807,004
Totals	<u>\$ 128,915,000</u>	<u>\$ 42,742,507</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, 2013, \$7,340,000 of bonds outstanding are considered defeased.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

F. LONG-TERM OBLIGATIONS (cont.)

Promissory Note

During 2011, the City purchased property from Foremost Farms. In exchange for the property, the City agreed to pay Foremost Farms \$500,000 in 2013 at 0% interest. During 2012, the City of Appleton approved transferring title to the Foremost Farms property and the related promissory note to the Appleton Redevelopment Authority. See Note IV. K. The City paid off the \$500,000 promissory note in 2013 so that the Appleton Redevelopment Authority could satisfy its payment to Foremost Farms.

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

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

Other Debt Information

Estimated payments of other long-term liabilities are not included in the debt service requirement schedules. The compensated absences liability, other postemployment benefits liability, landfill liability, disability, benefits liability, and the pension liability attributable to governmental activities will be liquidated primarily by the general fund.

A statutory mortgage lien upon the City's utility system and any additions, improvements and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issues. The City's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

G. LEASE DISCLOSURES

Lessor – Capital Leases

In 1998, the City entered into a lease/development agreement with Appleton Ice Incorporated. As part of the agreement, the City leased approximately 2.5 acres of land to Appleton Ice Incorporated to be used for the Appleton Family Ice Arena. The lease is recorded as a receivable in the debt service fund. The gross amount of these assets under capital leases is \$1,210,000. The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2013, are as follows:

	<u>Governmental Activities</u>
2014	\$ 93,092
2015	94,567
2016	94,150
2017	91,992
2018	<u>92,025</u>
Sub-Total	465,826
Less: Amount representing interest	<u>(75,826)</u>
Present Value of Minimum Lease Payments	<u>\$ 390,000</u>

H. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover on its Mackville Landfill, which no longer receives solid waste, and to perform certain maintenance and monitoring functions at the site for 40 years after closure. Construction of the cover was completed at December 31, 2002. The City does have postclosure care responsibility at the Mackville Landfill. As of December 31, 2013, a \$1,980,000 liability was estimated based on what it would cost to perform all postclosure care in 2013 and thereafter. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The City incurred approximately \$69,540 of closure costs in 2013.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

I. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

Governmental activities net position reported on the government-wide statement of net position at December 31, 2013 includes the following:

Governmental Activities

Net investment in capital assets	
Land and land improvements	\$ 120,542,365
Intangible assets	25,048
Construction in progress	5,573,381
Other capital assets, net of accumulated depreciation	205,822,440
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(21,915,258)
Less: Unamortized debt premium	<u>(258,606)</u>
Total Net Investment in Capital Assets	<u>309,789,370</u>
Restricted	
Debt service	389,189
TIF development activity	816,337
Housing rehabilitation	6,506,513
Hazardous materials	394,943
Future claims	48,494
Parks	560,399
Tourism promotion	33,380
Scholarships	<u>34,755</u>
Total Restricted	<u>8,784,010</u>
Unrestricted	<u>29,867,808</u>
Total Governmental Activities Net Position	<u>\$ 348,441,188</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statements at December 31, 2013 include the following:

Nonspendable	
Major Funds	
General Fund	
Inventories	\$ 799,465
Prepaid items	4,513
Delinquent taxes	12,219
Advance to other fund (principal portion)	9,226,313
Developer loans	<u>1,212,699</u>
Total	<u>\$ 11,255,209</u>
Nonmajor Fund	
Frank P. Young Memorial Fund	
Trust purposes	<u>\$ 34,755</u>
Restricted	
Nonmajor Funds	
Special Revenue Funds	
Rental rehabilitation grants – housing rehabilitation	\$ 8,950
Hazardous materials Level A – public safety	394,943
Room tax – tourism promotion	33,380
HOME Homeowner – housing rehabilitation	40,760
Housing rehabilitation grant – housing rehabilitation	119,894
Business and Neighborhood Revitalization Grant – housing rehabilitation	2,725
Neighborhood stabilization grant – housing rehabilitation	258
Lead hazard control grant – housing rehabilitation	26,171
Tuchscherer disability – future claims	48,494
Peabody Estate – parks	63,907
Balliet Locomotive – parks	11,162
Lutz Park – parks	142,980
Park purpose open space – parks	299,756
Union Spring Park – parks	2,469
Project city park – parks	5,807
Universal playground	7,492
Miracle League baseball	26,826
Debt Service Fund	
Debt service	230,348

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

Governmental Activities (cont.)

Restricted (cont.)

Nonmajor Funds (cont.)

Capital Projects Funds

Tax Incremental District No. 5 – TIF development activity	\$ 432,475
Tax Incremental District No. 7 – TIF development activity	<u>383,862</u>
Total	<u>\$ 2,282,659</u>

Committed

Nonmajor Fund

Sanitation and Recycling

Sanitation and recycling purposes	<u>\$ 1,087,732</u>
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Assigned

Major Funds

General Fund

PILOT applied to the 2014 budget	\$ 1,819,828
Applied to the 2014 budget	1,428,269
Compensated absences	4,695,520
Health insurance	750,602
Unfunded pension liability	139,731
Debt service	1,272,704
Street and road projects	45,435
IT purchases	161,379
Library purchases	24,170
Police purchases	133,923
Public education and government (PEG) access	125,903
Fuel purchases	137,315
Severance pay	100,000
Wage expenditures	<u>148,370</u>
Total	<u>\$ 10,983,149</u>

Nonmajor Funds

Capital Projects Funds

Subdivision development projects – capital purposes	\$ 1,430,472
Industrial park land – capital purposes	1,357,716
Parks and recreation projects – capital purposes	99,843
Public safety facilities – capital purposes	20,039
Public works equipment – capital purposes	60,074
CEA replacement – capital purposes	3,225,321
Community development – capital purposes	<u>143,655</u>
Total	<u>\$ 6,337,120</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

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

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

Governmental Activities (cont.)

Unassigned (Deficit)

Major Funds	
General Fund	<u>\$ 11,261,464</u>
Tax Incremental District No. 3 (deficit)	<u>\$ (13,672,340)</u>
Nonmajor Funds	
Special Revenue Funds	
Community Development Block grant	\$ (5,543)
Health grants	(10,444)
Capital Projects Funds	
Tax Incremental District No. 6	(2,061,180)
Tax Incremental District No. 8	(761,437)
Tax Incremental District No. 9	(1,025)
Tax Incremental District No. 10	(1,025)
Facilities capital projects	(131,798)
Library expansion	(54,901)
Technology	<u>(232,569)</u>
Total	<u>\$ (3,259,922)</u>

Business-type Activities

Net investment in capital assets	
Land	\$ 11,393,785
Intangible assets	747,260
Construction in progress	5,212,666
Other capital assets, net of accumulated depreciation	281,734,033
Less: Related long-term debt outstanding (excluding unspent capital related debt proceeds)	(130,903,279)
Add: Borrowed reserve and depreciation funds	10,961,846
Add: Construction fund	<u>5,292,934</u>
Total Net Investment in Capital Assets	<u>184,439,245</u>
Restricted	
Debt service	3,822,013
DNR replacement fund	4,982,799
Capital replacement fund	<u>2,256,502</u>
Total Restricted	<u>11,061,314</u>
Unrestricted	<u>43,996,538</u>
Total Business-type Activities Net Position	<u>\$ 239,497,097</u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

J. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 61, *The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, which modified certain requirements for inclusion of component units in the financial reporting entity. The details of this restatement are as follows:

	<u>Component Units</u>
Net Position – December 31, 2012 (as reported)	\$ 19,985,494
Less: Housing Authority net position	<u>(19,871,762)</u>
Net Position – December 31, 2012 (as restated)	<u>\$ 113,732</u>

The Appleton Housing Authority no longer meets the definition of a component unit. As a result, the Housing Authority is not reported in the financial statements. See Note V.F.

K. COMPONENT UNITS

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

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

Business Improvement District

a. Basis of Accounting/Measurement Focus

The Business Improvement District prepares its financial statements in accordance with generally accepted accounting principles. The accounting records are kept on the accrual basis of accounting and the flow of economic resources measurement focus. No conversion entries are necessary to convert the BID financial statements to the full accrual method.

b. Cash and Investments

At year end, the carrying amount of the Business Improvement District’s deposits was \$135,958 and is part of the City’s commingled cash. See Note IV.A.

Redevelopment Authority

a. Basis of Accounting/Measurement Focus

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

K. COMPONENT UNITS (cont.)

Redevelopment Authority (cont.)

b. Cash and Investments

At year end, the carrying amount of the Redevelopment Authority's deposits was \$75,975 and is part of the City's commingled cash. See Note IV.A.

c. Land Held for Resale

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

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

d. Notes Receivable

Long-Term Notes Receivable – Primary Government

The long-term note receivable of \$300,000 (\$5,000 is reflected as current) from the primary government is related to the Redevelopment Authority's \$300,000 DNR Ready for Reuse Loan. The City of Appleton will make payments to the Redevelopment Authority equal to the amounts due by the Redevelopment Authority to the DNR Ready for Reuse Loan. No interest is being charged. The repayment schedule is as follows:

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

K. COMPONENT UNITS (cont.)

Redevelopment Authority (cont.)

e. Notes Payable

Long-term Liabilities

DNR Ready for Reuse Loan

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

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

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

The DNR Ready for Reuse repayment schedule is as follows:

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2013 are:

	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Executives and Elected Officials	7.00%	7.00
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

The payroll for City employees covered by WRS for the year ended December 31, 2013 was \$37,942,352; the employer's total payroll was \$39,643,443. The total required contribution for the year ended December 31, 2013 was \$6,226,134 or 16.41% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending December 31, 2012 and 2011 were \$5,444,795 and \$5,414,423, respectively, equal to the required contributions for each year.

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

WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (COMMERCIAL/SELF INSURANCE)

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

Risk Management Fund

All funds of the City participate in the Risk Management Fund. For 2013, the Risk Management Fund provided coverage for up to \$500,000 for each worker’s compensation claim; \$200,000 for each general, automobile, police professional or public officials liability claim up to \$800,000 in a year; and \$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, except for 2013, whereas the City paid \$175,000 to settle an outstanding 2010 claim. There were no significant reductions in coverage compared to the prior year. A total reserve for claims losses at December 31, 2013 of \$1,900,000 has been recorded and is expected to be paid within one year. The reserve liability includes expenses and losses expected to arise from claims outstanding as of December 31, 2013 and amounts expected to arise from claims which have been incurred but have not been reported to the City as of December 31, 2013. The reserve is based on a 2012 actuarial study and actual claims activity in recent years. A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. The City does not allocate overhead costs or other nonincremental costs to the claims liability. The study took into account settled claims, the frequency of claims, industry averages and other economic and social factors. Because actual claims liabilities depend on such complex factors as inflation and damage awards, the process used to compute claims liability does not necessarily result in an exact amount. At December 31, 2013, the City has a net position of \$145,450 in the risk management fund for self-insured activities not covered by the reserves established. This amount is included in unrestricted net position.

Changes in the claims payable follow:

	Balance January 1	Incurred Claims	Claims Paid	Balance December 31
2012	\$ 1,500,000	\$ 1,473,569	\$ 1,073,569	\$ 1,900,000
2013	1,900,000	1,066,954	1,066,954	1,900,000

Health Care

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V – OTHER INFORMATION (cont.)

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

Health Care (cont.)

Under this program, the City pays up to a maximum of \$225,000 annually for each covered employee's and each covered dependent's health care costs. The City has purchased excess loss insurance for claims in excess of this amount. Expected claims are calculated at the end of each plan year by the third party administrator based on the number of single and family contracts covered and the expected claims. Administrative costs for 2013 totaled approximately \$392,696.

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, 2013:

Reported and Known Claims	\$ 640,210
Incurred but not Reported Claims	<u>2,296,790</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
2012	\$ 2,937,000	\$ 7,789,269	\$ 7,789,269	\$ 2,937,000
2013	2,937,000	7,456,917	7,456,917	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 2013, TMI issued to the City an auto liability insurance policy with a \$250,000 per person policy limit and a \$7,000,000 per accident policy limit. Of the per accident policy limit, TMI insures \$2,000,000 and reinsures \$5,000,000 with Genesis Insurance. In addition, the City's policy provides for \$25,000 per person and \$50,000 per accident in uninsured/underinsured motorist insurance.

The physical damage policy issued 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, 2013

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. During 2013, TMI issued a refund of \$131,532 to Valley Transit based on a comprehensive review of reserves available for future obligations.

The City's share of this corporation is 4.96% for auto liability and 3.31% of physical damage liability. A list of the other members is in the TMI report which can be obtained directly from TMI's offices.

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. WMIC has no assets and no activity.

CVMIC is a municipal mutual insurance company established on September 14, 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.

CVMIC purchases \$3,000,000 excess/reinsurance protection over a \$2,000,000 per occurrence retention. In addition, CVMIC has a group purchase program for the members providing \$5,000,000 per occurrence protection excess of the CVMIC layer. Premiums are determined based on losses and administrative expenses on a prospective basis by CVMIC actuary. The equity position of the City of Appleton is 4.913%.

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 CVMIC can be obtained directly from CVMIC's offices.

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

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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

In previous years, the Fox River Cleanup has been identified as a source of potential liability to the City. The City has reached a settlement. See Note V. H.

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

The City and the utilities have active construction projects as of December 31, 2013. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenses.

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

Stormwater Utility	\$ 5,242,934
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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.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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, 2013:

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

<i>Unmetered</i>	
Commercial	25
 <i>Metered</i>	
Residential	25,153
Commercial	1,840
Industrial	72
Public Authority	92
Wholesale	3
Total	27,185

Number of Customers – Sewer

<i>Metered</i>	
Residential	25,030
Commercial	1,782
Industrial	68
Public Authority	78
Total	26,958

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V – OTHER INFORMATION (cont.)

D. BOND COVENANT DISCLOSURES (cont.)

Number of Equivalent Run Off Units – Stormwater

Residential	23,347
Commercial	26,521
Industrial	3,936
Public Authority	<u>4,027</u>
Total	<u><u>57,831</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 2013, total member contributions were \$543,106.

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

Annual required contribution	\$ 321,565
Interest on net OPEB obligation	<u>7,234</u>
Annual OPEB cost	<u>328,799</u>
Increase in Net OPEB Obligation	328,799
Net OPEB Obligation – Beginning of Year	<u>144,683</u>
Net OPEB Obligation – End of Year	<u><u>\$ 473,482</u></u>

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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)
12/31/13	\$ 328,749	-%	\$ 473,482
12/31/12	321,045	68%	144,683
12/31/11	221,435	73%	43,484

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

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

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

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

In the actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions include a 5% investment rate of return and an annual healthcare cost trend rate of 10.5% initially, reduced by decrements to an ultimate rate of 5% after 10 years. Both rates include a 3% inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on an open basis. The amortization period at December 31, 2012 was 30 years. The City accounts for these activities in the post-employment benefits internal service fund, which has net position of \$990,763 as of December 31, 2013.

CITY OF APPLETON

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE V – OTHER INFORMATION (cont.)

F. RELATED ORGANIZATIONS

Housing Authority

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

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

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

- > GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*
- > Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- > Statement No. 69, *Government Combinations and Disposals of Government Operations*
- > Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

When they become effective, application of these standards may restate portions of these financial statements.

H. SUBSEQUENT EVENTS

In April 2014, the City of Appleton paid \$5.2 million to settle their portion of the Fox River Cleanup. This amount was covered entirely by the City's insurance and, therefore, does not constitute a liability of the City.

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 31,975,061	\$ 31,975,061	\$ 31,990,198	\$ 15,137
Intergovernmental	15,180,080	15,386,953	15,454,279	67,326
Licenses and permits	886,025	916,025	1,086,494	170,469
Fines and forfeitures	370,000	370,000	334,540	(35,460)
Special assessments	1,126,000	1,126,000	1,128,596	2,596
Investment income	1,670,218	1,670,218	164,575	(1,505,643)
Charges for services	1,212,649	1,212,649	1,210,888	(1,761)
Other	2,335,706	2,469,532	2,754,525	284,993
Total Revenues	<u>54,755,739</u>	<u>55,126,438</u>	<u>54,124,095</u>	<u>(1,002,343)</u>
EXPENDITURES				
Current				
General government	6,557,038	9,372,046	6,679,402	2,692,644
Public safety	27,740,625	27,962,132	27,526,967	435,165
Public works	13,709,157	14,352,856	14,125,236	227,620
Education and recreation	7,265,253	7,560,886	7,375,059	185,827
Community development	1,624,050	1,664,175	1,554,648	109,527
Total Expenditures	<u>56,896,123</u>	<u>60,912,095</u>	<u>57,261,312</u>	<u>3,650,783</u>
Excess (deficiency) of revenues over expenditures	<u>(2,140,384)</u>	<u>(5,785,657)</u>	<u>(3,137,217)</u>	<u>2,648,440</u>
OTHER FINANCING SOURCES (USES)				
Sale of city property	8,500	8,500	9,718	1,218
Transfers in	2,242,529	2,242,529	2,308,694	66,165
Transfers out	(593,469)	(2,575,154)	(2,499,956)	75,198
Total Other Financing Sources (Uses)	<u>1,657,560</u>	<u>(324,125)</u>	<u>(181,544)</u>	<u>142,581</u>
Net Change in Fund Balance	(482,824)	(6,109,782)	(3,318,761)	2,791,021
FUND BALANCE - Beginning	<u>36,818,583</u>	<u>36,818,583</u>	<u>36,818,583</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 36,335,759</u>	<u>\$ 30,708,801</u>	<u>\$ 33,499,822</u>	<u>\$ 2,791,021</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 903,104	\$ 903,104	\$ 968,910	\$ 65,806
Intergovernmental	7,173	7,173	8,914	1,741
Investment income	3,000	3,000	2,815	(185)
Total Revenues	<u>913,277</u>	<u>913,277</u>	<u>980,639</u>	<u>67,362</u>
EXPENDITURES				
Current				
General government	1,765	1,765	1,659	106
Debt Service				
Interest and fiscal charges	682,488	682,488	682,488	-
Total Expenditures	<u>684,253</u>	<u>684,253</u>	<u>684,147</u>	<u>106</u>
Excess of revenues over expenditures	<u>229,024</u>	<u>229,024</u>	<u>296,492</u>	<u>67,468</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,200,000	1,200,000	1,200,000	-
Transfers out	(970,252)	(970,252)	(970,252)	-
Total Other Financing Sources (Uses)	<u>229,748</u>	<u>229,748</u>	<u>229,748</u>	<u>-</u>
Net Change in Fund Balance	458,772	458,772	526,240	67,468
FUND BALANCE (DEFICIT) - Beginning	<u>(14,198,580)</u>	<u>(14,198,580)</u>	<u>(14,198,580)</u>	<u>-</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (13,739,808)</u>	<u>\$ (13,739,808)</u>	<u>\$ (13,672,340)</u>	<u>\$ 67,468</u>

