

**DEPARTMENT OF FINANCE
100 North Appleton Street
Appleton, WI 54911
(920) 832-5502**

June 8, 2005

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

The Comprehensive Annual Financial Report of the City of Appleton for the fiscal year ended December 31, 2004, is hereby submitted.

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.

Significant Change in Presentation

With the December 31, 2003 financial statements, the City adopted Governmental Accounting Standards Board Statement 34, *“Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.”* The format and purpose of these changes are addressed in the Management’s Discussion and Analysis section of this report. Additionally, the notes to the financial statements discuss the change and reflect and explain the effects and results of these changes.

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

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

The Reporting Entity

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

Background Information

In 1634, Jean Nicolet, commissioned by Champlain to explore this region, paddled his way 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 sixteen alderpersons. Alderpersons are elected for two-year alternating terms, while our mayor is elected for a four-year term.

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

City service units and facilities include: police services (134 full-time), fire protection (102 full time), public works (154 employees), administrative offices (70 employees), health services (17.5 employees), parks and recreation (36.2 employees), library services (46 employees), transportation (55.3 employees) and utilities (43 employees). Of the City's 658 employees, 476 are represented from the following bargaining units:

- International Association of Firefighters, representing City firefighters;
- Appleton Professional Policemen's Association, representing City non-supervisory police professionals;
- Appleton Professional Policemen's Association Supervisory Unit, representing supervisory police professionals;
- American Federation of Municipal Employees, representing Wastewater Division, Water Department Plant Employees and Central Building Maintenance;
- Teamster's Union Local 563, representing street, sanitation, maintenance, electrical, CEA, inspection, engineering aides, water distribution, health sanitarians, Valley Transit, community service officers, animal control officers, parking ramp personnel, meter checkers and clerical personnel in City Hall, police, fire, wastewater, park & recreation and water departments.

The City has historically enjoyed a low unemployment rate although the downturn in the economy still has the unemployment rates higher at this time, along with the majority of the rest of the United States (6.0% for 2004). The City does maintain an above average gross income per capita (\$43,972 for 2003). Additional background data is included in the Statistical Section of this report.

Economic Condition and Outlook/Major Initiatives

The City of Appleton is one of the top growth areas in Wisconsin. Appleton is a significant regional center for the insurance industry and has an extensive presence of paper manufacturing and related industry facilities. The presence of four major insurance industry home offices or regional headquarters has stimulated related services as well as an "up-scale" housing market. The City's population has exceeded 70,000.

In 2004, total valuation of residential building construction was \$35,374,200. There were 158 single-family homes constructed with an average construction cost of \$212,419. In addition, there were 6 two-family residences and 1 apartment building constructed with a combined total of 15 units. Additions or alterations to existing dwellings added \$5,323,156 in value.

Appleton's commercial industrial permits totaled 199 in 2004 with a valuation of \$27,802,037. The two largest commercial building permits were St. Elizabeth's Hospital parking ramp (\$4 million) and The Big Picture (\$3.8 million).

The rate of growth is expected to increase over the next year. While the growth continues to provide a positive impact, it does also present significant challenges. The City continues to meet these challenges by planning for growth in a rational and economically sound manner. If the present high level of services is to be maintained in the future, the City must continue to explore innovative methods of financing and providing services.

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 are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

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

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

Budgetary Controls

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

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

Enterprise Operations

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

Retirement Program: The City participates in the Wisconsin Retirement System, paying both employer and employee shares of contributions for most employees. 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, 2004, the City had thirty-one debt issues outstanding. These issues included \$50,306,564 of general obligation bonds and notes and \$98,383,237 of revenue bonds. The City has maintained its "Aa1" rating from Moody's Investors Service on general obligation debt, received an upgrade on its water from "A1" to Aa3, and maintained its "Aa3" on its sewerage 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. As of December 31, 2004, the City's net general obligation debt of \$47,087,594 was well below the legal limit of \$194,873,370 (24.16%) and debt per capita equaled \$654.95. 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 average yield on all cash investments was 2.46%. The City and its proprietary funds earned investment revenue of \$2,926,063 on all investments for the year ended December 31, 2004.

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 \$100,000. Investments in the State of Wisconsin Local Government Investment Pool, although unsecured, are insured and considered very safe since the pool's primary investment is government securities

Risk Management: The City became a member of the Cities and Villages Mutual Insurance Company on January 1, 1990. To join the insurance mutual, the City issued a \$2,300,000 taxable general obligation promissory note payable to the company. Our mutual insurance company is comprised of 40 Wisconsin cities and villages pooling their risk in the exposure areas of general liability, auto liability, workers compensation, police professionals and public officials' liability. The pool is capitalized in excess of \$25,000,000 and has experienced seventeen 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 Virchow, Krause

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

Reporting Achievements

This report has been prepared following the guidelines recommended by the Government Finance Officers' Association of the United States and Canada. The Government Finance Officers' Association awards a "Certificate of Achievement for Excellence in Financial Reporting" to those governments whose annual financial reports are judged to conform substantially with high standards of public financial reporting, including Generally Accepted Accounting Principles promulgated by the Governmental Accounting Standards Board (GASB).

The City of Appleton was awarded the "Certificate of Achievement for Excellence in Financial Reporting" for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2003. A "Certificate of Achievement for Excellence in Financial Reporting" is valid for a period of one year only. We believe our current report for the year ended December 31, 2004 continues to meet program standards. It will be submitted to the Government Finance Officers' Association to determine its eligibility for the "Certificate of Achievement for Excellence in Financial Reporting".

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, Virchow, Krause and Company, LLP, and various other City personnel. We would like to express our sincere appreciation to all who assisted and contributed to its preparation. We would also like to thank Mayor Hanna and the Common Council for their interest and continuing support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Sincerely,

Lisa A. Maertz, CPA CPFO
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Appleton,
Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

CITY OF APPLETON

Directory of Officials

MAYOR

Timothy M. Hanna

PRESIDENT OF THE COUNCIL

Edward S. Baranowski

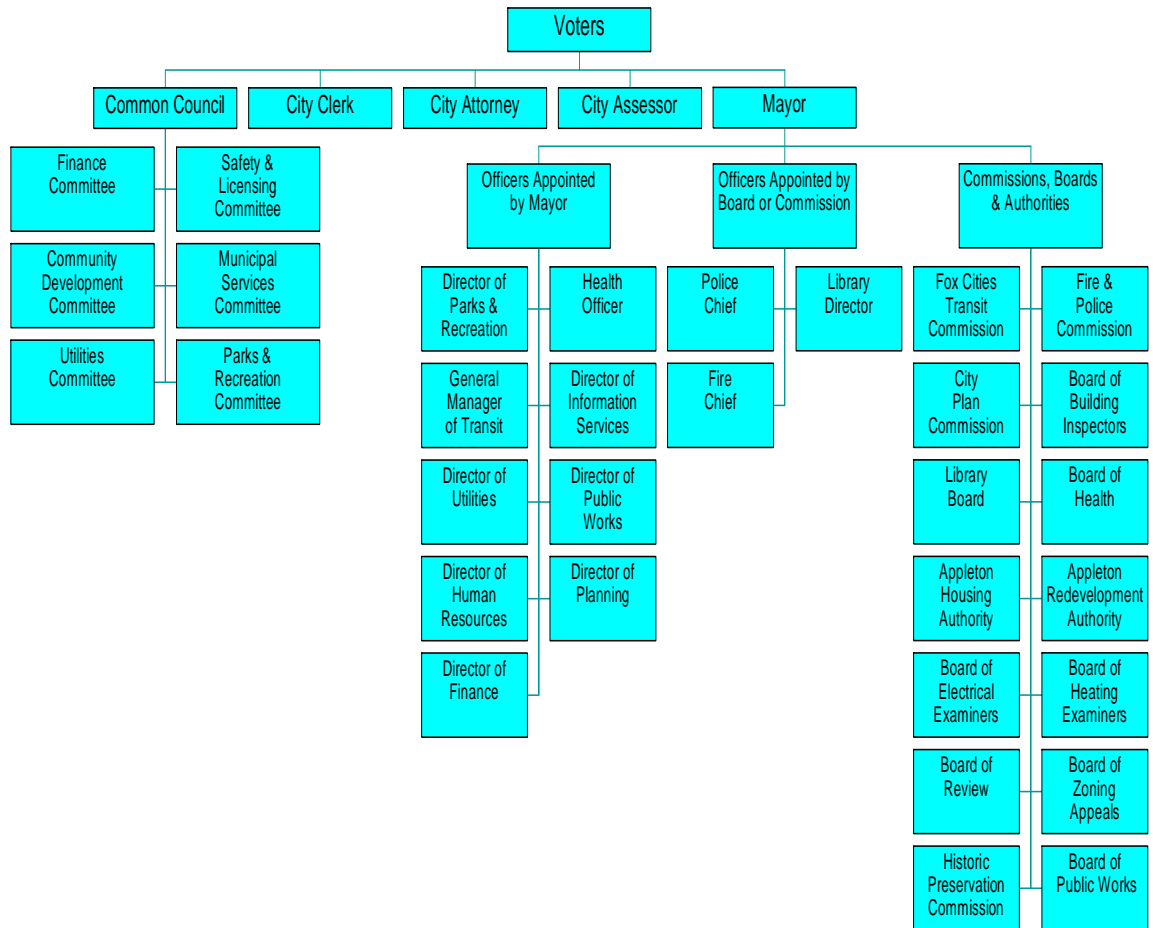
COUNCIL MEMBERS

District 1:	Walter H. Kalata	District 10:	Michael Smith
District 2:	Amy L. Jozwiak	District 11:	Earl J. Brooker
District 3:	Curt J. Konetzke	District 12:	Cathy Spears
District 4:	Wayne C. Defferding	District 13:	Edward T. Kranick
District 5:	Edward S. Baranowski	District 14:	Kathy D. Groat
District 6:	Leslie A. Niles	District 15:	Henry Eng
District 7:	James E. Clemons	District 16:	Jerome R. Hiler
District 8:	Richard A. Thompson		
District 9:	Shiloh J. Ramos		