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

CITY OF APPLETON

OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
For the Year Ended December 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age Normal Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll	
12/31/2012	\$	-	\$ 2,984,470	\$ 2,984,470	0%	\$ 36,135,263	8.3%
12/31/2010		-	2,076,834	2,076,834	0%	38,287,577	5.4%
12/31/2008		-	3,002,471	3,002,471	0%	38,001,278	7.9%

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

CITY OF APPLETON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2013

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
TAXES				
Property tax	\$ 31,584,761	\$ 31,584,761	\$ 31,582,130	\$ (2,631)
Payment in lieu of taxes	390,300	390,300	408,068	17,768
Total Taxes	<u>31,975,061</u>	<u>31,975,061</u>	<u>31,990,198</u>	<u>15,137</u>
INTERGOVERNMENTAL REVENUES				
State shared revenues	9,702,850	9,702,850	9,741,292	38,442
State aid - exempt computers	291,894	291,894	309,291	17,397
Highway aid - connecting streets	223,746	223,746	223,747	1
State tax disparity act	1,190,075	1,190,075	1,190,075	-
State aid - local streets	2,612,001	2,612,001	2,454,839	(157,162)
State aid - fire insurance dues	170,000	170,000	174,034	4,034
Miscellaneous federal aids	5,000	5,000	3,500	(1,500)
Miscellaneous state aids	45,866	245,486	410,760	165,274
Miscellaneous local aids	7,500	7,500	7,500	-
Library grants and aids	931,148	931,148	931,148	-
Health grants	-	7,253	8,093	840
Total Intergovernmental Revenues	<u>15,180,080</u>	<u>15,386,953</u>	<u>15,454,279</u>	<u>67,326</u>
LICENSES AND PERMITS				
Licenses				
Amusement devices	8,000	8,000	8,340	340
Cigarette	5,500	5,500	5,800	300
Electricians	-	-	1,020	1,020
Health	121,700	121,700	127,327	5,627
Liquor and malt beverages	80,000	110,000	114,382	4,382
Operators	60,000	60,000	97,559	37,559
Commercial solicitation	10,000	10,000	7,200	(2,800)
Taxi cab/limousine	1,500	1,500	1,800	300
Taxi driver	2,000	2,000	5,050	3,050
Sundry	6,925	6,925	7,175	250
Secondhand/pawnbroker	2,000	2,000	2,887	887
Special events	17,000	17,000	21,250	4,250
Dog	30,000	30,000	20,424	(9,576)
Cat	10,000	10,000	8,462	(1,538)
Weights and measures	55,900	55,900	55,763	(137)
Permits				
Building	220,000	220,000	272,892	52,892
Electrical	90,000	90,000	127,672	37,672
Heating	53,600	53,600	60,865	7,265
Plumbing and sewer	50,000	50,000	56,459	6,459
Burning	20,000	20,000	26,726	6,726
Trailer parking	5,000	5,000	9,680	4,680
State building	3,000	3,000	3,279	279
Signs	4,500	4,500	4,770	270
Sidewalk	2,000	2,000	-	(2,000)
Street occupancy	5,000	5,000	7,937	2,937
Street excavating and patching	18,000	18,000	26,880	8,880
Sundry	4,400	4,400	4,895	495
Total Licenses and Permits	<u>886,025</u>	<u>916,025</u>	<u>1,086,494</u>	<u>170,469</u>

CITY OF APPLETON

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
FINES AND FORFEITURES				
Court fines and costs	\$ 370,000	\$ 370,000	\$ 334,540	\$ (35,460)
Total Fines and Forfeitures	<u>370,000</u>	<u>370,000</u>	<u>334,540</u>	<u>(35,460)</u>
SPECIAL ASSESSMENTS				
Asphalt paving	330,000	330,000	281,846	(48,154)
Concrete paving	575,000	575,000	626,601	51,601
Grade and gravel	12,000	12,000	10,585	(1,415)
Sidewalks	3,000	3,000	27,287	24,287
Freeway fence	-	-	239	239
Snow removal	90,000	90,000	83,013	(6,987)
Weed cutting	40,000	40,000	22,027	(17,973)
Street light revenue	71,000	71,000	75,127	4,127
Miscellaneous	5,000	5,000	1,871	(3,129)
Total Special Assessments	<u>1,126,000</u>	<u>1,126,000</u>	<u>1,128,596</u>	<u>2,596</u>
INVESTMENT INCOME				
Investment income/(loss)	1,500,218	1,500,218	(2,396)	(1,502,614)
Interest on taxes	100,000	100,000	96,038	(3,962)
Interest - deferred special assessments	70,000	70,000	70,933	933
Total Investment Income	<u>1,670,218</u>	<u>1,670,218</u>	<u>164,575</u>	<u>(1,505,643)</u>
CHARGES FOR SERVICES				
Legal services	23,200	23,200	30,571	7,371
Assessor	1,100	1,100	-	(1,100)
Mayor	12,500	12,500	12,850	350
Finance	4,500	4,500	3,645	(855)
Human resources	-	-	94	94
Library	85,000	85,000	77,900	(7,100)
Community development	-	-	792	792
Parks and recreation	495,316	495,316	519,597	24,281
Public Works				
Street division	23,000	23,000	1,935	(21,065)
Traffic	74,800	74,800	66,522	(8,278)
Forestry	1,000	1,000	354	(646)
Inspection department	32,000	32,000	51,517	19,517
Health department	75,745	75,745	64,808	(10,937)
Police department	360,488	360,488	353,074	(7,414)
Fire department	24,000	24,000	27,229	3,229
Total Charges for Services	<u>1,212,649</u>	<u>1,212,649</u>	<u>1,210,888</u>	<u>(1,761)</u>
OTHER				
Fees and commissions	868,050	868,050	831,840	(36,210)
Zoning and subdivision fees	18,500	18,500	16,875	(1,625)
Property inquiry fees	60,000	60,000	66,280	6,280
Exempt property fee	1,000	1,000	-	(1,000)
Miscellaneous revenue	40,950	53,200	64,008	10,808
Rental of city property	47,500	47,500	45,414	(2,086)

CITY OF APPLETON

DETAILED SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OTHER (cont.)				
Donations and memorials	\$ 500	\$ 51,112	\$ 58,603	\$ 7,491
Damage to city property	35,250	35,250	46,432	11,182
Insurance proceeds	-	-	16,715	16,715
Other reimbursements	1,188,556	1,259,520	1,507,618	248,098
Leases	72,000	72,000	99,365	27,365
Board of appeals	3,400	3,400	1,375	(2,025)
Total Other	<u>2,335,706</u>	<u>2,469,532</u>	<u>2,754,525</u>	<u>284,993</u>
Total Revenues	<u>54,755,739</u>	<u>55,126,438</u>	<u>54,124,095</u>	<u>(1,002,343)</u>
OTHER FINANCING SOURCES				
Sale of city property	<u>8,500</u>	<u>8,500</u>	<u>9,718</u>	<u>1,218</u>
Transfers From				
Room tax fund	33,000	33,000	33,000	-
Tax incremental district No. 2	152,357	152,357	156,448	4,091
Business park escrow	130,222	130,222	128,468	(1,754)
Water utility fund - property tax equivalent	1,756,000	1,756,000	1,819,828	63,828
Water utility fund	13,800	13,800	13,800	-
Wastewater utility fund	117,450	117,450	117,450	-
Parking utility fund	9,300	9,300	9,300	-
Stormwater utility fund	12,500	12,500	12,500	-
Reid municipal golf course fund	17,900	17,900	17,900	-
Total Transfers	<u>2,242,529</u>	<u>2,242,529</u>	<u>2,308,694</u>	<u>66,165</u>
Total Other Financing Sources	<u>2,251,029</u>	<u>2,251,029</u>	<u>2,318,412</u>	<u>67,383</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 57,006,768</u>	<u>\$ 57,377,467</u>	<u>\$ 56,442,507</u>	<u>\$ (934,960)</u>

CITY OF APPLETON

DETAILED SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
Common council	\$ 137,469	\$ 137,469	\$ 121,818	\$ 15,651
Mayor	262,307	262,307	251,895	10,412
Legal services	1,074,414	1,104,414	1,074,237	30,177
Finance	882,987	895,632	875,888	19,744
Information services	1,637,108	1,999,562	1,694,047	305,515
Human resources	704,135	704,135	675,800	28,335
Unclassified				
Severance pay	325,000	325,000	210,634	114,366
Insurance	684,357	948,357	942,825	5,532
Reserve for contingencies	122,200	2,147,626	-	2,147,626
City hall	657,873	572,873	569,302	3,571
Other	69,188	274,671	262,956	11,715
Total General Government	<u>6,557,038</u>	<u>9,372,046</u>	<u>6,679,402</u>	<u>2,692,644</u>
PUBLIC SAFETY				
Health services	1,150,348	1,157,601	1,130,959	26,642
Police	15,894,399	15,934,257	15,540,680	393,577
Fire	10,695,878	10,870,274	10,855,328	14,946
Total Public Safety	<u>27,740,625</u>	<u>27,962,132</u>	<u>27,526,967</u>	<u>435,165</u>
PUBLIC WORKS	<u>13,709,157</u>	<u>14,352,856</u>	<u>14,125,236</u>	<u>227,620</u>
EDUCATION AND RECREATION				
Library	4,195,449	4,359,214	4,231,419	127,795
Parks and recreation	3,069,804	3,201,672	3,143,640	58,032
Total Education and Recreation	<u>7,265,253</u>	<u>7,560,886</u>	<u>7,375,059</u>	<u>185,827</u>
COMMUNITY DEVELOPMENT	<u>1,624,050</u>	<u>1,664,175</u>	<u>1,554,648</u>	<u>109,527</u>
OTHER FINANCING USES				
Transfers Out To				
Neighborhood revitalization	-	5,000	5,000	-
Public safety facilities	-	535,862	535,862	-
Public works equipment	-	1,364,704	1,364,704	-
CEA replacement	23,000	29,047	29,047	-
Facility capital projects	-	70,072	70,072	-
Valley Transit fund	570,469	570,469	495,271	75,198
Total Other Financing Uses	<u>593,469</u>	<u>2,575,154</u>	<u>2,499,956</u>	<u>75,198</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 57,489,592</u>	<u>\$ 63,487,249</u>	<u>\$ 59,761,268</u>	<u>\$ 3,725,981</u>

SUPPLEMENTARY INFORMATION
COMBINING AND INDIVIDUAL FUND INFORMATION

NONMAJOR GOVERNMENTAL FUNDS AND BUDGETARY COMPARISONS

SPECIAL REVENUE FUNDS

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

TAX INCREMENT DISTRICT NO. 2

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

COMMUNITY DEVELOPMENT BLOCK GRANT

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

RENTAL REHABILITATION GRANTS

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

SANITATION AND RECYCLING PROGRAM

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

HEALTH GRANTS

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

POLICE GRANTS

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

FIRE GRANTS

To account for the grant proceeds and corresponding expenditures related to various fire prevention grants.

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

SPECIAL REVENUE FUNDS (CONTINUED)

HAZARDOUS MATERIALS LEVEL A

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

ROOM TAX

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

CONTINUUM OF CARE GRANT

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

HOME HOMEOWNER GRANT

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

HOUSING REHABILITATION GRANT

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

BUSINESS AND NEIGHBORHOOD REVITALIZATION GRANT

To account for a portion of the proceeds of the Community Development Block Grant, and related expenditures, related to the rehabilitation of older residential and commercial properties within targeted central City neighborhoods.

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.

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

SPECIAL REVENUE FUNDS (CONTINUED)

HOMELESS PREVENTION GRANT

To account for the grant proceeds, and corresponding program expenditures, related to providing financial assistance and services to prevent homelessness, and help those experiencing homelessness find suitable housing.

EMERGENCY SHELTER GRANT

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

LEAD HAZARD CONTROL GRANT

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

TUCHSCHERER DISABILITY

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

PEABODY ESTATE

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

BALLIET LOCOMOTIVE

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

LUTZ PARK

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

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

SPECIAL REVENUE FUNDS (CONTINUED)

PARK PURPOSE OPEN SPACE

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

UNION SPRING PARK

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

PROJECT CITY PARK

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

UNIVERSAL PLAYGROUND

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

MIRACLE LEAGUE BASEBALL

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

DEBT SERVICE FUND

DEBT SERVICE FUND

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

NONMAJOR GOVERNMENTAL FUNDS AND BUDGETARY COMPARISONS

CAPITAL PROJECTS FUNDS

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

SUBDIVISION DEVELOPMENT PROJECTS

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

INDUSTRIAL PARK LAND

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

PARKS AND RECREATION PROJECTS

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

TAX INCREMENT DISTRICT NO. 5

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

TAX INCREMENT DISTRICT NO. 6

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

TAX INCREMENT DISTRICT NO. 7

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

**NONMAJOR GOVERNMENTAL FUNDS
AND BUDGETARY COMPARISONS**

CAPITAL PROJECTS FUNDS (CONTINUED)

TAX INCREMENT DISTRICT NO. 8

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

TAX INCREMENT DISTRICT NO. 9

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

TAX INCREMENT DISTRICT NO. 10

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

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)

FACILITIES CAPITAL PROJECTS

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

LIBRARY EXPANSION

To account for the financing and expenditures associated with construction of, or capital improvements to, the Library facility or purchases of capital equipment.

INFORMATION TECHNOLOGY

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

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, 2013

	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	\$ 6,500	\$ -	\$ 8,950	\$ 890,618	\$ 30,067	\$ -
Receivables						
Taxes	-	-	-	2,045,913	-	-
Deferred loans	-	-	798,806	-	-	-
Accounts	-	-	-	10,980	1,090	-
Developer loans	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Other	-	-	-	280,332	-	-
Due from other governments	-	118,815	-	-	10,444	6,300
Due from other funds	-	-	-	46,460	-	-
Note receivable - component unit	-	-	-	-	-	-
TOTAL ASSETS	\$ 6,500	\$ 118,815	\$ 807,756	\$ 3,274,303	\$ 41,601	\$ 6,300
LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 6,500	\$ 44,394	\$ -	\$ 91,715	\$ 51	\$ -
Other accrued liabilities	-	-	-	48,943	6,485	-
Due to other funds	-	79,964	-	-	-	6,300
Deposits	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	<u>6,500</u>	<u>124,358</u>	<u>-</u>	<u>140,658</u>	<u>6,536</u>	<u>6,300</u>
Deferred Inflows of Resources						
Unearned revenue	-	-	-	2,045,913	45,509	-
Unavailable revenue	-	-	798,806	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>798,806</u>	<u>2,045,913</u>	<u>45,509</u>	<u>-</u>
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	8,950	-	-	-
Committed	-	-	-	1,087,732	-	-
Assigned	-	-	-	-	-	-
Unassigned (deficit)	-	(5,543)	-	-	(10,444)	-
Total Fund Balances	<u>-</u>	<u>(5,543)</u>	<u>8,950</u>	<u>1,087,732</u>	<u>(10,444)</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 6,500	\$ 118,815	\$ 807,756	\$ 3,274,303	\$ 41,601	\$ 6,300

Special Revenue Funds								
Hazardous Materials Level A	Room Tax	Continuum of Care	HOME Homeowner	Housing Rehabilitation Grant	Business and Neighborhood Revitalization Grant	Neighborhood Stabilization Grant	Emergency Shelter	Lead Hazard Control Grant
\$ 397,481	\$ 24,411	\$ -	\$ 40,760	\$ 42,831	\$ 2,725	\$ 4,039	\$ -	\$ 26,171
-	-	5,000	-	-	-	-	-	-
-	-	-	177,168	5,154,727	-	-	-	177,054
-	-	-	-	2,025	-	-	-	-
-	-	-	-	-	-	-	-	-
-	94,169	-	-	-	-	-	234	-
11,269	-	43,561	-	79,752	-	-	84,432	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 408,750</u>	<u>\$ 118,580</u>	<u>\$ 48,561</u>	<u>\$ 217,928</u>	<u>\$ 5,279,335</u>	<u>\$ 2,725</u>	<u>\$ 4,039</u>	<u>\$ 84,666</u>	<u>\$ 203,225</u>
\$ 26	\$ 85,200	\$ 36,894	\$ -	\$ 1,765	\$ -	\$ 3,781	\$ 10,817	\$ -
-	-	-	-	2,949	-	-	-	-
-	-	6,667	-	-	-	-	73,849	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>26</u>	<u>85,200</u>	<u>43,561</u>	<u>-</u>	<u>4,714</u>	<u>-</u>	<u>3,781</u>	<u>84,666</u>	<u>-</u>
13,781	-	5,000	-	-	-	-	-	-
-	-	-	177,168	5,154,727	-	-	-	177,054
<u>13,781</u>	<u>-</u>	<u>5,000</u>	<u>177,168</u>	<u>5,154,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,054</u>
-	-	-	-	-	-	-	-	-
394,943	33,380	-	40,760	119,894	2,725	258	-	26,171
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>394,943</u>	<u>33,380</u>	<u>-</u>	<u>40,760</u>	<u>119,894</u>	<u>2,725</u>	<u>258</u>	<u>-</u>	<u>26,171</u>
<u>\$ 408,750</u>	<u>\$ 118,580</u>	<u>\$ 48,561</u>	<u>\$ 217,928</u>	<u>\$ 5,279,335</u>	<u>\$ 2,725</u>	<u>\$ 4,039</u>	<u>\$ 84,666</u>	<u>\$ 203,225</u>

CITY OF APPLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)
As of December 31, 2013

	Special Revenue Funds					
	Tuch- scherer Disability	Peabody Estate	Balliet Locomotive	Lutz Park	Park Purpose Open Space	Union Spring Park
ASSETS						
Cash and investments	\$ 48,494	\$ 63,907	\$ 11,162	\$ 142,980	\$ 299,756	\$ 2,469
Receivables						
Taxes	-	-	-	-	-	-
Deferred loans	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Developer loans	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Note receivable - component unit	-	-	-	-	-	-
TOTAL ASSETS	\$ 48,494	\$ 63,907	\$ 11,162	\$ 142,980	\$ 299,756	\$ 2,469
LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other accrued liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-
Deferred Inflows of Resources						
Unearned revenue	-	-	-	-	-	-
Unavailable revenue	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	48,494	63,907	11,162	142,980	299,756	2,469
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-
Total Fund Balances	48,494	63,907	11,162	142,980	299,756	2,469
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 48,494	\$ 63,907	\$ 11,162	\$ 142,980	\$ 299,756	\$ 2,469