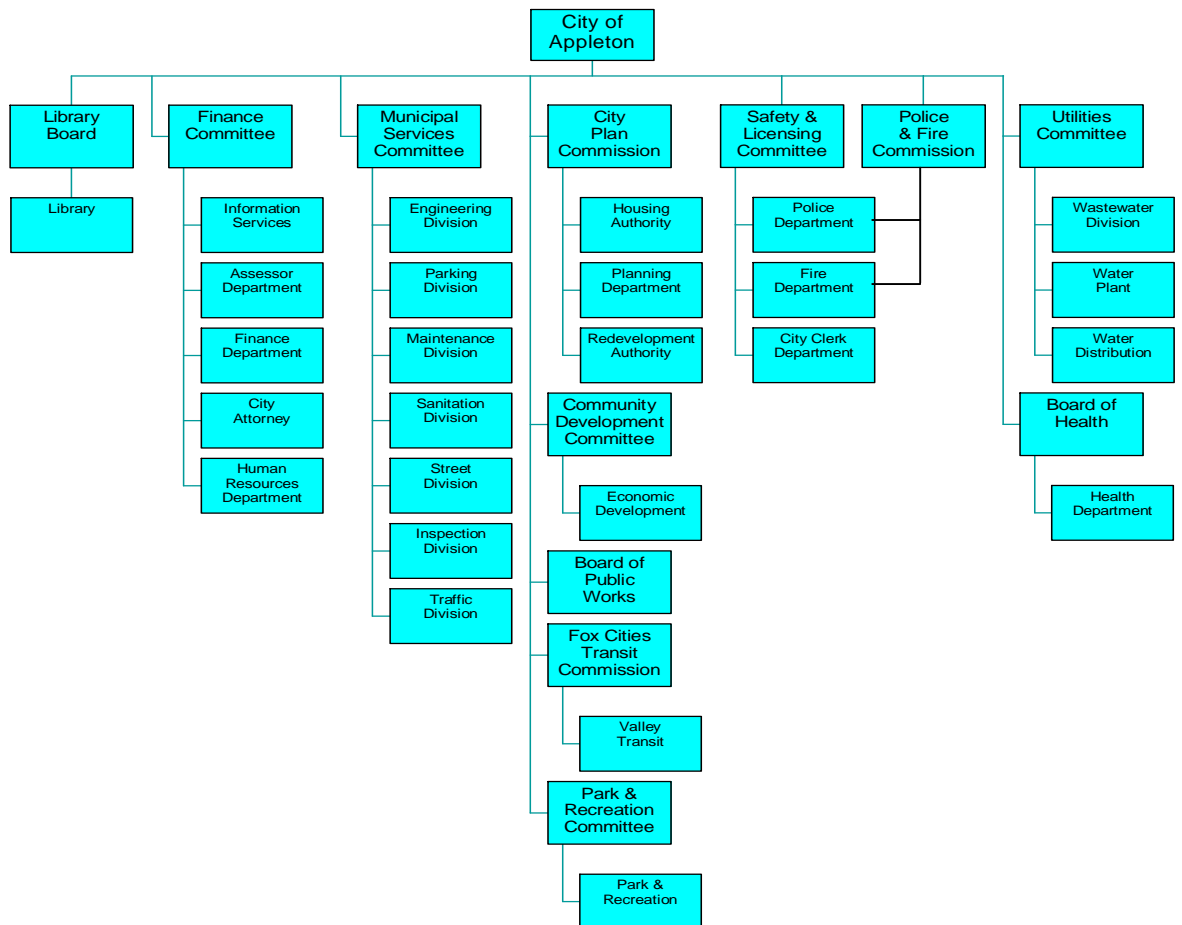
DEPARTMENT/DIVISION HEADS

Director of Human Resources	Sandra A. Neisen
City Attorney	James P. Walsh
Fire Chief	Neil A. Cameron
Director of Library	Terry P. Dawson
Director of Economic Develop.	Peter A. Hensler
Director of Parks & Recreation	William N. Lecker
City Clerk	Cynthia I. Hesse
Valley Transit General Manager	Charles L. Kamp
Director of Utilities (Interim)	Jessica A. Garratt
Director of Information Services	Scott J. Liske
Police Chief	Richard W. Myers
Director of Public Works	Paula A. Vandehey
City Assessor	DeAnn L. Brosman
Health Officer	Kurt D. Eggebrecht
Director of Finance	Lisa A. Maertz
Director of Planning	Laura D. Johnston

City of Appleton Structure by Voters



City of Appleton Organizational Structure by Committee



CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS For Year Ended December 31, 2004

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, 2004. 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 \$426,074,460. Of this amount, \$12,183,438 may be used to meet the government's obligations to citizens and creditors as the rest of the amount includes funds subject to external restrictions on how they may be used and all major infrastructure capital assets.
 - The City's total net assets increased by \$14,101,700. Despite a sluggish economy, the City of Appleton continues to grow. 854 building permits were issued in 2004 valued at \$68,499,393 compared to 906 permits valued at \$109,632,856 in 2003. Our equalized value grew 7.06% from 2003 to 2004 with single-family homes accounting for a large sector of that growth. This growth requires related infrastructure necessary to expand.
 - As of the close of the current fiscal year, the City of Appleton's governmental funds reported combined ending fund balances of \$10,905,103, a decrease of \$2,984,918 in comparison with the prior year. There is an unreserved deficit of \$5,501,884 due to the net costs that still need to be recovered from tax increments in our tax financing districts.
 - At the end of the current fiscal year, the undesignated and unreserved balance in the general fund is \$2,464. The General Fund is in compliance with all of the City's reserve policies at December 31, 2004.
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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.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2004

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

GOVERNMENT-WIDE STATEMENTS (cont.)

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

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

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

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

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

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.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2004

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

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 33 individual governmental funds. One nonmajor fund was closed as of the end of the year. 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, TIF District No. 1, TIF District No. 3, and Debt Service, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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 Sewer, Water and Stormwater Utilities since they are considered to be major funds of the City. Data from the other proprietary 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 basic fiduciary fund financial statements can be found on page 17 of this report.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2004

OVERVIEW OF THE FINANCIAL STATEMENTS (cont.)

FUND FINANCIAL STATEMENTS (cont.)

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 68 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 Incremental District Nos. 1 and 3 to demonstrate compliance with the budget. These schedules and the related notes can be found on pages 69 to 72 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 73 to 125 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Appleton, assets exceeded liabilities by \$426,074,460 as of December 31, 2004.

The largest portion of the City's net assets (approximately 93%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2004

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

CITY OF APPLETON'S NET ASSETS

	Governmental Activities 2004	Business- Type Activities 2004	Totals
Current and Other Assets	\$ 76,663,618	\$ 55,524,317	\$ 132,187,935
Capital Assets	<u>248,701,235</u>	<u>251,992,515</u>	<u>500,693,750</u>
Total Assets	<u>325,364,853</u>	<u>307,516,832</u>	<u>632,881,685</u>
Long-term Liabilities	55,484,136	99,989,226	155,473,362
Other Liabilities	<u>43,831,824</u>	<u>7,502,039</u>	<u>51,333,863</u>
Total Liabilities	<u>99,315,960</u>	<u>107,491,265</u>	<u>206,807,225</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	232,641,235	164,337,658	396,978,893
Restricted	6,429,747	10,482,382	16,912,129
Unrestricted (deficit)	<u>(13,022,089)</u>	<u>25,205,527</u>	<u>12,183,438</u>
Total Net Assets	<u>\$ 226,048,893</u>	<u>\$ 200,025,567</u>	<u>\$ 426,074,460</u>
	Governmental Activities 2003	Business- Type Activities 2003	Totals
Current and Other Assets	\$ 78,354,249	\$ 54,685,237	\$ 133,039,486
Capital Assets	<u>242,701,765</u>	<u>243,876,966</u>	<u>486,578,731</u>
Total Assets	<u>321,056,014</u>	<u>298,562,203</u>	<u>619,618,217</u>
Long-term Liabilities	60,059,801	98,436,474	158,496,275
Other Liabilities	<u>42,558,857</u>	<u>6,590,325</u>	<u>49,149,182</u>
Total Liabilities	<u>102,618,658</u>	<u>105,026,799</u>	<u>207,645,457</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	222,306,765	148,565,590	370,872,355
Restricted	6,305,953	9,927,016	16,232,969
Unrestricted (deficit)	<u>(10,175,362)</u>	<u>35,042,798</u>	<u>24,867,436</u>
Total Net Assets	<u>\$ 218,437,356</u>	<u>\$ 193,535,404</u>	<u>\$ 411,972,760</u>

An additional portion of the City's net assets (approximately 3.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$12,183,438 may be used to meet the government's ongoing obligation to citizens and creditors.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2004

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

Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended December 31, 2004. Governmental activities increased the City of Appleton's net assets by \$7,611,537, accounting for approximately 54% of the total growth in net assets. Of this amount, \$4,098,875 was contributed from others. Business-type activities increased the City's net assets by \$6,490,163, accounting for 46% of the total growth in net assets. Capital contributions in the business-type activities accounted for \$7,303,800 of the additions.

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

	<u>Governmental Activities 2004</u>	<u>Business- Type Activities 2004</u>	<u>Totals</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 4,285,207	\$ 29,607,673	\$ 33,892,880
Operating grants and contributions	2,470,595	4,560,499	7,031,094
Capital grants and contributions	7,176,121	7,303,800	14,479,921
General Revenues:			
Property taxes	32,883,651	-	32,883,651
Other taxes	1,195,606	-	1,195,606
Intergovernmental	16,084,242	-	16,084,242
Investment income	2,182,845	788,552	2,971,397
Gain (loss) on sale of assets	135,307	-	135,307
Miscellaneous	1,224,976	18,750	1,243,726
Total Revenues	<u>\$ 67,638,550</u>	<u>\$ 42,279,274</u>	<u>\$ 109,917,824</u>
Expenses:			
General government	\$ 6,419,439	\$ -	\$ 6,419,439
Public safety	23,575,858	-	23,575,858
Public works	15,521,570	-	15,521,570
Education and recreation	8,667,868	-	8,667,868
Community development	2,450,493	-	2,450,493
Interest and fiscal charges	3,983,171	-	3,983,171
Water Utility	-	11,384,777	11,384,777
Wastewater Utility	-	10,901,021	10,901,021
Valley Transit	-	6,454,888	6,454,888
Stormwater Utility	-	3,974,123	3,974,123
Other non-major proprietary funds	-	2,482,916	2,482,916
Total Expenses	<u>\$ 60,618,399</u>	<u>\$ 35,197,725</u>	<u>\$ 95,816,124</u>
Increases in net assets before transfers	\$ 7,020,151	\$ 7,081,549	\$ 14,101,700
Transfers	591,386	(591,386)	-
Increase in net assets	7,611,537	6,490,163	14,101,700
Net Assets – January 1, 2004	<u>218,437,356</u>	<u>193,535,404</u>	<u>411,972,760</u>
Net Assets – December 31, 2004	<u>\$ 226,048,893</u>	<u>\$ 200,025,567</u>	<u>\$ 426,074,460</u>