Special Revenue Funds				Capital Projects Funds			
Project City Park	Universal Playground	Miracle League Baseball	Debt Service	Subdivision Development Projects	Industrial Park Land	Parks and Recreation Projects	Tax Incremental District No. 5
\$ 5,807	\$ 7,492	\$ 26,826	\$ 230,348	\$ 1,070,198	\$ 1,368,123	\$ 99,843	\$ 432,475
-	-	-	2,825,388	862,406	-	-	171,357
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	757,853	-	-	-
-	-	-	390,000	708	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 5,807</u>	<u>\$ 7,492</u>	<u>\$ 26,826</u>	<u>\$ 3,445,736</u>	<u>\$ 2,691,165</u>	<u>\$ 1,368,123</u>	<u>\$ 99,843</u>	<u>\$ 603,832</u>
\$ -	\$ -	\$ -	\$ -	\$ 353	\$ 10,407	\$ -	\$ -
-	-	-	-	2,487	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,840	10,407	-	-
-	-	-	-	-	-	-	-
-	-	-	2,825,388	500,000	-	-	171,357
-	-	-	390,000	757,853	-	-	-
-	-	-	<u>3,215,388</u>	<u>1,257,853</u>	-	-	<u>171,357</u>
-	-	-	-	-	-	-	-
5,807	7,492	26,826	230,348	-	-	-	432,475
-	-	-	-	-	-	-	-
-	-	-	-	1,430,472	1,357,716	99,843	-
-	-	-	-	-	-	-	-
<u>5,807</u>	<u>7,492</u>	<u>26,826</u>	<u>230,348</u>	<u>1,430,472</u>	<u>1,357,716</u>	<u>99,843</u>	<u>432,475</u>
<u>\$ 5,807</u>	<u>\$ 7,492</u>	<u>\$ 26,826</u>	<u>\$ 3,445,736</u>	<u>\$ 2,691,165</u>	<u>\$ 1,368,123</u>	<u>\$ 99,843</u>	<u>\$ 603,832</u>

CITY OF APPLETON

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (cont.)
As of December 31, 2013

	Capital Projects Funds					Public Safety Facilities
	Tax	Tax	Tax	Tax	Tax	
	Incremental District No. 6	Incremental District No. 7	Incremental District No. 8	Incremental District No. 9	Incremental District No. 10	
ASSETS						
Cash and investments	\$ 626,394	\$ 383,862	\$ 207,921	\$ -	\$ -	\$ 176,707
Receivables						
Taxes	2,164,263	259,474	105,905	-	-	-
Deferred loans	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Developer loans	-	-	1,055,745	-	-	-
Special assessments	-	-	-	-	-	-
Other	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	265,600
Due from other funds	-	-	-	-	-	-
Note receivable - component unit	-	-	500,000	-	-	-
TOTAL ASSETS	\$ 2,790,657	\$ 643,336	\$ 1,869,571	\$ -	\$ -	\$ 442,307
LIABILITIES DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ -	\$ 67,965	\$ -	\$ -	\$ 422,268
Other accrued liabilities	68	-	2,834	-	-	-
Due to other funds	-	-	-	-	-	-
Deposits	-	-	59,540	-	-	-
Advances from other funds	2,687,506	-	839,019	1,025	1,025	-
Total Liabilities	2,687,574	-	969,358	1,025	1,025	422,268
Deferred Inflows of Resources						
Unearned revenue	2,164,263	259,474	105,905	-	-	-
Unavailable revenue	-	-	1,555,745	-	-	-
Total Deferred Inflows of Resources	2,164,263	259,474	1,661,650	-	-	-
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	-	383,862	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	20,039
Unassigned (deficit)	(2,061,180)	-	(761,437)	(1,025)	(1,025)	-
Total Fund Balances	(2,061,180)	383,862	(761,437)	(1,025)	(1,025)	20,039
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,790,657	\$ 643,336	\$ 1,869,571	\$ -	\$ -	\$ 442,307

Capital Projects Funds						Permanent Fund	Total Nonmajor Governmental Funds
Public Works Equipment	CEA Replacement	Community Development	Facilities Capital Projects	Library Expansion	Information Technology	Frank P. Young Memorial	
\$ 138,202	\$ 3,227,663	\$ 146,441	\$ -	\$ -	\$ -	\$ 34,755	\$ 10,226,378
-	-	-	-	-	-	-	8,439,706
-	-	-	-	-	-	-	6,307,755
-	-	-	-	-	-	-	14,095
-	-	-	-	-	-	-	1,055,745
-	-	-	-	-	-	-	757,853
-	-	-	-	-	-	-	765,443
-	-	-	-	-	-	-	620,173
-	-	-	-	-	-	-	46,460
-	-	-	-	-	-	-	500,000
<u>\$ 138,202</u>	<u>\$ 3,227,663</u>	<u>\$ 146,441</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,755</u>	<u>\$ 28,733,608</u>
\$ 75,000	\$ 2,342	\$ 2,786	\$ 12,998	\$ -	\$ 22,775	\$ -	\$ 898,037
3,128	-	-	1,904	-	-	-	68,798
-	-	-	116,896	54,901	209,794	-	548,371
-	-	-	-	-	-	-	59,540
-	-	-	-	-	-	-	3,528,575
<u>78,128</u>	<u>2,342</u>	<u>2,786</u>	<u>131,798</u>	<u>54,901</u>	<u>232,569</u>	<u>-</u>	<u>5,103,321</u>
-	-	-	-	-	-	-	8,136,590
-	-	-	-	-	-	-	9,011,353
-	-	-	-	-	-	-	17,147,943
-	-	-	-	-	-	34,755	34,755
-	-	-	-	-	-	-	2,282,659
-	-	-	-	-	-	-	1,087,732
60,074	3,225,321	143,655	-	-	-	-	6,337,120
-	-	-	(131,798)	(54,901)	(232,569)	-	(3,259,922)
<u>60,074</u>	<u>3,225,321</u>	<u>143,655</u>	<u>(131,798)</u>	<u>(54,901)</u>	<u>(232,569)</u>	<u>34,755</u>	<u>6,482,344</u>
<u>\$ 138,202</u>	<u>\$ 3,227,663</u>	<u>\$ 146,441</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,755</u>	<u>\$ 28,733,608</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	Special Revenue Funds				
	Tax Incremental District No. 2	Community Development Block Grant	Rental Rehabili- tation Grants	Sanitation & Recycling Program	Health Grants
REVENUES					
Taxes	\$ 326,135	\$ -	\$ -	\$ 2,070,188	\$ -
Intergovernmental	4,264	212,038	-	-	115,932
Special assessments	-	-	-	-	-
Investment income (loss)	(2,334)	-	-	3,367	-
Charges for services	-	-	-	1,274,583	64,255
Other	-	-	-	6,207	-
Total Revenues	<u>328,065</u>	<u>212,038</u>	<u>-</u>	<u>3,354,345</u>	<u>180,187</u>
EXPENDITURES					
Current					
General government	5,885	-	-	-	-
Public safety	-	-	-	-	190,631
Public works	-	-	-	3,248,427	-
Community development	-	201,278	55,509	-	-
Capital Outlay	621,178	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>627,063</u>	<u>201,278</u>	<u>55,509</u>	<u>3,248,427</u>	<u>190,631</u>
Excess (deficiency) of revenues over expenditures	<u>(298,998)</u>	<u>10,760</u>	<u>(55,509)</u>	<u>105,918</u>	<u>(10,444)</u>
OTHER FINANCING SOURCES (USES)					
Sale of city property	-	-	-	996	-
Transfer in	-	-	-	-	-
Transfers out	(156,448)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(156,448)</u>	<u>-</u>	<u>-</u>	<u>996</u>	<u>-</u>
Net Change in Fund Balances	(455,446)	10,760	(55,509)	106,914	(10,444)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>455,446</u>	<u>(16,303)</u>	<u>64,459</u>	<u>980,818</u>	<u>-</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ -</u>	<u>\$ (5,543)</u>	<u>\$ 8,950</u>	<u>\$ 1,087,732</u>	<u>\$ (10,444)</u>

Special Revenue Funds							
Police Grants	Fire Grants	Hazardous Materials Level A	Room Tax	Continuum of Care	HOME Homeowner	Housing Rehabilitation Grant	Business and Neighborhood Revitalization Grant
\$ -	\$ -	\$ -	\$ 388,778	\$ 5,000	\$ -	\$ -	\$ -
184,782	2,209,179	69,790	-	233,062	-	102,966	20,005
-	-	-	-	-	-	-	-
-	-	(2,240)	-	-	-	-	-
-	-	2,334	-	-	-	-	-
-	-	-	-	-	24,408	308,724	-
<u>184,782</u>	<u>2,209,179</u>	<u>69,884</u>	<u>388,778</u>	<u>238,062</u>	<u>24,408</u>	<u>411,690</u>	<u>20,005</u>
-	-	59,246	351,751	-	-	-	-
184,783	-	39,554	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	238,062	13,226	301,791	22,280
-	2,209,179	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>184,783</u>	<u>2,209,179</u>	<u>98,800</u>	<u>351,751</u>	<u>238,062</u>	<u>13,226</u>	<u>301,791</u>	<u>22,280</u>
(1)	-	(28,916)	37,027	-	11,182	109,899	(2,275)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5,000
-	-	-	(33,000)	-	-	-	-
-	-	-	(33,000)	-	-	-	5,000
(1)	-	(28,916)	4,027	-	11,182	109,899	2,725
1	-	423,859	29,353	-	29,578	9,995	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 394,943</u>	<u>\$ 33,380</u>	<u>\$ -</u>	<u>\$ 40,760</u>	<u>\$ 119,894</u>	<u>\$ 2,725</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS (cont.)
For the Year Ended December 31, 2013

	Special Revenue Funds					
	Neighborhood Stabilization Grant	Homeless Prevention Grant	Emergency Shelter	Lead Hazard Control Grant	Tuch- scherer Disability	Peabody Estate
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	15,179	-	84,665	-	-	-
Special assessments	-	-	-	-	-	-
Investment income (loss)	-	-	-	-	(254)	(311)
Charges for services	-	-	-	-	-	-
Other	-	-	-	13,393	-	-
Total Revenues	<u>15,179</u>	<u>-</u>	<u>84,665</u>	<u>13,393</u>	<u>(254)</u>	<u>(311)</u>
EXPENDITURES						
Current						
General government	-	-	-	-	6,391	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Community development	22,680	92	84,665	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>22,680</u>	<u>92</u>	<u>84,665</u>	<u>-</u>	<u>6,391</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(7,501)</u>	<u>(92)</u>	<u>-</u>	<u>13,393</u>	<u>(6,645)</u>	<u>(311)</u>
OTHER FINANCING SOURCES (USES)						
Sale of city property	-	-	-	-	-	-
Transfer in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(7,501)	(92)	-	13,393	(6,645)	(311)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>7,759</u>	<u>92</u>	<u>-</u>	<u>12,778</u>	<u>55,139</u>	<u>64,218</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,171</u>	<u>\$ 48,494</u>	<u>\$ 63,907</u>

Continued on
Next Page

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	Debt Service	Subdivision Development Projects
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,100,722	\$ 500,000
-	-	-	-	-	-	-	-	150,000
-	-	-	-	-	-	-	-	941,243
(55)	(690)	(1,461)	(12)	(27)	(36)	(131)	-	37,973
-	-	300	-	-	-	-	-	-
-	-	-	-	-	-	-	94,800	-
<u>(55)</u>	<u>(690)</u>	<u>(1,161)</u>	<u>(12)</u>	<u>(27)</u>	<u>(36)</u>	<u>(131)</u>	<u>3,195,522</u>	<u>1,629,216</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,490,440
-	-	-	-	-	-	-	5,557,333	-
-	-	-	-	-	-	-	1,077,818	-
-	-	-	-	-	-	-	<u>6,635,151</u>	<u>1,490,440</u>
<u>(55)</u>	<u>(690)</u>	<u>(1,161)</u>	<u>(12)</u>	<u>(27)</u>	<u>(36)</u>	<u>(131)</u>	<u>(3,439,629)</u>	<u>138,776</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,887,997	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	<u>2,887,997</u>	<u>-</u>
(55)	(690)	(1,161)	(12)	(27)	(36)	(131)	(551,632)	138,776
<u>11,217</u>	<u>143,670</u>	<u>300,917</u>	<u>2,481</u>	<u>5,834</u>	<u>7,528</u>	<u>26,957</u>	<u>781,980</u>	<u>1,291,696</u>
<u>\$ 11,162</u>	<u>\$ 142,980</u>	<u>\$ 299,756</u>	<u>\$ 2,469</u>	<u>\$ 5,807</u>	<u>\$ 7,492</u>	<u>\$ 26,826</u>	<u>\$ 230,348</u>	<u>\$ 1,430,472</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS (cont.)
For the Year Ended December 31, 2013

	Capital Projects Funds					
	Industrial	Parks and	Tax	Tax	Tax	Tax
	Park Land	Recreation Projects	Incremental District No. 5	Incremental District No. 6	Incremental District No. 7	Incremental District No. 8
REVENUES						
Taxes	\$ -	\$ -	\$ 187,799	\$ 2,143,808	\$ 262,231	\$ 49,808
Intergovernmental	-	-	508	50,333	71,457	289,916
Special assessments	-	-	-	-	-	-
Investment income (loss)	(6,672)	(496)	(957)	4,311	(238)	28,710
Charges for services	-	-	-	-	-	-
Other	35,868	-	-	8,966	-	-
Total Revenues	<u>29,196</u>	<u>(496)</u>	<u>187,350</u>	<u>2,207,418</u>	<u>333,450</u>	<u>368,434</u>
EXPENDITURES						
Current						
General government	-	-	1,659	1,659	1,659	9,409
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Community development	-	-	-	486,897	-	-
Capital Outlay	18,390	-	-	54,879	262,231	1,060,145
Debt Service						
Principal	-	-	-	-	-	500,000
Interest and fiscal charges	-	-	-	139,881	-	24,019
Total Expenditures	<u>18,390</u>	<u>-</u>	<u>1,659</u>	<u>683,316</u>	<u>263,890</u>	<u>1,593,573</u>
Excess (deficiency) of revenues over expenditures	<u>10,806</u>	<u>(496)</u>	<u>185,691</u>	<u>1,524,102</u>	<u>69,560</u>	<u>(1,225,139)</u>
OTHER FINANCING SOURCES (USES)						
Sale of city property	-	-	-	-	-	-
Transfers in	-	-	-	-	-	350,000
Transfers out	-	-	(35,350)	(1,860,001)	(1,525)	(20,869)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(35,350)</u>	<u>(1,860,001)</u>	<u>(1,525)</u>	<u>329,131</u>
Net Change in Fund Balances	10,806	(496)	150,341	(335,899)	68,035	(896,008)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>1,346,910</u>	<u>100,339</u>	<u>282,134</u>	<u>(1,725,281)</u>	<u>315,827</u>	<u>134,571</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 1,357,716</u>	<u>\$ 99,843</u>	<u>\$ 432,475</u>	<u>\$ (2,061,180)</u>	<u>\$ 383,862</u>	<u>\$ (761,437)</u>

Capital Projects Funds								
Tax Incremental District No. 9	Tax Incremental District No. 10	Public Safety Facilities	Public Works Equipment	Business Park Escrow	CEA Replacement	Community Development	Facilities Capital Projects	Library Expansion
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	265,600	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	(1,502)	2,974	(1,863)	(13,667)	(5,756)	(4,852)	(17)
-	-	-	-	-	-	-	-	-
-	-	-	694	-	1,871,225	140,368	485	-
-	-	264,098	3,668	(1,863)	1,857,558	134,612	(4,367)	(17)
1,000	1,000	-	-	-	-	-	176,644	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	1,037,922	1,877,514	229,382	2,319,488	1,385,319	1,279,587	54,884
-	-	-	-	-	-	-	-	-
25	25	-	-	-	-	-	-	-
1,025	1,025	1,037,922	1,877,514	229,382	2,319,488	1,385,319	1,456,231	54,884
(1,025)	(1,025)	(773,824)	(1,873,846)	(231,245)	(461,930)	(1,250,707)	(1,460,598)	(54,901)
-	-	-	-	-	-	-	-	-
-	-	535,862	1,364,704	-	563,080	-	70,072	-
-	-	(645,057)	-	(128,468)	-	-	-	-
-	-	(109,195)	1,364,704	(128,468)	563,080	-	70,072	-
(1,025)	(1,025)	(883,019)	(509,142)	(359,713)	101,150	(1,250,707)	(1,390,526)	(54,901)
-	-	903,058	569,216	359,713	3,124,171	1,394,362	1,258,728	-
\$ (1,025)	\$ (1,025)	\$ 20,039	\$ 60,074	\$ -	\$ 3,225,321	\$ 143,655	\$ (131,798)	\$ (54,901)

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NONMAJOR GOVERNMENTAL FUNDS (cont.)
For the Year Ended December 31, 2013

	<u>Capital Projects Funds</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Information Technology</u>	<u>Frank P. Young Memorial</u>	
REVENUES			
Taxes	\$ -	\$ -	\$ 9,034,469
Intergovernmental	-	-	4,079,676
Special assessments	-	-	941,243
Investment income (loss)	(468)	34	33,330
Charges for services	-	-	1,341,472
Other	-	500	2,505,638
Total Revenues	<u>(468)</u>	<u>534</u>	<u>17,935,828</u>
EXPENDITURES			
Current			
General government	-	-	616,303
Public safety	-	-	414,968
Public works	-	-	3,248,427
Community development	-	-	1,426,480
Capital Outlay	381,210	-	14,281,748
Debt Service			
Principal	-	-	6,057,333
Interest and fiscal charges	-	-	1,241,768
Total Expenditures	<u>381,210</u>	<u>-</u>	<u>27,287,027</u>
Excess (deficiency) of revenues over expenditures	<u>(381,678)</u>	<u>534</u>	<u>(9,351,199)</u>
OTHER FINANCING SOURCES (USES)			
Sale of city property	-	-	996
Transfers in	-	-	5,776,715
Transfers out	-	-	(2,880,718)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,896,993</u>
Net Change in Fund Balances	(381,678)	534	(6,454,206)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>149,109</u>	<u>34,221</u>	<u>12,936,550</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (232,569)</u>	<u>\$ 34,755</u>	<u>\$ 6,482,344</u>

NONMAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

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

PARKING UTILITY

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

REID MUNICIPAL GOLF COURSE

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

CITY OF APPLETON

COMBINING STATEMENT OF NET POSITION - NONMAJOR PROPRIETARY FUNDS As of December 31, 2013

	Enterprise Funds		Totals
	Parking Utility	Reid Municipal Golf Course	
ASSETS			
Current Assets			
Cash and investments	\$ 1,316,832	\$ 107,474	\$ 1,424,306
Other accounts receivable	15,013	76	15,089
Total Current Assets	1,331,845	107,550	1,439,395
Noncurrent Assets			
Capital Assets			
Land	1,583,640	1,635,806	3,219,446
Construction in progress	-	2,913	2,913
Building and improvements	22,973,331	1,109,985	24,083,316
Equipment, furniture and vehicles	540,348	95,646	635,994
Less: Accumulated depreciation	(16,013,799)	(1,322,073)	(17,335,872)
Total Noncurrent Assets	9,083,520	1,522,277	10,605,797
Total Assets	10,415,365	1,629,827	12,045,192
LIABILITIES			
Current Liabilities			
Accounts payable	92,132	76	92,208
Compensated absences	34,436	11,440	45,876
Other accrued liabilities	23,434	9,264	32,698
Advance from other funds	-	21,744	21,744
Current portion of general obligation debt payable	-	30,000	30,000
Total Current Liabilities	150,002	72,524	222,526
Noncurrent Liabilities			
General obligation debt payable	-	695,000	695,000
Compensated absences	30,038	32,054	62,092
Advance from other funds	-	165,000	165,000
Total Noncurrent Liabilities	30,038	892,054	922,092
Total Liabilities	180,040	964,578	1,144,618
DEFERRED INFLOWS OF RESOURCES			
Unearned revenues	55,375	2,459	57,834
NET POSITION			
Net investment in capital assets	9,083,520	797,277	9,880,797
Unrestricted (deficit)	1,096,430	(134,487)	961,943
TOTAL NET POSITION	\$ 10,179,950	\$ 662,790	\$ 10,842,740

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - NONMAJOR PROPRIETARY FUNDS For the Year Ended December 31, 2013

	Enterprise Funds		Totals
	Parking Utility	Reid Municipal Golf Course	
OPERATING REVENUES			
Charges for services	\$ 1,924,053	\$ 202,455	\$ 2,126,508
Other	438,494	270,776	709,270
Total Operating Revenues	2,362,547	473,231	2,835,778
OPERATING EXPENSES			
Operation and maintenance	1,304,698	398,606	1,703,304
Depreciation	473,686	84,171	557,857
Total Operating Expenses	1,778,384	482,777	2,261,161
Operating Income (Loss)	584,163	(9,546)	574,617
NONOPERATING REVENUES (EXPENSES)			
Investment income (loss)	(8,007)	145	(7,862)
Loss on sale of capital assets	-	(3,362)	(3,362)
Debt issuance costs	-	(10,400)	(10,400)
Interest expense	-	(14,774)	(14,774)
Total Nonoperating Revenues (Expenses)	(8,007)	(28,391)	(36,398)
Income (Loss) Before Contributions and Transfers	576,156	(37,937)	538,219
Capital contributions	-	223,013	223,013
Transfers out	(1,209,300)	(17,900)	(1,227,200)
Change in Net Position	(633,144)	167,176	(465,968)
TOTAL NET POSITION - Beginning	10,813,094	495,614	11,308,708
TOTAL NET POSITION - ENDING	\$ 10,179,950	\$ 662,790	\$ 10,842,740

CITY OF APPLETON

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended December 31, 2013

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 2,361,390	\$ 475,614	\$ 2,837,004
Paid to suppliers for goods and services	(593,701)	(245,759)	(839,460)
Paid to employees for services	(618,911)	(162,309)	(781,220)
Net Cash Flows From Operating Activities	<u>1,148,778</u>	<u>67,546</u>	<u>1,216,324</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(1,209,300)	(17,900)	(1,227,200)
Net Cash Flows From Noncapital Financing Activities	<u>(1,209,300)</u>	<u>(17,900)</u>	<u>(1,227,200)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on long-term debt	-	(10,000)	(10,000)
Proceeds from sale of capital assets	-	202	202
Acquisition and construction of capital assets	(86,279)	(78,955)	(165,234)
Interest paid on long-term debt	-	(16,039)	(16,039)
Net Cash Flows From Capital and Related Financing Activities	<u>(86,279)</u>	<u>(104,792)</u>	<u>(191,071)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income (loss)	(8,007)	145	(7,862)
Net Cash Flows From Investing Activities	<u>(8,007)</u>	<u>145</u>	<u>(7,862)</u>
Net Decrease in Cash and Cash Equivalents	(154,808)	(55,001)	(209,809)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,471,640</u>	<u>162,475</u>	<u>1,634,115</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,316,832</u>	<u>\$ 107,474</u>	<u>\$ 1,424,306</u>

	Enterprise Funds		
	Parking Utility	Reid Municipal Golf Course	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 584,163	\$ (9,546)	\$ 574,617
Adjustments to reconcile operating income to net cash flows from operating activities			
Depreciation	473,686	84,171	557,857
Change in assets and liabilities			
Other accounts receivable	(8,725)	(76)	(8,801)
Accounts payable	92,132	(5,223)	86,909
Accrued liabilities	1,621	(1,786)	(165)
Unearned revenue	7,568	2,459	10,027
Compensated absences	(1,667)	(2,453)	(4,120)
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 1,148,778</u>	 <u>\$ 67,546</u>	 <u>\$ 1,216,324</u>
 NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Write off of debt issuance costs	\$ -	\$ 10,400	\$ 10,400
Bridge contribution	-	223,014	223,014

INTERNAL SERVICE FUNDS

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

CENTRAL EQUIPMENT AGENCY

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

RISK MANAGEMENT

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

FACILITIES MANAGEMENT

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

POST EMPLOYMENT BENEFIT

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

CITY OF APPLETON

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
As of December 31, 2013

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Totals
ASSETS					
Current Assets					
Cash and investments	\$ 395,238	\$ -	\$ 175,349	\$ 1,464,245	\$ 2,034,832
Other receivables	25,000	115,752	-	-	140,752
Prepaid items	-	12,978	-	-	12,978
Inventories	90,166	-	-	-	90,166
Total Current Assets	<u>510,404</u>	<u>128,730</u>	<u>175,349</u>	<u>1,464,245</u>	<u>2,278,728</u>
Noncurrent Assets					
Investment in WMIC	-	2,020,950	-	-	2,020,950
Capital Assets					
Equipment	190,437	-	-	-	190,437
Vehicles	24,356,632	-	-	-	24,356,632
Less: Accumulated depreciation	<u>(14,105,269)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,105,269)</u>
Total Noncurrent Assets	<u>10,441,800</u>	<u>2,020,950</u>	<u>-</u>	<u>-</u>	<u>12,462,750</u>
Total Assets	<u>10,952,204</u>	<u>2,149,680</u>	<u>175,349</u>	<u>1,464,245</u>	<u>14,741,478</u>
LIABILITIES					
Current Liabilities					
Accounts payable	46,111	7,048	51,180	-	104,339
Compensated absences	54,555	17,194	58,382	-	130,131
Other accrued liabilities	41,008	10,593	31,556	-	83,157
Claims payable	-	1,900,000	-	-	1,900,000
Due to other funds	-	36,014	-	-	36,014
Current portion of general obligation debt	7,668	-	-	-	7,668
Total Current Liabilities	<u>149,342</u>	<u>1,970,849</u>	<u>141,118</u>	<u>-</u>	<u>2,261,309</u>
Noncurrent Liabilities					
General obligation debt	38,337	-	-	-	38,337
Compensated absences	24,633	33,381	32,922	-	90,936
Other postemployment benefit liability	-	-	-	473,482	473,482
Total Noncurrent Liabilities	<u>62,970</u>	<u>33,381</u>	<u>32,922</u>	<u>473,482</u>	<u>602,755</u>
Total Liabilities	<u>212,312</u>	<u>2,004,230</u>	<u>174,040</u>	<u>473,482</u>	<u>2,864,064</u>
NET POSITION					
Net investment in capital assets	10,395,795	-	-	-	10,395,795
Unrestricted	<u>344,097</u>	<u>145,450</u>	<u>1,309</u>	<u>990,763</u>	<u>1,481,619</u>
TOTAL NET POSITION	<u>\$ 10,739,892</u>	<u>\$ 145,450</u>	<u>\$ 1,309</u>	<u>\$ 990,763</u>	<u>\$ 11,877,414</u>

CITY OF APPLETON

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION -
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2013

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Totals
OPERATING REVENUES					
Charges for services	\$ 3,116,605	\$ 1,550,077	\$ 2,402,263	\$ -	\$ 7,068,945
Other	18,378	318,099	-	-	336,477
Total Operating Revenue	<u>3,134,983</u>	<u>1,868,176</u>	<u>2,402,263</u>	<u>-</u>	<u>7,405,422</u>
OPERATING EXPENSES					
Operation and maintenance	3,090,670	1,806,671	2,464,207	328,799	7,690,347
Depreciation	<u>2,132,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,132,182</u>
Total Operating Expenses	<u>5,222,852</u>	<u>1,806,671</u>	<u>2,464,207</u>	<u>328,799</u>	<u>9,822,529</u>
Operating Income (Loss)	<u>(2,087,869)</u>	<u>61,505</u>	<u>(61,944)</u>	<u>(328,799)</u>	<u>(2,417,107)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income (loss)	(1,524)	-	(113)	-	(1,637)
Interest expense	(1,557)	-	-	-	(1,557)
Gain on the sale of capital assets	208,393	-	-	-	208,393
Other	<u>-</u>	<u>-</u>	<u>7,939</u>	<u>-</u>	<u>7,939</u>
Total Nonoperating Revenues	<u>205,312</u>	<u>-</u>	<u>7,826</u>	<u>-</u>	<u>213,138</u>
Income (Loss) Before Transfers and Contributions	(1,882,557)	61,505	(54,118)	(328,799)	(2,203,969)
Capital contributions	2,050,572	-	-	-	2,050,572
Transfers out	<u>(217,976)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(217,976)</u>
Change in Net Position	(49,961)	61,505	(54,118)	(328,799)	(371,373)
TOTAL NET POSITION - Beginning	<u>10,789,853</u>	<u>83,945</u>	<u>55,427</u>	<u>1,319,562</u>	<u>12,248,787</u>
TOTAL NET POSITION - ENDING	<u>\$ 10,739,892</u>	<u>\$ 145,450</u>	<u>\$ 1,309</u>	<u>\$ 990,763</u>	<u>\$ 11,877,414</u>

CITY OF APPLETON

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2013

	Central Equipment Agency	Risk Management	Facilities Management	Post- employment Benefits	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 3,335,360	\$ 1,993,663	\$ 2,412,076	\$ -	\$ 7,741,099
Paid to suppliers for goods and services	(2,042,785)	(1,688,004)	(1,664,175)	-	(5,394,964)
Paid to employees for services	(1,051,812)	(305,659)	(811,711)	-	(2,169,182)
Net Cash Flows From Operating Activities	<u>240,763</u>	<u>-</u>	<u>(63,810)</u>	<u>-</u>	<u>176,953</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out	<u>(217,976)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(217,976)</u>
Net Cash Flows From Noncapital Financing Activities	<u>(217,976)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(217,976)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the sale of capital assets	10,232	-	-	-	10,232
Debt retired	(7,667)	-	-	-	(7,667)
Interest paid	<u>(1,619)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,619)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>946</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income (loss)	<u>(1,524)</u>	<u>-</u>	<u>(113)</u>	<u>-</u>	<u>(1,637)</u>
Net Cash Flows From Investing Activities	<u>(1,524)</u>	<u>-</u>	<u>(113)</u>	<u>-</u>	<u>(1,637)</u>
Net Increase (decrease) in Cash and Cash Equivalents	22,209	-	(63,923)	-	(41,714)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>373,029</u>	<u>-</u>	<u>239,272</u>	<u>1,464,245</u>	<u>2,076,546</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 395,238</u>	<u>\$ -</u>	<u>\$ 175,349</u>	<u>\$ 1,464,245</u>	<u>\$ 2,034,832</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ (2,087,869)	\$ 61,505	\$ (61,944)	\$ (328,799)	\$ (2,417,107)
Adjustments to reconcile income (loss) to net cash flows from operating activities:					
Non-operating income	208,393	-	7,939	-	216,332
Depreciation	2,132,182	-	-	-	2,132,182
Change in assets and liabilities:					
Other accounts receivable	(8,016)	125,487	1,874	-	119,345
Inventories	(19,149)	-	-	-	(19,149)
Prepays	-	12,978	-	-	12,978
Accounts payable	13,266	(58,409)	4,766	-	(40,377)
Accrued liabilities	3,542	814	(14,392)	-	(10,036)
Due to other funds	-	(140,530)	-	-	(140,530)
Accrued compensated absences	(1,586)	(1,845)	(2,053)	-	(5,484)
Postemployment benefits liability	<u>-</u>	<u>-</u>	<u>-</u>	<u>328,799</u>	<u>328,799</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 240,763</u>	<u>\$ -</u>	<u>\$ (63,810)</u>	<u>\$ -</u>	<u>\$ 176,953</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Contributed property and equipment	<u>\$ 2,050,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,050,572</u>

FIDUCIARY FUND

AGENCY FUNDS

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

TAX COLLECTION FUND

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

CITY OF APPLETON

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND As of December 31, 2013

	Balance 1-1-13	Additions	Deductions	Balance 12-31-13
TAX COLLECTIONS				
Assets				
Cash and investments	\$ 48,852,365	\$ 52,258,917	\$ 48,852,365	\$ 52,258,917
Property taxes receivable	<u>23,955,545</u>	<u>20,717,733</u>	<u>23,955,545</u>	<u>20,717,733</u>
 TOTAL ASSETS	 <u>\$ 72,807,910</u>	 <u>\$ 72,976,650</u>	 <u>\$ 72,807,910</u>	 <u>\$ 72,976,650</u>
 Liabilities				
Due to other taxing authorities	\$ 72,729,876	\$ 72,908,978	\$ 72,729,876	\$ 72,908,978
Accounts payable	<u>78,034</u>	<u>67,672</u>	<u>78,034</u>	<u>67,672</u>
 TOTAL LIABILITIES	 <u>\$ 72,807,910</u>	 <u>\$ 72,976,650</u>	 <u>\$ 72,807,910</u>	 <u>\$ 72,976,650</u>

STATISTICAL SECTION

**STATISTICAL
SECTION**

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Invested in Capital Assets, net of related debt	\$ 232,641,235	\$ 240,869,557	\$ 251,427,513	\$ 256,159,970	\$ 275,565,973	\$ 292,088,865	\$ 301,042,119	\$ 304,733,210	\$ 306,228,924	\$ 309,789,370
Restricted	6,429,747	6,796,749	6,868,633	6,825,544	6,874,327	6,778,453	7,014,412	8,193,931	10,030,642	8,784,010
Unrestricted	(13,022,089)	6,092,284	5,749,677	13,282,781	13,815,530	20,215,128	15,672,956	23,726,812	29,431,129	29,867,808
Total Governmental Activities Net Position	226,048,893	253,758,590	264,045,823	276,268,295	296,255,830	319,082,446	323,729,487	336,653,953	345,690,695	348,441,188
Business-type Activities										
Invested in Capital Assets, net of related debt	164,337,658	171,026,349	178,165,977	172,857,282	175,623,218	181,388,463	181,147,366	184,841,387	183,532,977	184,439,245
Restricted	10,482,382	10,852,698	9,249,057	11,781,325	14,167,468	14,656,581	11,541,965	9,893,897	12,373,494	11,061,314
Unrestricted	25,205,527	12,692,909	11,951,190	21,546,219	23,317,930	19,762,345	28,025,987	33,541,714	39,547,284	43,996,538
Total Business-type Activities Net Position	200,025,567	194,571,956	199,366,224	206,184,826	213,108,616	215,807,389	220,715,318	228,276,998	235,453,755	239,497,097
Primary Government										
Invested in Capital Assets, net of related debt	396,978,893	410,473,911	425,890,500	426,736,257	448,610,849	471,187,897	480,204,886	487,906,774	488,423,709	493,234,053
Restricted	16,912,129	17,649,447	16,117,690	18,606,869	21,041,795	21,435,034	18,556,377	18,087,828	22,404,136	19,845,324
Unrestricted	12,183,438	20,207,188	21,403,857	37,109,995	39,711,802	42,266,904	45,683,542	58,936,349	70,316,605	74,858,908
Total Primary Government Net Position	\$ 426,074,460	\$ 448,330,546	\$ 463,412,047	\$ 482,453,121	\$ 509,364,446	\$ 534,889,835	\$ 544,444,805	\$ 564,930,951	\$ 581,144,450	\$ 587,938,285