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2004

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

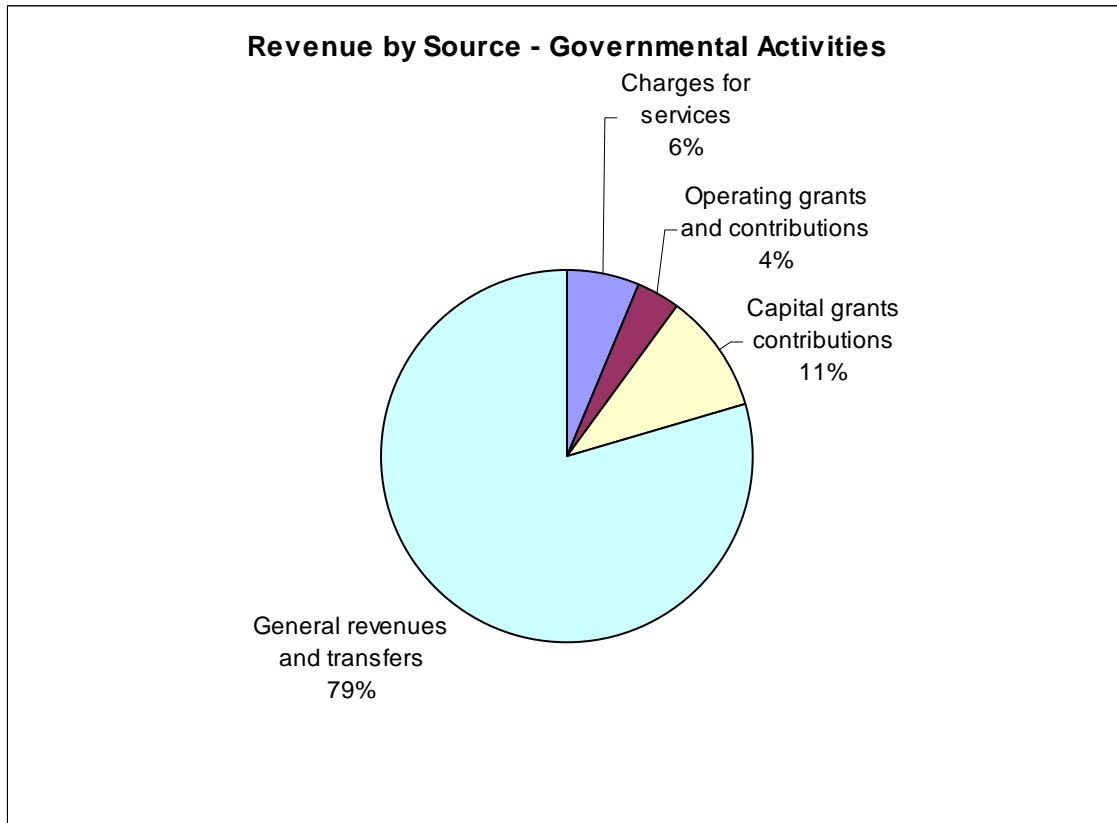
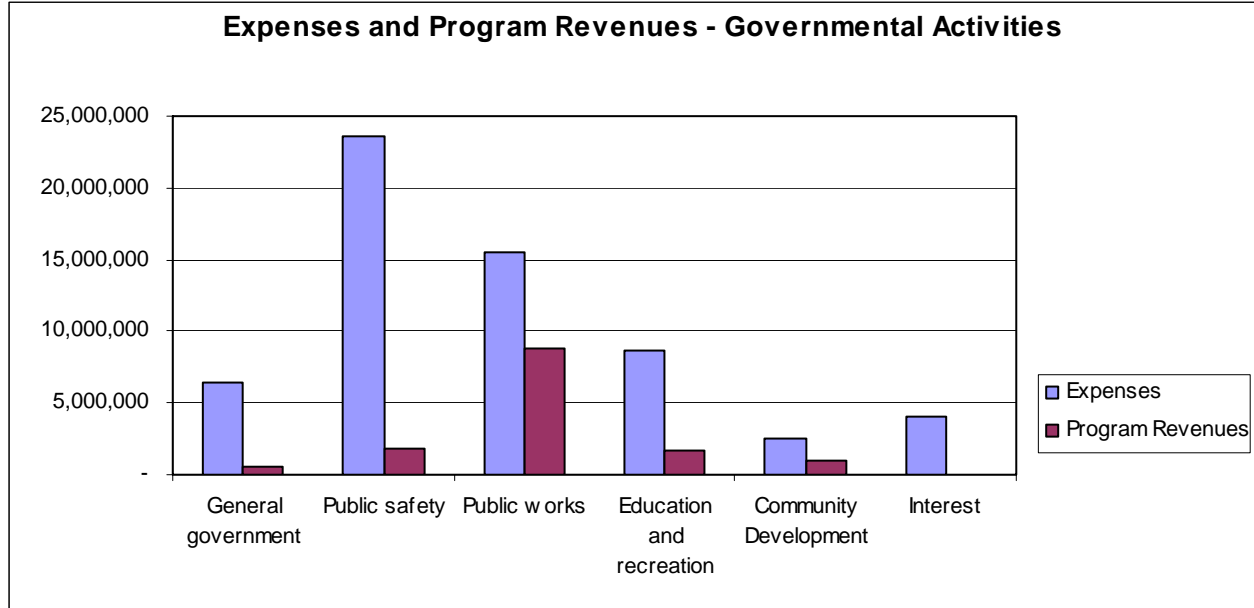
CITY OF APPLETON CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	Governmental Activities 2003	Business- Type Activities 2003	Totals
Revenues:			
Program Revenues:			
Charges for services	\$ 4,945,020	\$ 29,400,525	\$ 34,345,545
Operating grants and contributions	2,320,915	4,355,203	6,676,118
Capital grants and contributions	4,416,370	4,345,345	8,761,715
General Revenues:			
Property taxes	32,614,255	-	32,614,255
Other taxes	866,069	-	866,069
Intergovernmental	17,271,606	-	17,271,606
Investment income	2,030,374	1,142,573	3,172,947
Gain (loss) on sale of assets	206,811	(3,206)	203,605
Miscellaneous	568,296	8,940	577,236
Total Revenues	\$ 65,239,716	\$ 39,249,380	\$ 104,489,096
Expenses:			
General government	\$ 6,492,619	\$ -	\$ 6,492,619
Public safety	22,639,969	-	22,639,969
Public works	15,379,335	-	15,379,335
Education and recreation	8,820,286	-	8,820,286
Community development	4,356,058	-	4,356,058
Interest and fiscal charges	4,080,710	-	4,080,710
Water Utility	-	11,436,383	11,436,383
Wastewater Utility	-	10,442,858	10,442,858
Valley Transit	-	5,951,388	5,951,388
Stormwater Utility	-	3,032,606	3,032,606
Other non-major proprietary funds	-	2,507,622	2,507,622
Total Expenses	\$ 61,768,977	\$ 33,370,857	\$ 95,139,834
Increases in net assets before transfers	\$ 3,470,739	\$ 5,878,523	\$ 9,349,262
Transfers	641,359	(641,359)	-
Increase in net assets	4,112,098	5,237,164	9,349,262
Net Assets – January 1, 2003	214,325,258	188,298,240	402,623,498
Net Assets – December 31, 2003	\$ 218,437,356	\$ 193,535,404	\$ 411,972,760