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
General Government	\$ 6,419,439	\$ 6,945,784	\$ 6,791,974	\$ 8,800,555	\$ 9,034,711	\$ 9,803,592	\$ 13,706,195	\$ 9,109,045	\$ 8,716,117	\$ 8,408,466
Public Safety	23,575,858	24,424,002	24,478,781	25,981,454	26,734,234	26,793,172	28,042,833	27,370,398	27,503,588	31,862,833
Public Works	15,521,570	16,935,291	16,394,553	15,318,805	18,453,713	15,845,722	16,995,311	21,159,672	19,736,896	22,586,195
Education & Recreation	8,667,868	8,706,013	8,827,228	8,977,181	9,558,936	9,505,050	9,215,036	7,337,247	7,327,066	7,936,225
Community Development	2,450,493	2,532,059	2,300,154	1,982,044	1,893,734	2,362,625	3,647,803	3,525,353	2,272,772	2,743,633
Interest	3,983,171	2,070,103	4,731,390	2,790,898	2,537,817	2,624,393	2,428,491	2,201,902	1,996,256	2,014,417
Total Governmental Activities	60,618,399	61,613,252	63,524,080	63,850,937	68,213,145	66,934,554	74,035,469	70,703,617	67,552,695	75,551,769
Business-type Activities										
Water	11,384,777	12,075,437	13,734,286	14,431,806	13,794,313	14,218,376	14,456,132	14,960,496	15,311,621	16,302,030
Wastewater	10,901,021	10,714,320	10,527,573	10,919,223	11,193,807	11,004,780	11,039,780	10,792,194	9,915,016	10,244,112
Valley Transit	6,454,888	6,577,385	6,884,932	7,367,991	8,194,083	7,869,264	8,237,666	8,292,425	8,189,269	8,773,289
Stormwater	3,974,123	4,347,493	4,711,912	5,036,135	5,504,427	5,754,175	6,322,301	6,042,858	6,472,284	6,811,514
Other non-major enterprise funds	2,482,916	2,454,170	2,482,848	2,534,889	2,751,205	2,190,096	2,295,987	1,919,267	2,171,030	2,242,132
Total Business-type Activities	35,197,725	36,168,805	38,341,551	40,290,044	41,437,835	41,036,691	42,351,866	42,007,240	42,059,220	44,373,077
Total - Primary Government	\$ 95,816,124	\$ 97,782,057	\$ 101,865,631	\$ 104,140,981	\$ 109,650,980	\$ 107,971,245	\$ 116,387,335	\$ 112,710,857	\$ 109,611,915	\$ 119,924,846
Program Revenues										
Governmental Activities:										
Charges for Service	\$ 4,285,207	\$ 4,195,931	\$ 4,629,519	\$ 4,192,537	\$ 4,256,826	\$ 5,736,414	\$ 5,229,374	\$ 5,561,599	\$ 5,569,974	\$ 6,483,565
Operating Grants & Contributions	2,470,595	2,984,118	2,986,715	2,734,921	5,734,618	6,242,490	6,666,648	6,440,559	5,221,263	5,148,710
Capital Grants & Contributions	7,176,121	6,861,161	6,332,043	5,922,608	14,461,771	15,244,780	6,432,635	10,254,959	6,130,651	9,124,671
Total Governmental Activities	13,931,923	14,041,210	13,948,277	12,850,066	24,453,215	27,223,684	18,328,657	22,257,117	16,921,888	20,756,946
Business-type Activities										
Charges for Service	14,143,690	14,251,543	14,373,765	17,773,481	17,444,729	18,483,569	18,155,384	20,334,751	20,932,453	20,316,037
Water	8,153,375	7,942,307	9,684,273	9,737,880	9,299,844	8,705,216	8,439,730	9,687,803	10,601,634	10,486,298
Valley Transit	899,244	983,778	1,136,722	1,163,950	1,310,187	1,452,588	1,383,740	1,512,804	1,485,517	1,547,558
Stormwater	3,835,617	3,933,221	5,713,662	6,151,417	6,336,084	6,291,673	6,776,766	7,196,739	7,251,853	8,146,867
Other non-major enterprise funds	2,575,747	2,593,791	2,847,392	2,863,151	2,830,333	2,716,563	2,480,431	2,820,305	2,878,553	2,835,778
Operating Grants & Contributions	4,560,499	4,401,611	4,599,362	5,006,545	5,526,780	5,499,174	5,856,887	5,911,742	5,815,980	6,204,695
Capital Grants & Contributions	7,303,800	4,995,504	4,094,711	2,398,543	3,388,620	2,290,162	3,923,537	2,383,154	1,773,549	1,296,144
Total Business-type Activities	41,471,972	39,101,755	42,449,887	45,094,967	46,136,577	45,438,945	47,016,475	49,847,298	50,739,539	50,833,377
Total - Primary Government	\$ 55,403,895	\$ 53,142,965	\$ 56,398,164	\$ 57,945,033	\$ 70,589,792	\$ 72,662,629	\$ 65,345,132	\$ 72,104,415	\$ 67,661,427	\$ 71,590,323
Net (Expense)/Revenue										
Governmental Activities	(46,686,476)	(47,572,042)	(49,575,803)	(51,000,871)	(43,759,930)	(39,710,870)	(55,706,812)	(48,446,500)	(50,630,807)	(54,794,823)
Business-Type Activities	6,274,247	2,932,950	4,108,336	4,804,923	4,698,742	4,402,254	4,664,609	7,840,058	8,680,319	6,460,300
Total Primary Government Net Position	\$ (40,412,229)	\$ (44,639,092)	\$ (45,467,467)	\$ (46,195,948)	\$ (39,061,188)	\$ (35,308,616)	\$ (51,042,203)	\$ (40,606,442)	\$ (41,950,488)	\$ (48,334,523)

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues & Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes	32,883,651	34,909,951	36,843,733	38,745,650	41,461,893	41,920,273	40,296,877	40,724,725	41,605,012	41,155,010
Other Taxes	1,195,606	1,060,335	790,509	989,071	869,514	743,076	862,279	840,215	801,134	838,567
Intergovernmental revenues not restricted to specific programs	16,084,242	16,015,538	16,833,670	17,219,716	14,866,313	14,309,349	13,916,622	13,873,673	12,320,048	12,207,975
Investment income	2,182,845	1,682,999	5,470,655	4,877,181	4,634,775	1,562,496	2,703,110	2,936,126	1,997,644	1,041,540
Gain(Loss) on the sale of assets	135,307	2,255,997	532,942	432,440	275,699	298,632	208,401	297,709	358,693	128,766
Miscellaneous	1,224,976	790,190	-	51,861	130,482	116,175	190,944	92,842	94,767	93,731
Transfers	591,386	11,918,030	836,691	907,424	1,508,789	2,178,788	2,175,620	2,605,676	2,490,251	2,079,727
Total general revenues and transfers	54,298,013	68,633,040	61,308,200	63,223,343	63,747,465	61,128,789	60,353,853	61,370,966	59,667,549	57,545,316
Business-type Activities										
Investment income	788,552	791,730	1,452,672	3,098,764	3,726,367	475,003	2,412,385	2,310,471	977,420	(350,702)
Gain(Loss) on the sale of assets	-	-	-	338,957	1,251	255	-	-	4,100	(3,362)
Miscellaneous	18,750	11,816	68,918	159,557	6,219	49	6,555	16,827	5,169	16,833
Transfers	(591,386)	(11,918,030)	(836,691)	(907,424)	(1,508,789)	(2,178,788)	(2,175,620)	(2,605,676)	(2,490,251)	(2,079,727)
Total Business-type Activities	215,916	(11,114,484)	684,899	2,689,854	2,225,048	(1,703,481)	243,320	(278,378)	(1,503,562)	(2,416,958)
Total Primary Government	\$ 54,513,929	\$ 57,518,556	\$ 61,993,099	\$ 65,913,197	\$ 65,972,513	\$ 59,425,308	\$ 60,597,173	\$ 61,092,588	\$ 58,163,987	\$ 55,128,358
Change in Net Position	\$ 7,611,537	\$ 21,060,998	\$ 11,732,397	\$ 12,222,472	\$ 19,987,535	\$ 21,417,919	\$ 4,647,041	\$ 12,924,466	\$ 9,036,742	\$ 2,750,493
Governmental Activities:	6,490,163	(8,181,534)	4,793,235	7,494,777	6,923,790	2,698,773	4,907,929	7,561,680	7,176,757	4,043,342
Business-type Activities	14,101,700	12,879,464	16,525,632	19,717,249	26,911,325	24,116,692	9,554,970	20,486,146	16,213,499	6,793,835
Total Primary Government										

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
General Government	\$ 560,841	\$ 551,625	\$ 922,350	\$ 719,464	\$ 513,367	\$ 1,199,330	\$ 1,154,822	\$ 1,507,939	\$ 1,380,517	\$ 1,001,379
Public Safety	1,869,967	2,059,771	2,020,978	1,912,579	2,159,092	1,758,084	2,043,891	2,056,640	1,973,360	4,411,076
Public Works	8,825,461	8,363,126	7,513,891	6,787,697	18,966,301	20,838,101	10,788,629	14,847,671	9,916,370	11,115,128
Education & Recreation	1,645,419	1,690,834	1,623,161	2,087,549	1,710,864	1,699,207	1,916,289	2,105,605	1,770,440	1,794,015
Community Development	1,030,235	1,375,854	1,867,897	1,342,777	1,103,591	1,728,962	2,425,026	1,739,262	1,881,201	2,436,348
Total Governmental Activities	13,931,923	14,041,210	13,948,277	12,850,066	24,453,215	27,223,684	18,328,657	22,257,117	16,921,888	20,756,946
Business-type Activities										
Water	15,087,868	15,044,585	14,865,848	17,808,923	18,310,360	18,696,899	19,117,632	20,461,743	21,014,274	20,344,681
Wastewater	9,273,617	9,353,598	10,907,330	10,265,003	10,484,298	9,123,831	9,456,505	10,599,946	11,381,389	10,814,267
Valley Transit	8,957,170	6,514,788	6,192,470	6,317,752	6,985,997	7,243,607	7,876,370	8,030,058	7,569,660	7,878,741
Stormwater	5,577,570	5,594,993	7,636,847	7,814,638	7,525,589	7,658,045	8,085,537	7,935,246	7,895,663	8,736,897
Other non-major enterprise funds	2,575,747	2,593,791	2,847,392	2,888,651	2,830,333	2,716,563	2,480,430	2,820,305	2,878,553	3,058,791
Total Business-type Activities	41,471,972	39,101,755	42,449,887	45,094,967	46,136,577	45,438,945	47,016,474	49,847,298	50,739,539	50,833,377
Total - Primary Government	\$ 55,403,895	\$ 53,142,965	\$ 56,398,164	\$ 57,945,033	\$ 70,589,792	\$ 72,662,629	\$ 65,345,131	\$ 72,104,415	\$ 67,661,427	\$ 71,590,323

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

	2004	2005	2006	2007	2008	2009	2010	2011 ⁽¹⁾	2012	2013
General Fund										
Reserved for:										
Inventories	\$ 624,307	\$ 631,367	\$ 598,994	\$ 512,923	\$ 575,485	\$ 684,658	\$ 890,237	\$ -	\$ -	\$ -
Prepaid items	37,156	15,564	9,792	4,475	1,856	7,155	34,111	-	-	-
Noncurrent receivables/advances	11,706,947	11,193,955	10,609,275	11,545,439	10,040,207	8,935,430	10,479,175	-	-	-
Encumbrances	1,386,837	1,281,556	2,071,583	2,612,921	1,997,140	2,257,554	2,031,468	-	-	-
Unreserved	15,098,001	18,495,639	20,150,224	20,276,004	20,782,786	19,321,315	19,362,624	-	-	-
Nonspendable										
Restricted	-	-	-	-	-	-	-	12,268,106	12,568,872	11,255,209
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	107,259	-	-
Unassigned (Deficit)	-	-	-	-	-	-	-	10,027,784	9,921,339	10,983,149
Total General Fund	\$ 28,853,248	\$ 31,618,081	\$ 33,439,868	\$ 34,951,762	\$ 33,397,474	\$ 31,206,112	\$ 32,797,615	\$ 34,981,225	\$ 36,818,583	\$ 33,499,822
All Other Governmental Funds										
Reserved for:										
Prepaid items	\$ 1,308,374	\$ 1,187,549	\$ 313,569	\$ 16,588	\$ 539,196	\$ 52,860	\$ -	\$ -	\$ -	\$ -
Debt service	1,327,663	4,058,957	2,686,620	4,801,361	4,721,695	3,187,167	2,195,894	-	-	-
Encumbrances	15,703	16,070	16,364	32,093	33,746	34,043	33,652	-	-	-
Trust purposes	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	(32,061,055)	(14,206,164)	(10,447,261)	(7,623,548)	(3,480,930)	1,248,662	(10,485,197)	-	-	-
Capital projects funds	11,461,170	13,252,019	8,186,649	6,872,235	9,420,766	5,136,208	6,552,711	-	-	-
Nonspendable										
Restricted	-	-	-	-	-	-	-	33,655	34,221	34,755
Committed	-	-	-	-	-	-	-	1,868,147	3,165,793	2,282,659
Assigned	-	-	-	-	-	-	-	928,906	980,818	1,087,732
Unassigned (Deficit)	-	-	-	-	-	-	-	6,342,088	10,497,302	6,337,120
Total All Other Governmental Funds	(17,948,145)	4,308,431	1,742,097	4,907,682	11,819,059	10,050,456	(1,518,072)	(5,501,994)	(1,262,030)	(7,189,996)
Total Governmental Funds	\$ 10,905,103	\$ 35,926,512	\$ 35,181,965	\$ 39,859,444	\$ 45,216,533	\$ 41,256,568	\$ 31,279,543	\$ 29,479,231	\$ 35,556,553	\$ 26,309,826

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Taxes	\$ 34,079,257	\$ 35,970,286	\$ 37,634,241	\$ 39,734,722	\$ 42,331,407	\$ 42,663,349	\$ 41,159,156	\$ 41,564,939	\$ 42,406,146	\$ 41,993,577
Intergovernmental	18,663,193	19,211,564	19,671,713	19,661,932	19,544,970	19,880,980	20,322,514	19,681,477	17,625,603	19,542,869
Licenses and permits	855,231	921,707	938,603	858,761	809,009	823,787	990,827	895,927	1,018,228	1,086,494
Fines and forfeitures	281,958	251,401	271,530	315,809	346,338	342,923	356,971	359,662	384,340	334,540
Special assessments	2,504,028	2,557,843	2,667,675	2,096,649	1,811,687	2,340,813	1,668,528	2,618,990	1,843,227	2,069,839
Investment income	2,635,922	3,301,704	4,541,476	5,837,658	6,219,416	1,198,520	2,175,324	2,263,766	1,471,859	200,720
Charges for services	2,329,281	2,238,306	2,019,299	1,934,088	2,022,981	1,850,129	1,847,220	2,264,612	2,459,518	2,552,360
Other	2,976,130	2,989,714	3,393,516	3,306,896	4,280,040	5,496,329	4,987,458	3,768,553	4,618,445	5,260,163
Total Revenues	64,325,000	67,442,525	71,138,053	73,746,515	77,365,848	74,596,830	73,507,998	73,417,926	71,827,366	73,040,562
EXPENDITURES										
Current:										
General government	6,168,655	6,660,800	6,573,075	6,763,061	7,337,745	7,244,850	13,102,235	8,143,213	7,643,472	7,297,364
Public safety	22,986,627	23,539,036	23,884,518	25,106,325	26,172,339	26,365,040	27,285,984	27,073,709	27,169,713	27,941,935
Public works	13,660,780	13,486,345	13,236,170	13,922,268	16,059,000	14,513,842	15,656,093	16,323,554	14,951,964	17,373,663
Education and recreation	8,040,579	8,113,321	8,442,800	8,465,184	9,031,230	8,871,494	8,910,684	7,146,178	7,181,076	7,375,059
Community development	3,072,314	3,183,793	2,507,602	2,302,663	2,214,341	2,635,868	3,348,654	3,052,110	2,607,382	2,991,128
Capital Outlay	7,000,266	8,264,711	10,762,860	9,342,876	15,824,263	18,061,037	8,380,704	7,595,439	6,974,759	14,281,748
Debt Service:										
Principal retirement	5,746,890	5,708,427	9,333,847	7,121,471	5,944,027	6,578,288	6,755,336	7,021,625	8,761,870	6,057,333
Interest and fiscal charges	3,939,715	(1,836,951)	4,646,345	2,785,191	2,553,619	2,604,636	2,527,447	2,304,241	2,235,391	1,924,256
Total Expenditures	70,615,826	67,119,482	79,387,217	75,809,059	85,136,564	86,875,045	85,967,137	78,660,069	77,525,627	85,232,486
Excess (deficiency) of revenues over (under) expenditures	(6,290,826)	323,043	(8,249,164)	(2,062,544)	(7,770,716)	(12,278,215)	(12,459,139)	(5,242,143)	(5,698,261)	(12,191,924)
OTHER FINANCING SOURCES (USES)										
Debt issued	1,099,352	12,246,220	5,180,387	5,165,000	11,195,000	5,735,000	-	-	8,380,000	-
Premium on debt issued	-	133,344	886	21,395	19,785	57,086	-	-	267,514	-
Refunding debt issued	-	-	-	-	(126,196)	-	-	-	-	-
Payments to escrow agents	-	(5,240,154)	-	-	-	-	-	-	-	-
Promissory note issued	-	-	-	-	-	-	-	500,000	300,000	-
Sale of city properties	1,683,147	4,376,356	605,603	214,675	362,631	93,404	34,854	11,962	102,799	10,714
Transfers in	7,399,121	20,744,753	10,713,616	8,863,513	11,630,997	9,752,946	16,929,723	9,727,630	9,073,938	9,285,409
Transfers out	(6,875,712)	(7,562,153)	(8,995,875)	(7,524,560)	(9,954,412)	(7,320,186)	(14,482,463)	(6,797,761)	(6,348,668)	(6,350,926)
Total Other Financing Sources (Uses)	3,305,908	24,698,366	7,504,617	6,740,023	13,127,805	8,318,250	2,482,114	3,441,831	11,775,583	2,945,197
Net Change in Fund Balances	(2,984,918)	25,021,409	(744,547)	4,677,479	(3,959,965)	(3,959,965)	(9,977,025)	(1,800,312)	6,077,322	(9,246,727)
FUND BALANCES (DEFICIT) - Beginning (as restated)	13,890,021	10,905,103	35,926,512	35,181,965	39,859,444	45,216,533	41,256,568	31,279,543	29,479,231	35,556,553
FUND BALANCES (DEFICIT) - ENDING	\$ 10,905,103	\$ 35,926,512	\$ 35,181,965	\$ 39,859,444	\$ 45,216,533	\$ 41,256,568	\$ 31,279,543	\$ 29,479,231	\$ 35,556,553	\$ 26,309,826
Debt service as a percent of non-capital expenditures	20.7%	16.2%	27.1%	18.6%	15.0%	19.2%	17.5%	17.8%	18.9%	12.2%

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

<u>Levy Year</u>	<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Agricultural Property</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value^A</u>	<u>Total Direct Tax Rate^B</u>	<u>Estimated Actual Taxable Value^C</u>	<u>Assessed as Percent of Estimated Actual Value^D</u>
2004	2005	2,669,283,400	756,401,000	153,906,600	134,200	114,535,530	3,694,260,730	8.5035	3,897,467,400	94.79%
2005	2006	2,754,366,400	854,361,200	143,387,200	229,600	122,876,400	3,875,220,800	8.4351	4,168,388,400	92.97%
2006	2007	3,223,179,200	895,088,600	155,893,700	160,700	129,273,600	4,403,595,800	7.6845	4,350,186,400	101.23%
2007	2008	3,282,743,500	960,472,700	153,616,800	206,800	128,718,000	4,525,757,800	7.9258	4,575,642,000	98.91%
2008	2009	3,326,884,100	1,014,816,800	156,247,000	206,400	143,801,600	4,641,955,900	7.9594	4,711,007,500	98.53%
2009	2010	3,358,972,100	1,099,921,700	151,449,600	200,600	142,907,700	4,753,451,700	7.9463	4,789,062,900	99.26%
2010	2011	3,339,934,400	1,129,570,400	141,693,800	694,900	141,066,900	4,752,960,400	8.0496	4,851,596,300	97.97%
2011	2012	3,361,411,700	1,141,289,300	140,626,100	702,800	138,922,800	4,782,952,700	8.1510	4,797,103,500	99.71%
2012	2013	3,372,982,200	1,143,624,000	144,354,500	737,300	139,735,300	4,801,433,300	8.0311	4,651,408,600	103.23%
2013	2014	3,384,096,700	1,137,054,900	150,106,100	855,800	146,345,800	4,818,459,300	8.1358	4,622,312,200	104.24%

Notes:

- A. Source: Wisconsin Department of Revenue, Final Statement of Assessment. The values shown include TIF districts.
- B. Source: City of Appleton Budget and Service Plan. The rate shown is for properties in Outagamie County and served by the Appleton Area School District.
- C. Source: Wisconsin Department of Revenue, County Equalization Report.
- D. Property in the City of Appleton is reassessed every four to five years on average, with the goal of assessing it at 100% of market value. Between major reassessments, property values are updated based on sales of comparable properties.