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2004

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

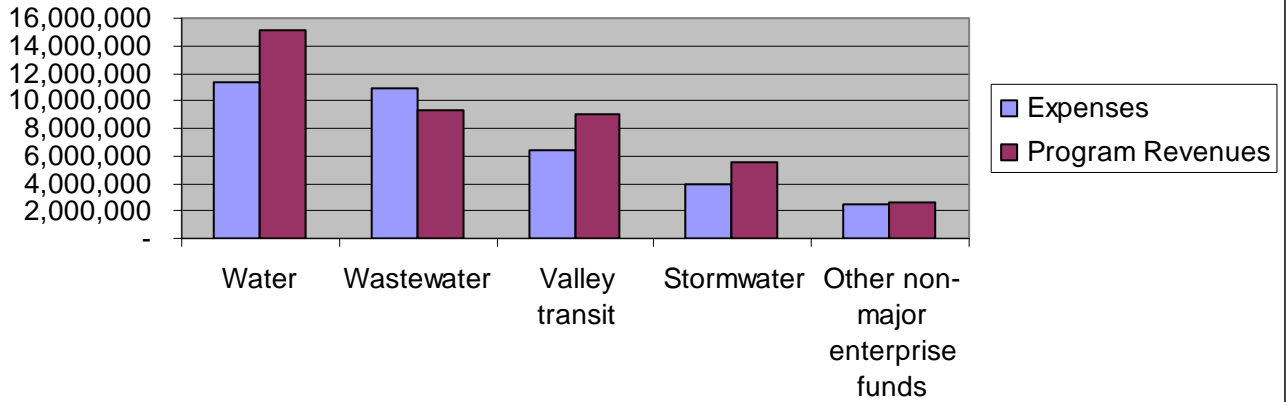


CITY OF APPLETON

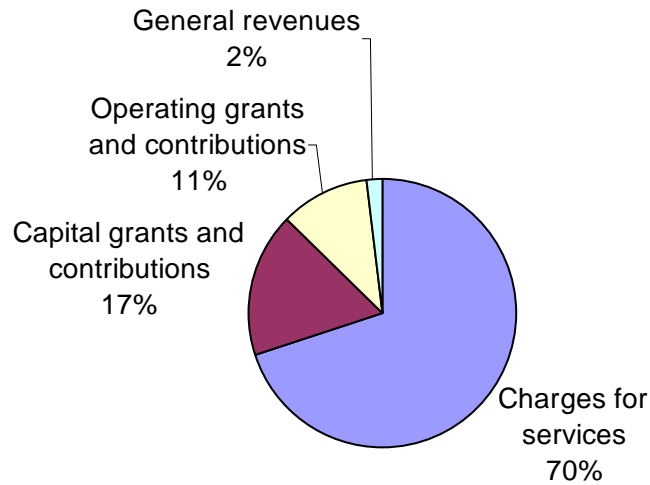
MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2004

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 Year Ended December 31, 2004

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, unreserved 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 \$10,905,103. The fund balance that is reserved to indicate that it is not available for new spending because it has already been committed equals \$16,406,987. It includes: 1) \$2,714,500 to pay for encumbrances, 2) \$37,156 for prepaid items, 3) \$624,307 for inventories, 4) \$11,706,947 for loans receivable, 5) \$1,308,374 for debt retirement and 6) \$15,703 for trust purposes.

A net deficit fund balance of \$5,501,884 constitutes the unreserved fund balance due to our tax incremental districts as explained earlier. At year end, \$28,875,989 is designated for specific purposes (working capital and debt service for example), leaving a deficit of \$33,160,445 to be recovered primarily from tax increment in our TIF districts.

General Fund: The general fund is the main operating fund of the City. The general fund has a detailed reserve policy that insures financial stability to the City of Appleton. The 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 ensuing year's debt service requirements. Any excess funds over that amount will have at least 75% used for the reduction of long-term liabilities. Utilization of the remaining funds is subject to recommendation from the Finance Committee to be used for additional reduction of long-term liabilities or general fund expenditures with final council approval. This policy has allowed the City to keep its debt outstanding well below the legal debt limit. We are currently at 24.2% of the limit or a debt per capita of \$654.95. In 2004, the general fund utilized \$1,268,275 of fund balance for capital projects eliminating the need to have a general obligation issue for the year. The budget for 2004 planned for net decrease in fund balance with the actual resulting in \$79,308 less than planned.

Tax Incremental Districts Nos. 1 and 3: These two districts are both closed for project expenditures but continue to exist in order to recover project costs from tax increments over their remaining statutory life. At this time, it is estimated that Tax Incremental District 1 will close prior to paying all interest to the general fund. This means that the actual rate assumed by the district on previous loans would be less than the originally established 5%. Tax Incremental District 3 is estimated to close prior to paying all interest to the general fund resulting in a rate less than the 5% established as well. In addition, no payments on principal or interest will be made to the Parking Utility (meaning the Parking Utility paid for a portion of the ramps rather than tax increment). Both of these projections are subject to change if more development occurs in the district than projected. The change in Tax Incremental District No. 1 fund balance from (\$10,745,620) in 2003 to (\$9,673,756) in 2004 is the result of tax increment exceeding interest expense on the advance from the general fund. This district no longer has any external debt obligations, but continues to collect increment to repay internal loans. Tax Incremental District No. 3's fund balance deficit grew by \$2,848,472. The increment in this district continues to not be able to cover debt service obligations. Funding is made available from an advance from the Parking Utility.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2004

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

GOVERNMENTAL FUNDS (cont.)

Debt Service: The debt service fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The fund balance decreased by \$30,355 in an intentional effort to utilize the funds available for debt service.

PROPRIETARY FUNDS

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

Water Utility: The Water Utility operating income was \$6,098,150 in 2004, or a 6.38% rate of return on the net investment rate base. This compares to operating income of \$6,461,099 in 2003, or a 7.01% rate of return. The 2004 rate of return is below the 8% authorized by the Public Service Commission on August 20, 2002. The percentage of water lost stabilized back down to 9% after a spike to 15% in 2003 due to a leak found in a river crossing main. The full year customer loss of Foremost Farms due to the closing of the John Street plant also had an impact on revenue. While the net assets increased \$3,004,256, cash flow continues to be a challenge with the utility being highly leveraged after the construction of the new water treatment facility.

Wastewater Utility: The Wastewater Utility realized an operating loss of approximately \$2,041,695 in 2004 compared to an operating loss of \$1,372,377 in 2003. During the last rate study, rates were designed to result in an operating loss in order to refund a share of the cash reserves to the customers. In order to accomplish this goal, the utility implemented a 4.77% rate decrease effective in May, 2001. This resulted in unrestricted cash and investments decreasing by \$1,501,272 in 2004. Even with the reduction, unrestricted cash and investments currently remain strong at \$2,259,758. The full year customer loss of Foremost Farms due to the closing of the John Street plant also had an impact on revenue. Net assets ultimately decreased by \$1,236,849.

Stormwater Utility: The Stormwater Utility operating income was approximately \$773,583 in 2004 compared to an operating income of \$884,527 in 2003. Cash flows from operating activities increased to \$2,061,120 in 2004 compared to \$1,423,000 in 2003 due to the utility rate increase of 31.48% that went into effect October 1, 2003. This accounts for the \$1,811,356 increase in net assets.

Valley Transit: Operating revenues increased \$53,714 from 2003 to 2004 primarily the result of increased ridership and a partnership with the Boys and Girls Club. Operating expenses grew \$477,393 with increases in employee wages and benefits, fuel prices/utility cost increases and costs for major replacement components on the Orion V buses. The increase in net assets of \$3,093,938 is largely due to the purchase of 16 new buses in 2004 with 80% of the funding coming from the Federal Transit Administration.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2004

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended General Fund budget had total appropriations (including transfers) of \$4,856,881 more than the original budget. The total original appropriations, including those for transfers out, were \$47,212,421, while the final appropriations were \$52,069,302. The majority of the difference was related to the carryover of \$3,434,525 of project costs from 2003 to 2004 for projects not completed or in process at the end of 2003. \$1,268,275 represented an adjustment to utilize available reserves rather than issue debt to finance capital projects. The remaining increase of approximately \$154,081 was for various items legislated by the City Council throughout the year. These increases in appropriations were a result of various grants awarded, donations and reimbursement for services provided.

CAPITAL ASSETS

At the end of 2004, the City had invested a total of \$500,693,750 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:

TIF Districts 4 and 6: Infrastructure (streets, water, sewer and stormwater) in both our North and South Industrial Parks were significant projects for 2004 accounting for approximately \$2.5 million of additions.