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

Last Ten Fiscal Years

OUTAGAMIE COUNTY/APPLETON AREA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate ⁽¹⁾	Appleton School District	FVTC	Outagamie County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
2004	2005	\$ 7.66	\$ 0.84	\$ 8.50	\$ 8.92	\$ 1.82	\$ 4.73	\$ 0.21	\$ 25.97	\$ 1.13	\$ 23.05
2005	2006	7.63	0.81	8.44	8.94	1.83	4.74	0.20	26.55	1.06	23.09
2006	2007	6.95	0.73	7.68	7.95	1.65	4.25	0.17	26.54	1.18	20.52
2007	2008	7.13	0.80	7.93	7.96	1.69	4.33	0.17	24.14	1.28	20.79 *
2008	2009	7.20	0.76	7.96	8.13	1.71	4.37	0.17	23.90	1.36	20.98
2009	2010	7.18	0.77	7.95	8.50	1.73	4.41	0.17	22.76	1.30	21.46
2010	2011	7.21	0.84	8.05	9.29	1.82	4.53	0.17	23.86	1.31	22.55
2011	2012	7.48	0.67	8.15	9.21	1.80	4.58	0.17	23.91	1.31	22.60
2012	2013	7.36	0.67	8.03	9.03	1.91	4.56	0.16	23.69	1.48	22.22 *
2013	2014	7.53	0.61	8.14	9.01	1.89	4.52	0.16	23.72	1.43	22.29

OUTAGAMIE COUNTY/MENASHA SCHOOL DISTRICT

Per \$1,000 of Assessed Value

Levy Year	Collection Year	Basic Rate	G.O. Debt Service	City of Appleton Direct Rate ⁽¹⁾	Menasha School District	FVTC	Outagamie County	State of Wisconsin	Gross Tax Rate	State Tax Credits	Net Tax Rate
2004	2005	\$ 7.66	\$ 0.84	\$ 8.50	\$ 9.98	\$ 1.82	\$ 4.73	\$ 0.21	\$ 25.24	\$ 1.13	\$ 24.11
2005	2006	7.63	0.81	8.44	9.37	1.83	4.74	0.20	24.58	1.06	23.52
2006	2007	6.95	0.73	7.68	8.76	1.65	4.25	0.17	22.51	1.18	21.33
2007	2008	7.13	0.80	7.93	8.33	1.69	4.33	0.17	22.45	1.28	21.16 *
2008	2009	7.20	0.76	7.96	8.78	1.71	4.37	0.17	22.99	1.36	21.63
2009	2010	7.18	0.77	7.95	9.47	1.73	4.41	0.17	23.73	1.30	22.43
2010	2011	7.21	0.84	8.05	9.73	1.82	4.53	0.17	24.30	1.31	22.99
2011	2012	7.48	0.67	8.15	9.83	1.80	4.58	0.17	24.53	1.31	23.22
2012	2013	7.36	0.67	8.03	9.57	1.91	4.56	0.16	24.23	1.48	22.76 *
2013	2014	7.53	0.61	8.14	9.94	1.89	4.52	0.16	24.65	1.43	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
2004	2005	\$ 7.66	\$ 0.84	\$ 8.50	\$ 9.62	\$ 1.82	\$ 4.73	\$ 0.21	\$ 24.88	\$ 1.13	\$ 23.75
2005	2006	7.63	0.81	8.44	9.01	1.83	4.74	0.20	24.22	1.06	23.16
2006	2007	6.95	0.73	7.68	7.88	1.65	4.25	0.17	21.63	1.18	20.46 *
2007	2008	7.13	0.80	7.93	8.19	1.69	4.33	0.17	22.31	1.28	21.01 *
2008	2009	7.20	0.76	7.96	7.90	1.71	4.37	0.17	22.11	1.36	20.75
2009	2010	7.18	0.77	7.95	9.19	1.73	4.41	0.17	23.45	1.30	22.15
2010	2011	7.21	0.84	8.05	9.00	1.82	4.53	0.17	23.57	1.31	22.26
2011	2012	7.48	0.67	8.15	9.15	1.80	4.58	0.17	23.85	1.31	22.54
2012	2013	7.36	0.67	8.03	9.06	1.91	4.56	0.16	23.72	1.48	22.25 *
2013	2014	7.53	0.61	8.14	9.23	1.89	4.52	0.16	23.94	1.43	22.51

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
2004	2005	\$ -	-	-	-	-	-	-	-	-	-
2005	2006	-	-	-	-	-	-	-	-	-	-
2006	2007	-	-	-	-	-	-	-	-	-	-
2007	2008	-	-	-	-	-	-	-	-	-	-
2008	2009	7.20	-	-	8.22	-	-	-	8.22	-	21.08 *
2009	2010	7.18	0.77	7.95	8.75	1.73	4.41	0.17	23.01	1.30	21.71
2010	2011	7.21	0.84	8.05	9.38	1.82	4.53	0.17	23.95	1.31	22.65 *
2011	2012	7.48	0.67	8.15	9.27	1.80	4.58	0.17	23.97	1.31	22.66
2012	2013	7.36	0.67	8.03	8.92	1.91	4.56	0.16	23.58	1.48	22.11 *
2013	2014	7.53	0.61	8.14	8.96	1.89	4.52	0.16	23.67	1.43	22.24

* 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
2004	2005	\$ 7.68	\$ 0.84	\$ 8.52	\$ 8.93	\$ 1.82	\$ 4.66	\$ 0.21	\$ 24.14	\$ 1.09	\$ 23.05
2005	2006	7.54	0.80	8.34	8.85	1.81	4.50	0.20	23.70	1.04	22.66
2006	2007	7.02	0.73	7.75	8.01	1.67	4.05	0.17	21.65	1.16	20.48 *
2007	2008	7.16	0.80	7.96	7.99	1.69	4.11	0.17	21.92	1.29	20.64 *
2008	2009	7.16	0.75	7.91	8.09	1.70	4.13	0.17	22.00	1.38	20.62
2009	2010	7.10	0.77	7.87	8.42	1.71	4.17	0.17	22.34	1.27	21.08 *
2010	2011	7.17	0.83	8.00	9.24	1.81	4.48	0.17	23.70	1.22	22.47 *
2011	2012	7.44	0.66	8.10	9.15	1.79	4.46	0.17	23.67	1.23	22.45 *
2012	2013	7.33	0.66	7.99	8.98	1.90	4.38	0.16	23.41	1.24	22.17
2013	2014	7.51	0.60	8.11	8.98	1.89	4.40	0.16	23.54	1.25	22.29

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
2004	2005	\$ 7.68	\$ 0.84	\$ 8.52	\$ 10.10	\$ 1.82	\$ 4.66	\$ 0.21	\$ 25.31	\$ 1.09	\$ 24.22
2005	2006	7.54	0.80	8.34	9.68	1.81	4.50	0.20	24.53	1.04	23.49
2006	2007	7.02	0.73	7.75	9.53	1.67	4.05	0.17	23.17	1.16	22.00 *
2007	2008	7.16	0.80	7.96	9.38	1.69	4.11	0.17	23.31	1.29	22.03 *
2008	2009	7.16	0.75	7.91	9.02	1.70	4.13	0.17	22.93	1.38	21.56 *
2009	2010	7.10	0.77	7.87	9.39	1.71	4.17	0.17	23.31	1.27	22.04
2010	2011	7.17	0.83	8.00	10.09	1.81	4.48	0.17	24.55	1.22	23.33
2011	2012	7.44	0.66	8.10	10.22	1.79	4.46	0.17	24.74	1.23	23.51
2012	2013	7.33	0.66	7.99	10.14	1.90	4.38	0.16	24.57	1.24	23.33
2013	2014	7.51	0.60	8.11	9.88	1.89	4.40	0.16	24.44	1.25	23.19

* 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
2004	2005	\$ 7.72	\$ 0.84	\$ 8.56	\$ 8.97	\$ 1.83	\$ 5.72	\$ 0.21	\$ 25.29	\$ 1.33	\$ 23.96
2005	2006	7.54	0.80	8.34	8.84	1.81	5.64	0.20	24.83	1.25	23.58
2006	2007	7.33	0.76	8.09	8.36	1.74	5.55	0.18	23.92	1.52	22.40
2007	2008	7.43	0.83	8.26	8.29	1.76	5.73	0.18	24.22	1.63	22.58 *
2008	2009	7.24	0.76	8.00	8.17	1.72	5.55	0.17	23.61	1.65	21.96
2009	2010	7.10	0.76	7.86	8.40	1.71	5.54	0.17	23.68	1.45	22.23
2010	2011	7.39	0.86	8.25	9.67	1.86	5.96	0.18	25.92	1.42	24.50
2011	2012	7.40	0.66	8.06	9.10	1.78	5.62	0.17	24.73	1.29	23.43 *
2012	2013	7.60	0.69	8.29	9.31	1.97	5.71	0.17	25.45	1.31	24.14
2013	2014	7.83	0.63	8.46	9.37	1.97	5.40	0.17	25.37	1.36	24.02 *

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
2004	2005	\$ 7.72	\$ 0.84	\$ 8.56	\$ 10.05	\$ 1.83	\$ 5.72	\$ 0.21	\$ 26.37	\$ 1.33	\$ 25.04
2005	2006	7.54	0.80	8.34	9.27	1.81	5.64	0.20	25.26	1.25	24.01
2006	2007	7.33	0.76	8.09	9.21	1.74	5.55	0.18	24.77	1.52	23.25
2007	2008	7.43	0.83	8.26	8.68	1.76	5.73	0.18	24.61	1.63	22.97 *
2008	2009	7.24	0.76	8.00	8.82	1.72	5.55	0.17	24.26	1.65	22.61
2009	2010	7.10	0.76	7.86	9.36	1.71	5.54	0.17	24.64	1.45	23.19
2010	2011	7.39	0.86	8.25	9.95	1.86	5.96	0.18	26.20	1.42	24.79 *
2011	2012	7.40	0.66	8.06	9.71	1.78	5.62	0.17	25.34	1.29	24.04 *
2012	2013	7.60	0.69	8.29	9.85	1.97	5.71	0.17	25.99	1.31	24.67 *
2013	2014	7.83	0.63	8.46	10.34	1.97	5.40	0.17	26.34	1.36	24.98

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

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

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

	2013			2004			
	<u>Name</u>	<u>Nature of Business</u>	Taxable Assessed Value (A)	Percent of Total Assessed Value (B)	Rank	Taxable Assessed Value (A)	Percent of Total Assessed Value (B)
Pfefferle/Hoffman/Evans et al Pshps	Real Estate Development	\$ 46,006,000	0.96	1	25,481,300	0.69	1
Winters Properties et al	Real Estate Development	44,617,800	0.93	2	\$ 20,951,500	0.57	4
Plank Inv/Eisenhower /Kensington Prop	Real Estate Development	43,078,000	0.90	3			
Thomas Wright et al	Rental Properties	39,325,300	0.82	4	25,473,900	0.69	2
North Appleton Ambulatory Care Ctr	Medical Clinic	30,312,100	0.63	5			
LHPT Appleton	Hospital	22,764,600	0.47	6			
Appvion, Inc. (Appleton Papers)	NCR Paper Products	19,236,000	0.40	7	22,620,900	0.61	3
Thrivent/North Meadows	Insurance (C)	18,948,800	0.39	8	20,346,700	0.55	5
GCCFC (Paper Valley Hotel)	Hotel	17,037,600	0.35	9	17,489,300	0.47	7
VH Enterprise/Warehouse Spec. et al	Warehouse Storage	15,785,400	0.33	10	13,927,600	0.38	8
Gannett Midwest	Newspaper Publisher				11,804,400	0.32	10
Voith Inc./Voith Fabrics	Industrial Machines/Papermaker Felts				19,207,900	0.52	6
Walmart	Retail Store				13,834,200	0.37	9
Miller Electric Mfg.	Electric Arc Welders						
TOTAL		\$ 251,105,600	5.23		\$ 165,656,400	4.48	

(A) Per City Assessor's records.

(B) Based on the city's total January 1, 2012 and 2003 assessed valuation of \$4,801,433,300 and \$3,694,260,730, respectively, including personal property.

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

Schedule 9
CITY OF APPLETON
PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Collection Year	Total Tax Levy	Collections		Percent of Levy Collected	Total Tax Collections as of December 31	Total Collections as Percent of Current Levy	Outstanding Delinquent Taxes ^(A)	Outstanding Delinquent Taxes as Percent of Current Levy
		Prior to Transfer of Roll on August 1	of Roll on August 1					
2004	\$ 28,111,450	\$ 27,667,971		98.42	\$ 28,096,621	99.95	\$ 14,829	0.05 %
2005	29,532,807	29,109,910		98.57	29,504,923	99.91	27,884	0.09
2006	30,359,156	29,744,663		97.98	30,344,594	99.95	14,562	0.05
2007	31,260,387	30,601,198		97.89	31,260,370	100.00	17	0.00
2008	32,807,841	32,085,754		97.80	32,786,569	99.94	21,272	0.06
2009	34,150,080	33,354,943		97.67	34,125,979	99.93	24,101	0.07
2010	36,354,678	35,694,813		98.18	36,331,377	99.94	23,301	0.06
2011	37,004,526	36,382,944		98.32	36,984,655	99.95	19,871	0.05
2012	37,611,289	37,047,927		98.50	37,581,982	99.92	29,307	0.08
2013	37,260,671	36,807,857		98.78	37,233,502	99.93	27,169	0.07

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

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

	City Direct <u>Rate</u>	Outagamie County Direct <u>Rate</u>	Calumet County Direct <u>Rate</u>	Winnebago County Direct <u>Rate</u>	<u>Wisconsin</u>
2004	0.0	0.0	0.0	0.0	5.0 %
2005	0.0	0.0	0.0	0.0	5.0
2006	0.0	0.0	0.0	0.0	5.0
2007	0.0	0.0	0.0	0.0	5.0
2008	0.0	0.0	0.0	0.0	5.0
2009	0.0	0.0	0.0	0.0	5.0
2010	0.0	0.0	0.0	0.0	5.0
2011	0.0	0.0	0.0	0.0	5.0
2012	0.0	0.0	0.0	0.0	5.0
2013	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	Obligation Bonds for Business-type Activities	Capital Leases	Water Revenue Bonds	Wastewater Revenue Bonds	Stormwater Revenue Bonds						
2004	47,591,564	2,715,000	-	65,935,000	12,688,237	19,760,000			148,689,801	7.76%	2,068	
2005	48,805,437	2,606,847	-	66,090,000	10,978,711	19,200,000			147,680,995	7.48%	2,049	
2006	44,435,078	1,903,509	-	62,295,000	12,877,923	22,250,000			143,761,510	6.74%	1,997	
2007	42,241,816	1,428,509	-	69,340,000	13,719,989	26,610,000			153,340,314	6.99%	2,125	
2008	47,602,789	708,509	-	80,450,000	15,878,993	31,385,000			176,025,291	7.99%	2,435	
2009	46,751,834	708,509	-	76,025,000	13,483,990	40,605,000			177,574,333	8.39%	2,453	
2010	39,988,830	708,509	-	71,425,000	15,904,002	39,045,000			167,071,341	7.50%	2,301	
2011	32,959,538	708,509	-	69,820,000	18,318,020	37,220,000			159,026,067	7.13%	2,187	
2012	32,570,000	735,000	-	67,195,000	16,950,000	39,520,000			156,970,000	6.75%	2,156	
2013	27,005,000	725,000	-	68,910,000	16,195,000	43,810,000			156,645,000	N/A	2,141	

* N/A = Not Available.

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u> ⁽¹⁾	<u>Less Assets Restricted for Debt Service</u>	<u>Total Net Debt</u>	<u>Percentage of Actual Taxable Value of Property</u> ⁽²⁾	<u>Per Capita</u> ⁽³⁾
2004	50,306,564	(3,218,970)	47,087,594	1.21	655
2005	51,412,284	(3,941,778)	47,470,506	1.14	659
2006	46,338,587	(4,987,410)	41,351,177	0.95	574
2007	43,670,325	(4,633,083)	39,037,242	0.85	541
2008	48,311,298	(2,648,853)	45,662,445	0.97	632
2009	47,460,343	(2,570,018)	44,890,325	0.94	620
2010	40,697,339	(2,342,787)	38,354,552	0.79	528
2011	33,668,047	(1,972,070)	31,695,977	0.66	436
2012	33,305,000	(2,320,132)	30,984,868	0.67	426
2013	27,730,000	(1,503,052)	26,226,948	0.57	359

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

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

<u>Jurisdiction</u>	<u>Net Debt</u> <u>Outstanding</u>	<u>Percentage</u> <u>Applicable to City</u> <u>of Appleton</u>	<u>Amount</u> <u>Applicable to City</u> <u>of Appleton</u>
City of Appleton ^(A)	\$ 26,226,948	100.0000 %	\$ 26,226,948
<u>Overlapping Debt</u>			
Appleton Area School District	23,782,345	64.0000	15,220,701
Menasha Joint School District	40,866,364	4.2000	1,716,387
Kimberly Area School District	32,780,000	1.8400	603,152
Freedom Area School District	6,200,000	8.7650	543,430
Hortonville Area School District	28,135,000	0.0005	127
Fox Valley Technical College	91,720,485	13.6600	12,529,018
Outagamie County	46,049,741	29.9100	13,773,478
Calumet County	7,034,975	17.2000	1,210,016
Winnebago County	42,215,900	0.6275	264,905
Total Overlapping Debt			45,861,214
Total Direct And Overlapping Debt			\$ 72,088,162

^(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 2013:

Equalized Value of Real & Personal Property	\$ 4,622,312,200
Outagamie County	3,900,451,500
Calumet County	642,940,200
Winnebago County	78,920,500
Legal Debt Limit (5% of equalized value)	<u>231,115,610</u>
Amount of Debt Applicable to Debt Limitation:	
Total General Obligation Bonds and Notes Outstanding at December 31, 2013	27,730,000
Less: Assets in Government Fund Types Available for Debt Service	<u>(1,503,052)</u>
Amount of Debt Applicable to Debt Limit	<u>26,226,948</u>
Remaining Legal Debt Margin	<u>\$ 204,888,662</u>

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 194,873,370	\$ 208,419,420	\$ 217,509,320	\$ 228,782,100	\$ 235,550,375	\$ 239,453,145	\$ 242,579,815	\$ 239,855,175	\$ 232,570,430	\$ 231,115,610
Total net debt applicable to limit	<u>47,087,594</u>	<u>47,470,506</u>	<u>41,351,177</u>	<u>39,037,242</u>	<u>45,662,445</u>	<u>44,890,325</u>	<u>38,354,552</u>	<u>31,695,977</u>	<u>30,984,868</u>	<u>26,226,948</u>
Legal Debt Margin	<u>\$ 147,785,776</u>	<u>\$ 160,948,914</u>	<u>\$ 176,158,143</u>	<u>\$ 189,744,858</u>	<u>\$ 189,887,930</u>	<u>\$ 194,562,820</u>	<u>\$ 204,225,263</u>	<u>\$ 208,159,198</u>	<u>\$ 201,585,562</u>	<u>\$ 204,888,662</u>
Total net debt applicable to limit as a percentage of debt limit	24.16%	22.78%	19.01%	17.06%	19.39%	18.75%	15.81%	13.21%	13.32%	11.35%

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

Fiscal Year	Last Ten Fiscal Years										Coverage
	Gross Revenues ⁽¹⁾	Direct Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Total	Coverage			
				Principal	Interest	Total					
2004	\$ 14,333,414	\$ 5,292,495	\$ 9,040,919	\$ 3,820,000	\$ 2,786,904	\$ 6,606,904	1.37				
2005	14,415,014	5,858,708	8,556,306	4,115,000	2,778,618	6,893,618	1.24				
2006	14,711,828	7,479,725	7,232,103	4,105,000	3,164,590	7,269,590	0.99				
2007	18,648,036	8,073,424	10,574,612	6,314,707	3,332,401	9,647,108	1.10				
2008	18,412,335	7,533,995	10,878,340	5,015,000	3,121,486	8,136,486	1.34				
2009	18,650,289	7,466,058	11,184,231	5,015,000	3,121,486	8,136,486	1.37				
2010	18,937,401	6,934,385	12,003,016	5,015,000	3,121,486	8,136,486	1.48				
2011	20,939,470	7,455,689	13,483,781	5,135,000	3,237,096	8,372,096	1.61				
2012	21,253,750	7,903,181	13,350,569	5,465,000	3,065,044	8,530,044	1.57				
2013	20,195,484	8,250,694	11,944,790	5,465,000	3,316,279	8,781,279	1.36				

(Continued)

⁽¹⁾ Includes total operating revenues and investment income.

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

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

Last Ten Fiscal Years

Fiscal Year	Gross Revenues ⁽¹⁾	Direct Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 8,553,064	\$ 6,476,793	\$ 2,076,271	\$ 2,254,987	\$ 149,406	\$ 2,404,393	0.86
2005	8,279,773	6,077,023	2,202,750	2,154,987	102,266	2,257,253	0.98
2006	10,218,912	6,165,826	4,053,086	2,279,987	238,978	2,518,965	1.61
2007	11,080,701	6,533,954	4,546,747	2,359,987	340,571	2,700,558	1.68
2008	10,993,895	6,494,629	4,499,266	2,514,987	510,398	3,025,385	1.49
2009	8,889,435	6,275,498	2,613,937	2,514,987	510,398	3,025,385	0.86
2010	9,290,578	6,445,634	2,844,944	1,320,982	626,947	1,947,929	1.46
2011	10,517,300	6,371,307	4,145,993	1,368,020	726,072	2,094,092	1.98
2012	10,970,003	6,263,377	4,706,626	785,000	640,826	1,425,826	3.30
2013	10,344,862	6,282,545	4,062,317	785,000	640,826	1,425,826	2.85

(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	
2004	\$ 4,014,515	\$ 2,136,180	\$ 1,878,335	\$ 935,000	\$ 785,047	\$ 1,720,047	1.09
2005	4,196,249	2,273,075	1,923,174	935,000	785,047	1,720,047	1.12
2006	6,210,783	2,362,608	3,848,175	1,085,000	897,659	1,982,659	1.94
2007	6,777,951	2,574,353	4,203,598	1,235,000	1,149,707	2,384,707	1.76
2008	7,133,976	2,787,726	4,346,250	1,500,000	1,335,648	2,835,648	1.53
2009	6,376,258	2,800,619	3,575,639	2,535,000	931,565	3,466,565	1.03
2010	7,472,389	2,916,892	4,555,497	2,535,000	931,565	3,466,565	1.31
2011	7,996,827	2,551,104	5,445,723	2,535,000	931,565	3,466,565	1.57
2012	7,507,734	3,026,580	4,481,154	2,665,000	1,003,100	3,668,100	1.22
2013	8,066,016	2,706,960	5,359,056	3,055,000	1,102,066	4,157,066	1.29

⁽¹⁾ Includes total operating revenues and investment income.

⁽²⁾ Includes total operating expenses less depreciation.

Schedule 16
CITY OF APPLETON
DEMOGRAPHIC STATISTICS

Fiscal Year	Last Ten Fiscal Years					Annual Average Unemployment Rate ⁽⁶⁾
	Appleton Population ⁽¹⁾	Personal Income ⁽²⁾	AGI Per Return ⁽³⁾	School System Enrollment ⁽⁴⁾	Total Employment ⁽⁵⁾	
2004	71,895	1,914,976,268	45,631	15,075	37,188	6.1
2005	72,085	1,975,028,500	46,167	15,196	37,081	5.8
2006	72,004	2,132,152,832	48,635	15,166	37,046	6.0
2007	72,158	2,193,539,875	49,473	15,143	37,121	5.7
2008	72,297	2,203,834,342	50,501	15,148	37,226	5.8
2009	72,400	2,117,485,336	48,751	15,002	36,276	11.0
2010	72,623	2,229,079,843	50,653	14,953	36,481	10.2
2011	72,715	2,229,979,390	50,030	14,983	36,597	8.8
2012	72,810	2,325,748,850	51,600	15,087	36,660	8.2
2013	73,150	N/A *	N/A *	16,042	36,648	8.0

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

	2013			2004			
	<u>Company Name</u>	<u>Product or Service</u>	<u>Number of Employees *</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees *</u>	<u>Rank</u>
St. Elizabeth Hospital	Medical & Health Care Facility	1,902	1	5.2 %	1,030	7	2.8 %
Thrivent Investment Management, Inc.	Insurance	1,800	2	4.9	1,893	1	5.1
Appvion, Inc. (Appleton Papers)	NCR Paper Products	1,644	3	4.5	1,321	3	3.6
Appleton Area School District	Education	1,526	4	4.2	1,775	2	4.8
Miller Electric Manufacturing	Electric Arc Welders	1,426	5	3.9	1,200	6	3.2
The Boltdt Company	Nonresidential Construction	1,254	6	3.4			
Outagamie County	Government	1,240	7	3.4	1,262	4	3.4
Appleton Medical Center	Medical & Health Care Facility	1,230	8	3.4	1,230	5	3.3
West Business Services	Communication Services	1,000	9	2.7			
Faith Technologies	Electrical	1,000	10	2.7			
Valley Packaging Industries, Inc.	Hi-speed Packager				800	8	2.2
City of Appleton	Government				680	10	1.8
The Guardian Insurance Company	Insurance				700	9	1.9
Total		14,022		38.3 %	11,891		32.0 %
Total Employment		36,648			37,188		

* Includes Full- and Part-Time employees

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

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

DEPARTMENT	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Legal Services ¹	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Finance Department	15.00	15.00	15.00	15.70	15.80	16.00	16.00	15.00	15.00	14.50
Human Resources	8.60	8.60	8.60	8.60	8.60	8.60	8.80	8.80	8.80	8.80
Information Technology	15.40	15.40	15.40	15.40	15.40	15.00	15.00	12.00	12.00	12.00
Mayor's Office	2.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
Facilities Management	-	-	-	8.00	8.00	8.00	8.00	10.62	10.98	10.98
Total - General Government	51.00	52.00	52.00	60.70	60.80	60.60	60.80	58.42	58.77	58.28
Community Development ²	18.00	18.00	17.00	17.00	17.00	17.00	16.63	19.88	19.13	19.13
Recreation/Library/Transit										
Parks & Recreation ³	36.17	36.17	36.17	36.17	36.17	35.87	33.87	16.25	16.22	16.37
Library	46.00	46.00	45.50	45.50	45.50	45.50	45.50	45.00	44.50	45.00
Valley Transit	55.50	55.30	55.93	55.43	53.03	53.03	52.65	52.65	51.83	54.13
Total - Recreation/Library/Transit	137.67	137.47	137.60	137.10	134.70	134.40	132.02	113.90	112.55	115.50
Public Works	155.00	154.00	153.00	153.00	153.00	153.00	150.50	156.50	154.53	153.53
Public Health & Safety										
Health Department	16.55	17.55	17.60	17.40	17.20	16.20	16.15	15.95	14.20	14.00
Fire Department	90.00	90.00	90.00	89.00	89.00	89.00	89.00	88.00	88.00	88.00
Firefighters and Officers	12.00	12.00	12.00	12.00	12.00	12.00	9.50	9.00	8.00	8.00
Civilian & Administrative										
Police Department	102.00	102.00	102.00	105.00	105.00	106.00	106.00	105.00	105.00	105.00
Sworn	33.00	32.00	31.00	30.00	30.00	30.00	29.50	29.00	29.00	29.00
Civilian										
Total - Public Health & Safety	253.55	253.55	252.60	253.40	253.20	253.20	250.15	246.95	244.20	244.00
Water & Sewer Utilities	43.00	43.00	41.00	35.00	35.00	35.00	35.00	34.00	34.00	34.00
Total Regular Employees	<u>658.22</u>	<u>658.02</u>	<u>653.20</u>	<u>656.20</u>	<u>653.70</u>	<u>653.20</u>	<u>645.10</u>	<u>629.64</u>	<u>623.19</u>	<u>624.43</u>

Source: Finance and HR Departments.

Notes:

Full time employment is considered to be 2,080 hours per year. Full time equivalencies are calculated by dividing scheduled hours of work by 2,080.

1. The City Clerk's Office and the City Attorney's Office were merged in 2012 and are under the direction of the City Attorney. Prior periods have been restated for comparison.

2. The Assessor's Office was merged with Community Development in 2013. Prior periods have been restated for comparison.

3. The reduction shown above in staffing for Parks & Recreation in 2011 is the result of combining responsibility for like activities in other departments, specifically, maintenance of Parks structures was moved to the Facilities department and the forestry function, much of which takes place in the public right of way, was moved to Public Works. Similarly, creation of the Facilities department in 2006 entailed moving a number of maintenance staff positions from the Water and Sewer utilities.

Schedule 19
City of Appleton
Operating Indicators by Function/Program

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Building permits issued	854	756	712	705	577	552	560	572	511	537
Est. construction value (\$000)	68,789.4	124,847.8	91,707.3	88,629.5	102,632.9	101,957.4	58,369.2	46,054.4	49,084.3	88,486.7
School aged children vaccinated	99.6%	97.8%	99.4%	99.5%	99.5%	99.5%	94.8%	97.1%	99.1%	98.8%
Accurate weights & measures devices	95.9%	91.8%	95.0%	91.7%	93.5%	92.0%	94.4%	96.5%	96.6%	96.9%
Food-borne disease outbreaks	0	0	0	0	1	1	0	0	0	0
Police										
Calls for service	51,926	52,154	55,947	54,956	54,494	50,796	51,183	50,163	52,309	51,003
Reported Group A crimes	2,554	2,487	2,547	2,561	2,824	4,370	4,194	4,046	4,603	4,469
Reported Group B crimes	10,886	11,089	11,764	11,758	14,515	7,650	7,213	7,025	7,096	6,401
Fire										
Emergency response < 4 min.	72%	67%	62%	72.0%	67.0%	66.1%	61.0%	64.0%	65.0%	63.0%
Fire loss (\$000)	832.5	276.9	1,284.0	953.8	1,580.5	2,196.8	1,177.1	846.7	740.8	744.4
Fire-related deaths	0	0	0	0	0	0	0	0	0	0
Emergency calls	2,317	2,511	2,439	2,739	2,991	2,721	3,524	3,516	3,701	3,930
Public Works										
Tons of refuse collected	31,226	29,945	30,600	30,300	29,301	22,126	22,214	22,085	20,987	20,236
Tons of recycling collected	8,060	7,579	6,962	7,024	6,704	6,046	5,368	4,405	5,416	6,250
Cu. Yds. of debris - street sweeping	2,537	2,165	2,722	2,161	3,351	3,368	3,130	2,995	3,884	4,124
Cost/ton - residential auto pickup	\$ 52.35	\$ 57.67	\$ 57.67	\$ 61.38	\$ 67.47	\$ 71.21	\$ 82.20	\$ 83.34	\$ 85.81	\$ 86.01
Miles of street reconstructed	6.64	3.47	3.39	1.68	3.37	7.24	2.89	4.25	1.48	2.45
% of trees < 6" dia. pruned annually	N/A	N/A	50	50	50	60	60	50	50	60
Average pruning cycle, trees > 6" dia.	N/A	N/A	7.0 yrs	7.5 yrs	7.9 yrs	7.5 yrs	7.5 yrs	7.5 yrs	8.0 yrs	8.5 yrs
Parks & Recreation										
Sports league participants	8,425	6,709	6,675	5,824	5,425	5,538	2,284	2,207	2,109	1,826
Aquatics program participants	3,689	2,120	2,218	2,616	2,750	2,616	2,950	3,087	3,475	3,240
Open swim attendance	71,676	96,375	86,315	83,616	75,846	64,372	72,086	81,282	81,949	65,930
Rounds of golf played	44,342	39,313	35,595	34,870	34,666	35,545	31,530	29,044	32,305	18,037
Public Library										
Titles in collection	287,725	294,168	299,295	303,929	307,777	316,182	298,221	273,951	282,677	276,609
Materials circulated	1,104,215	1,153,946	1,231,738	1,392,057	1,445,373	1,564,890	1,528,776	1,511,715	1,449,140	1,376,833
Annual door count	534,075	551,072	537,057	533,291	554,125	590,528	586,677	569,898	570,743	556,874
Water										
Avg. daily consumption (000 gal.)	8,135	8,108	8,096	7,937	7,593	7,515	8,456	8,875	9,020	8,618
Peak daily consumption (000 gal.)	13,153	14,635	13,765	13,941	11,659	11,636	10,419	11,718	14,775	11,651
Number of invoices per quarter	25,161	26,785	26,963	27,101	27,257	27,336	27,507	27,650	27,725	27,897
Wastewater										
Avg. daily sewage treatment (000 gal.)	14,400	11,500	10,301	10,852	13,122	11,120	12,300	13,000	10,800	10,117
Valley Transit										
Total route miles	894,824	894,756	880,219	893,218	895,168	869,611	876,760	915,688	933,924	949,830
Passengers	937,410	964,725	937,297	958,359	1,001,325	909,109	956,086	1,073,655	1,095,650	1,093,202
Cost per trip	\$ 4.42	\$ 4.25	\$ 4.20	\$ 4.54	\$ 4.72	\$ 4.86	\$ 5.50	\$ 4.92	\$ 4.75	\$ 5.04

* 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 RF-ID tags.
8. Decrease due to construction on course that limited it to 9 holes.

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	83	83	83	83	83	83	83	84	84	84
Fire										
Stations	6	6	6	6	6	6	6	6	6	6
Fire suppression units	11	11	12	11	11	10	10	10	10	10
Public Works										
Miles of streets	332.7	335.0	339.4	334.2	337.9	339.5	340.3	342.2	342.2	343.0
Refuse packers	14	14	14	14	13	12	12	12	12	12
Single- and tri-axle dump trucks	24	24	24	23	23	25	25	24	26	26
Other heavy vehicles	20	19	19	20	20	21	21	21	25	25
Parks & Recreation										
Parks	32	32	32	32	32	32	32	32	32	32
Acres	495.3	495.3	495.3	495.3	495.3	495.3	495.9	495.9	495.9	495.9
Swimming pools	2	2	2	2	2	2	2	2	2	2
Golf courses	1	1	1	1	1	1	1	1	1	1
Water										
Miles of mains	348.9	354.5	361.9	362.9	366.6	372.3	374.5	378.2	378.3	376.7
Storage capacity (000 gallons)	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300	7,300
Wastewater										
Miles of mains	292.7	298.6	303.0	303.8	307.3	309.4	309.6	310.0	308.3	310.3
Stormwater										
Miles of mains	272.8	281.7	286.5	289.1	293.5	297.6	298.3	301.6	302.7	304.0

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

SINGLE AUDIT SECTION

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

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Appleton, Wisconsin as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Appleton's basic financial statements and have issued our report thereon dated June 4, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Appleton's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Appleton's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Appleton's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. These significant deficiencies are items 2013-001 and 2013-002.

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

Compliance and Other Matters

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

City of Appleton's Response to the Findings

The City of Appleton's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Appleton's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
June 4, 2014

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and Major State Program

We have audited the City of Appleton, Wisconsin's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the City of Appleton's major federal and state programs for the year ended December 31, 2013. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Appleton's major federal and major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines*. Those standards, OMB Circular A-133, and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or major state program occurred. An audit includes examining, on a test basis, evidence about the City of Appleton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Opinion on Each Major Federal and Major State Program

In our opinion, the City of Appleton complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Appleton, Wisconsin as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Appleton's basic financial statements. We issued our report thereon dated June 4, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and the *State Single Audit Guidelines* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Baker Tilly VirchowKauf, LLP

Madison, Wisconsin
June 4, 2014

CITY OF APPLETON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Passed Through Agency	Revenues				Passed Through to Other Agencies	Direct Expenditures	Total Expenditures
			(Accrued) Deferred Revenue January 1, 2013	Cash Received (Refunded)	Accrued (Deferred) Revenue December 31, 2013	Total Revenues			
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT									
CDBG - Entitlement Grants Cluster									
Community Development Block Grant/Entitlement Program (CDBG)									
Entitlement Program	14.218	Direct	\$ (49,357)	\$ 185,799	\$ 198,567	\$ 335,009	\$ -	\$ 335,009	\$ 335,009
Program Income	14.218	Direct	45,439	308,725	(109,900)	244,264	-	244,264	244,264
Total CDBG Cluster			(3,918)	494,524	88,667	579,273	-	579,273	579,273
Community Development Block Grant - Neighborhood Stabilization Program (NSP)									
Entitlement Program	14.228	DOA	(71,045)	86,224	-	15,179	-	15,179	15,179
Emergency Solutions Grant Program (ESG)	14.231	DOA	-	-	84,432	84,432	-	84,432	84,432
Supportive Housing Program (SHP)	14.235	DOA	(25,297)	214,798	43,561	233,062	-	233,062	233,062
ARRA Homeless Prevention and Rapid Rehousing (HPRP)	14.257	DOA	92	(92)	-	-	-	-	-
ARRA Lead Hazard Control (LHC)									
Program Income	14.907	DOA	12,776	13,393	(26,169)	-	-	-	-
Total U.S. Department of Housing and Urban Development			(87,392)	808,847	190,491	911,946	-	911,946	911,946
U.S. DEPARTMENT OF JUSTICE									
Bulletproof Vest Partnership Program	16.607	Direct	-	3,500	-	3,500	-	3,500	3,500
Edward Byrne Memorial Justice Assistance Grant 2012	16.738	Direct	(10,714)	10,714	-	-	-	-	-
Edward Byrne Memorial Justice Assistance Grant 2012	16.738	DOJ	(22,765)	22,765	-	-	-	-	-
Edward Byrne Memorial Justice Assistance Grant 2013	16.738	Direct	-	-	6,300	6,300	-	6,300	6,300
Edward Byrne Memorial Justice Assistance Grant 2013	16.738	DOJ	-	201	-	201	-	201	201
Total Edward Byrne Justice Assistance Grant			(33,479)	33,680	6,300	6,501	-	6,501	6,501
Total U.S. Department of Justice			(33,479)	37,180	6,300	10,001	-	10,001	10,001
U.S. DEPARTMENT OF TRANSPORTATION									
Federal Transit Cluster									
Federal Transit Formula Grants 2011	20.507	Direct	69,365	-	(69,365)	-	-	-	-
Federal Transit Formula Grants 2012	20.507	Direct	(434,569)	824,855	-	390,286	-	390,286	390,286
Federal Transit Formula Grants 2013	20.507	Direct	-	1,384,084	669,519	2,053,603	-	2,053,603	2,053,603
ARRA Federal Transit Formula Grants	20.507	Direct	-	29,620	-	29,620	-	29,620	29,620
Federal Transit Capital Improvement Grants									
WI-04-0049	20.500	DOT	(7,863)	122,063	-	114,200	-	114,200	114,200
Total Federal Transit Cluster			(373,067)	2,360,622	600,154	2,587,709	-	2,587,709	2,587,709
Section 5310 - JARC/WETAP - 1/1/12 - 12/31/12	20.516	Direct	(66,363)	66,363	-	-	-	-	-
Section 5310 - JARC/WETAP - 1/1/13 - 12/31/13	20.516	Direct	-	137,607	50,986	188,593	-	188,593	188,593
Total Section 5310 - JARC/WETAP			(66,363)	203,970	50,986	188,593	-	188,593	188,593

See accompanying notes to schedules of federal and state awards.

CITY OF APPLETON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Passed Through Agency	Revenues				Passed Through to Other Agencies	Direct Expenditures	Total Expenditures
			(Accrued) Deferred Revenue	Cash Received	Accrued (Deferred) Revenue	Total Revenues			
			January 1, 2013	(Refunded)	December 31, 2013				
U.S. DEPARTMENT OF TRANSPORTATION (cont.)									
State and Community Highway Safety									
Alcohol Enforcement 2012	20.600	DOT	\$ (3,194)	\$ 3,194	\$ -	\$ -	\$ -	\$ -	\$ -
Alcohol Enforcement 2013	20.600	DOT	-	21,180	-	21,180	-	21,180	21,180
Alcohol Enforcement Grant - OWI Task Force - 2012	20.600	DOT	(8,845)	8,845	-	-	-	-	-
Alcohol Enforcement Grant - OWI Task Force - 2013	20.600	DOT	-	25,171	-	25,171	18,532	6,639	25,171
Seat Belt 2012	20.600	DOT	(3,233)	3,233	-	-	-	-	-
Seat Belt 2013	20.600	DOT	-	12,985	-	12,985	-	12,985	12,985
Speed Enforcement 2012	20.600	DOT	(3,127)	3,127	-	-	-	-	-
Speed Enforcement 2013	20.600	DOT	-	12,211	-	12,211	-	12,211	12,211
Bicycle Enforcement 2013	20.600	DOT	-	1,833	-	1,833	-	1,833	1,833
Pedestrian Enforcement 2013	20.600	DOT	-	2,000	-	2,000	-	2,000	2,000
Total State and Community Highway Safety			<u>(18,399)</u>	<u>93,779</u>	<u>-</u>	<u>75,380</u>	<u>18,532</u>	<u>56,848</u>	<u>75,380</u>
Total U.S. Department of Transportation			<u>(457,829)</u>	<u>2,658,371</u>	<u>651,140</u>	<u>2,851,682</u>	<u>18,532</u>	<u>2,833,150</u>	<u>2,851,682</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES									
ARRA Immunizations and Vaccines	93.712	DHS	98	19,989	-	20,087	-	20,087	20,087
Preventative Health and Health Services Block Grant	93.991	DHS	3,756	4,912	(1,302)	7,366	-	7,366	7,366
Maternal and Child Health Services Block Grant	93.994	DHS	2,325	36,192	(1,572)	36,945	-	36,945	36,945
Public Health Emergency Preparedness	93.069	DHS	-	7,230	-	7,230	-	7,230	7,230
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreement	93.074	DHS	16,526	55,045	(27,383)	44,188	-	44,188	44,188
Project Grants Cooperative Agreement for Tuberculosis for Control Programs	93.116	DHS	1,861	575	(1,529)	907	-	907	907
Total U.S. Department of Health and Human Services			<u>24,566</u>	<u>123,943</u>	<u>(31,786)</u>	<u>116,723</u>	<u>-</u>	<u>116,723</u>	<u>116,723</u>
U.S. DEPARTMENT OF HOMELAND SECURITY									
Assistance to Firefighters Grant Program - EMW-2011-FR-00300	97.044	Direct	-	1,000,000	-	1,000,000	-	1,000,000	1,000,000
Assistance to Firefighters Grant Program - EMW-2012-FP-00070	97.044	Direct	-	111,640	-	111,640	-	111,640	111,640
Assistance to Firefighters Grant Program - EMW-2012-FO-01745	97.044	Direct	-	-	265,600	265,600	-	265,600	265,600
Total Assistance to Firefighters Grant Program			<u>-</u>	<u>1,111,640</u>	<u>265,600</u>	<u>1,377,240</u>	<u>-</u>	<u>1,377,240</u>	<u>1,377,240</u>
Total U.S. Department of Homeland Security			<u>-</u>	<u>1,111,640</u>	<u>265,600</u>	<u>1,377,240</u>	<u>-</u>	<u>1,377,240</u>	<u>1,377,240</u>
TOTAL FEDERAL AWARDS			<u>\$ (554,134)</u>	<u>\$ 4,739,981</u>	<u>\$ 1,081,745</u>	<u>\$ 5,267,592</u>	<u>\$ 18,532</u>	<u>\$ 5,249,060</u>	<u>\$ 5,267,592</u>

See accompanying notes to schedules of federal and state awards.

CITY OF APPLETON

SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended December 31, 2013

State Grantor/Program Title	State I.D. Number	Revenues			Total Revenues	Passed Through to Other Agencies	Direct Expenditures	Total Expenditures
		(Accrued) Deferred Revenue January 1, 2013	Cash Received (Refunded)	Accrued (Deferred) Revenue December 31, 2013				
WISCONSIN DEPARTMENT OF TRANSPORTATION								
Transit Operating Aids								
2010	395.104	\$ (90,401)	\$ -	\$ 90,401	\$ -	\$ -	\$ -	\$ -
2011	395.104	(224,305)	-	224,305	-	-	-	-
2012	395.104	(200,511)	-	200,512	1	-	1	1
2013	395.104	-	1,916,984	212,998	2,129,982	-	2,129,982	2,129,982
Paratransit Aids Through 85.205	395.104	-	78,504	-	78,504	-	78,504	78,504
Total Wisconsin Department of Transportation		<u>(515,217)</u>	<u>1,995,488</u>	<u>728,216</u>	<u>2,208,487</u>	<u>-</u>	<u>2,208,487</u>	<u>2,208,487</u>
WISCONSIN DEPARTMENT OF NATURAL RESOURCES								
Urbanized Nonpoint Source Stormwater Management Grant	370.658	-	184,374	115,626	300,000	-	300,000	300,000
Total Wisconsin Department of Natural Resources		<u>-</u>	<u>184,374</u>	<u>115,626</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>
WISCONSIN DEPARTMENT OF HEALTH SERVICES								
T. Melvin Public Education (associated with PHHS)	435.158853	930	-	(930)	-	-	-	-
Lead Poisoning	435.157720	240	9,414	-	9,654	-	9,654	9,654
Total Wisconsin Department of Health Services		<u>1,170</u>	<u>9,414</u>	<u>(930)</u>	<u>9,654</u>	<u>-</u>	<u>9,654</u>	<u>9,654</u>
WISCONSIN DEPARTMENT OF MILITARY AFFAIRS								
Regional Emergency Response Team 7/1/12-6/30/13	465.306	22,253	-	-	22,253	-	22,253	22,253
Regional Emergency Response Team 2012	465.306	(3,803)	3,803	-	-	-	-	-
Regional Emergency Response Team 7/1/13-12/31/13	465.306	-	11,268	11,269	22,537	-	22,537	22,537
Radiological Field Team Services	465.306	-	24,999	-	24,999	-	24,999	24,999
Total Wisconsin Department of Military Affairs		<u>18,450</u>	<u>40,070</u>	<u>11,269</u>	<u>69,789</u>	<u>-</u>	<u>69,789</u>	<u>69,789</u>
WISCONSIN DEPARTMENT OF ADMINISTRATION								
Uniform BEAT Patrol Officers	505.620	-	121,434	-	121,434	-	121,434	121,434
TOTAL STATE AWARDS		<u>\$ (495,597)</u>	<u>\$ 2,350,780</u>	<u>\$ 854,181</u>	<u>\$ 2,709,364</u>	<u>\$ -</u>	<u>\$ 2,709,364</u>	<u>\$ 2,709,364</u>

See accompanying notes to schedules of federal and state awards.

CITY OF APPLETON

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS For the Year Ended December 31, 2013

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the “schedule”) includes the federal and state grant activity of the City of Appleton under programs of the federal and state government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of the City of Appleton, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Appleton.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred. The accounting records for other grant programs are maintained on the accrual basis, i.e., when the revenue has been earned and the liability is incurred.

NOTE 3 – PASS-THROUGH AGENCIES

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

DHS	Department of Health Services
DOA	Department of Administration
DOJ	Department of Justice
DOT	Department of Transportation

CITY OF APPLETON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2013

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued: *unmodified*

Internal control over financial reporting:

- > Material weakness identified? yes X no

- > Significant deficiencies identified that
are not considered to be material
weaknesses? X yes none reported

Noncompliance material to basic financial
statements noted?

 yes X no

FEDERAL OR STATE AWARDS

Internal control over major programs:

- > Material weakness identified? yes X no

- > Significant deficiencies identified that
are not considered to be material
weakness? yes X none reported

Type of auditor’s report issued on compliance for major programs: *unmodified*

Any audit findings disclosed that are required to
be reported in accordance with section 510(a) of
Circular A-133?

 yes X no

 Federal Programs State Programs

Auditee qualified as low-risk auditee?

 X yes no X yes no

Identification of major federal programs:

CFDA Numbers

14.218
20.500/20.507
20.516
97.044

Name of Federal Program or Cluster

Community Development Block
Grant/Entitlement Program
Federal Transit Cluster
Section 5310 – JARC/WETAP
Assistance to Firefighters Grant

 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, 2013

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
505.620	Uniform BEAT Patrol Officers

SECTION II – FINANCIAL STATEMENT FINDINGS

FINDING 2013-001: INTERNAL CONTROL OVER FINANCIAL REPORTING

Significant Journal Entry

Criteria: Auditing Standards require auditors to report a significant deficiency in internal control over financial reporting if significant audit journal entries are identified as part of the audit.

Condition: One journal entry was identified during the course of the audit related to the year-end accrual of unbilled utility revenues. This entry was significant to the financial statements.

Cause: City staff did not update the amount of actual billed revenue used in the calculation of the unbilled accrual for stormwater when calculating the year end unbilled receivable and related revenue. Because of the implementation of a recent rate increase, the prior year billed revenue number was lower than the current year billed revenues resulting in an understatement of the year-end unbilled receivable and related revenue. A control was not in place to ensure this was addressed prior to the financial audit.

Effect: The city’s financial statements contained a significant misstatement prior to the audit adjustment.

Recommendation: We recommend that the City put controls in place to reduce the risk of significant journal entries being identified during the audit process.

Grantee’s Response/Corrective Action Plan:

While the City concurs that an error was made in calculating unbilled revenue in the stormwater utility at year-end, we do not agree that the amount of the error was a significant misstatement to the financial statements taken as a whole. The error amounted to an understatement of revenue of \$92,473. The total stormwater revenue reported prior to the discovery of the error was \$7,995,849. The total revenue after the error was corrected was \$8,088,322. The adjustment amounted to 1.15% of the unadjusted balance. We do not believe that a user of the financial statements would be significantly misled had the adjustment not been made, thus are questioning whether it’s inclusion in this report as a “significant deficiency” is warranted.

However, despite the City’s concern over the categorization of this item as a significant deficiency, we do recognize that an error was made and take full responsibility for it. Therefore, as suggested by the auditors, the City will take appropriate steps to improve our internal controls during audit preparation to minimize the potential for future errors and improve the likelihood that, if errors are made, they are identified and corrected prior to the audit.

CITY OF APPLETON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS (cont.)

FINDING 2013-002: INTERNAL CONTROL OVER INFORMATION TECHNOLOGY

Criteria: As part of the audit, we evaluated the information technology controls as they relate to financially significant applications. Our procedures focused primarily on documenting and evaluating general computer controls, including:

- > Logical access to data and applications
- > Change and incident management
- > Systems development and deployment
- > Data backup and recovery

Condition:

User Access Reviews - During our audit, it was noted that user access to the City's financial software was not being reviewed.

Access Violation Monitoring - We noted during our audit that access violation monitoring did not occur during 2013 and that the system that could be used to do this was out of service for six months during the year.

3rd Party Service Providers - We noted during our audit that a SSAE 16 was not requested or received for credit card service providers.

Passwords - The AD and iSeries passwords are strong; however, passwords for Autocite and Badger Meter are not. In addition, reversible encryption is enabled.

Effect:

User Access Reviews – Users could have access beyond their job responsibilities and could alter information in the financial system.

Access Violation Monitoring – Security violations could go undetected.

3rd Party Service Providers – The controls surrounding credit card payments may not be safe and secure.

Passwords - Storing encrypted passwords in a way that is reversible means that the encrypted passwords can be decrypted. A knowledgeable attacker who is able to break this encryption can then log on to network resources by using the compromised account.

CITY OF APPLETON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS (cont.)

FINDING 2013-002: INTERNAL CONTROL OVER INFORMATION TECHNOLOGY (cont.)

Recommendations:

User Access Reviews - We recommend that user access is reviewed once a year by management to ensure that users do not have access beyond their job responsibilities. The specific access rights/privileges current users have to each system should be reviewed for accuracy. Documentation of these reviews should be retained.

Access Violation Monitoring - The operating system, database, and applications should be monitored to identify any security violations. The City should proactively monitor both internal access on the network and financial application(s) as well as external access. In addition, there should be a procedure to resolve or escalate any security violations.

3rd Party Service Providers - All 3rd party service providers should provide an SSAE16 or equivalent to validate that their services and controls are reputable, safe, and secure. Management should document and retain their review of these reports. At a minimum, this should include a review of deficiencies noted and user control considerations.

Passwords - All significant financial applications should have strong passwords and passwords should not be shared. We highly recommend disabling the revisable encryption feature. We also recommend strengthening the password controls and criteria for Autocite and Badger Meter.

Grantee's Response/Corrective Action Plan:

User Access Reviews - As recommended by the auditors, annually, the Information Technology Department will produce a report of users that have access to the various financial systems and submit it to the Finance Department for their review. Users who are deemed to no longer need access to specific systems due to a position change or a change in job duties will have their access removed.

Access Violation Monitoring - The system referred to above as being out of service does not have the capability of monitoring file or folder access, so that is not an option. The City does not currently own a package for monitoring access to the network or financial applications. As with any internal control, the cost of the control must be weighed against the perceived benefit. The possibility of purchasing a package to monitor system access will be evaluated and prioritized during 2015 Budget discussions.

3rd Party Service Providers - The SSAE 16 form will be requested from each of the City's credit card providers.

Passwords - Both the Autocite and Badger Meter programs are in the process of being replaced, so investing time and money into them at this point would not be cost-efficient. The systems being purchased to replace these systems will have stronger password controls.

SECTION III – FEDERAL AND STATE FINDINGS AND QUESTIONED COSTS

No findings were reported.

CITY OF APPLETON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2013

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 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	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> no
Department of Natural Resources	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> no
Department of Administration	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> no
Department of Transportation	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> no
Department of Justice	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> no
Department of Military Affairs	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> no

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

4. Name and signature of partner Carla A. Gogin
Carla A. Gogin, CPA, Partner

5. Date of report June 4, 2014

CITY OF APPLETON

SETTLEMENT OF DHS COST REIMBURSEMENT AWARD
For the Year Ended December 31, 2013

	<u>Childhood Lead</u>	<u>Immunization</u>
DHS identification number	CARS profile 157720	CARS profile 155020
Award amount	\$ 9,414	\$ 21,830
Award period	1/1/13 - 12/31/13	1/1/13 - 12/31/13
Period of award within audit period	<u>1/1/13 - 12/31/13</u>	<u>1/1/13 - 12/31/13</u>
Expenditures reported to DHS for payment	<u>\$ 9,414</u>	<u>\$ 19,989</u>
Actual allowable cost of reward		
Program expenses		
Grants and other assistance to individuals in the US	\$ -	\$ 1,439
Other salaries and wages	9,388	18,611
Other program expenses (supplies, training, etc.)	<u>266</u>	<u>38</u>
Total Program Expenses	9,654	20,087
Less: Program revenue and other offsets to costs*	<u>-</u>	<u>-</u>
Total Allowable Costs	<u>\$ 9,654</u>	<u>\$ 20,087</u>

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

Maternal Child Health		Preventative Health		Bioterrorism		
CARS profile 159320	CARS profile 159220	CARS profile 155050	CARS profile 155015	CARS profile 155015		Total
\$ 36,192	\$ 5,170	\$ 7,230	\$ 56,327	\$ 56,327		
1/1/13 - 12/31/13	1/1/13 - 8/31/13	8/1/12-6/30/13	8/1/12 - 6/30/13	7/1/13-6/30/14		
1/1/13 - 12/31/13	1/1/13 - 8/31/13	1/1/13-6/30/13	1/1/13-6/30/13	7/1/13-12/31/13		Bioterrorism
<u>\$ 36,192</u>	<u>\$ 4,912</u>	<u>\$ 7,230</u>	<u>\$ 53,327</u>	<u>\$ 28,164</u>		<u>\$ 88,721</u>
\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
36,053	-	-	48,958	56,874		105,832
891	7,366	7,230	576	2,034		9,840
36,945	7,366	7,230	49,534	58,908		115,672
-	-	-	(32,127)	(32,127)		(64,254)
<u>\$ 36,945</u>	<u>\$ 7,366</u>	<u>\$ 7,230</u>	<u>\$ 17,407</u>	<u>\$ 26,781</u>		<u>\$ 51,418</u>