Wastewater: Significant additions included \$3.5 million in improvements to the wastewater collection system in addition to \$1.1 million for the filter press and lime slurry/decant treatment and disposal projects.

Water: Transmission and distribution capital outlay accounted for \$4.9 million and will continue to be a focus for the utility that has an aging distribution system.

Stormwater: Improvements necessary to continue our efforts in the management of stormwater in the City accounted for \$5.4 million in additions to mains and facilities in order to comply with regulations.

General: The City continued its efforts to maintain existing infrastructure. Approximately \$7.7 million was spent on various street and related infrastructure type projects. Additionally, some funds were used on quality of life projects for trails, lighting and other park improvements in the Vulcan Heritage area.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.)
For Year Ended December 31, 2004

CAPITAL ASSETS (cont.)

CAPITAL ASSETS AT YEAR-END NET OF ACCUMULATED DEPRECIATION

	Governmental Activities 2004	Business- Type Activities 2004	Totals
Land	\$ 18,365,344	\$ 16,362,947	\$ 34,728,291
Right-of-ways	61,911,493	-	61,911,493
Land improvements	36,878,014	-	36,878,014
Improvements	2,650,686	-	2,650,686
Buildings	16,704,829	223,926,670	240,631,499
Equipment, furniture and fixtures	10,461,555	10,436,590	20,898,145
Streets	67,381,212	-	67,381,212
Sidewalks	16,089,694	-	16,089,694
Traffic signals	2,492,929	-	2,492,929
Bridges	15,655,714	-	15,655,714
Construction in progress	109,765	1,266,308	1,376,073
Totals	\$ 248,701,235	\$ 251,992,515	\$ 500,693,750

	Governmental Activities 2003	Business- Type Activities 2003	Totals
Land	\$ 19,586,335	\$ 14,594,976	\$ 34,181,311
Right-of-ways	57,399,984	-	57,399,984
Land improvements	36,326,146	-	36,326,146
Improvements	4,049,395	-	4,049,395
Buildings	15,938,584	212,127,483	228,066,067
Equipment, furniture and fixtures	9,998,727	10,466,659	20,465,386
Completed construction not classified	-	1,961,089	1,961,089
Streets	62,201,706	-	62,201,706
Sidewalks	15,178,700	-	15,178,700
Traffic signals	2,409,599	-	2,409,599
Bridges	15,763,275	-	15,763,275
Construction in progress	3,849,314	4,726,759	8,576,073
Totals	\$ 242,701,765	\$ 243,876,966	\$ 486,578,731

Additional information on the City of Appleton's capital assets can be found in note IV D. of this report.

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2004

LONG-TERM DEBT

During 2004, the City issued \$1,099,352 and retired \$6,638,978 of general obligation bonds and notes resulting in an outstanding balance of \$50,306,564 at December 31, 2004. This results in a per capita general obligation debt of \$654.95. Of the bonded debt, \$11,543,712 is to be repaid with general property taxes with the remaining amount supported by revenue from tax incremental districts and industrial park funds.

Under Wisconsin State Statutes Chapter 67, the City of Appleton's aggregate indebtedness may not exceed 5% of the equalized value of taxable property located in the City. The net amount of debt that is applicable to the statutory limit is \$47,087,594 (\$50,306,564 less reserves on hand) which is considerably below the maximum of \$194,873,370.

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

	<u>Governmental Activity 2004</u>	<u>Business-Type Activity 2004</u>	<u>Totals</u>
General obligation bonds and notes payable	\$ 47,591,564	\$ 2,715,000	\$ 50,306,564
Revenue bonds	-	98,383,237	98,383,237
Total Outstanding General Obligation and Revenue Bonds	<u>\$ 47,591,564</u>	<u>\$ 101,098,237</u>	<u>\$ 148,689,801</u>
	<u>Governmental Activity 2003</u>	<u>Business-Type Activity 2003</u>	<u>Totals</u>
General obligation bonds and notes payable	\$ 52,421,190	\$ 3,425,000	\$ 55,846,190
Revenue bonds	-	95,837,356	95,837,356
Total Outstanding General Obligation and Revenue Bonds	<u>\$ 52,421,190</u>	<u>\$ 99,262,356</u>	<u>\$ 151,683,546</u>

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

CITY OF APPLETON

MANAGEMENT'S DISCUSSION AND ANALYSIS (cont.) For Year Ended December 31, 2004

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

Appleton's substantial \$3.9 billion tax base (\$54,211 per capita) has experienced steady growth during recent years with equalized values growing at an average of 5.9% over the last five years. Paper manufacturing, insurance, health care, higher education and public sector institutions dominate the local employment base. The paper industry has been experiencing strong pricing pressures and volatility nationally during recent years, though local employment has remained fairly stable. Nonetheless, the impact of the national slowdown has been felt locally as unemployment is at 6%. Building permits, especially in the housing area, support the expectation of long term growth in taxable valuation.

The City's debt position remains favorable with rapid payout of existing debt and use of non-tax levy sources for debt service. The principal amortization schedule is aggressive with 97% of the debt repaid in ten years.

On March 3, 2005, the City approved the sale and issuance of \$5,535,000 of G.O. Refunding Bond Series 2005A to refinance G.O. Promissory Notes for 1996 and 1997.

In conclusion, the City's diverse economy that continues to experience growth makes the City of Appleton an attractive quality of life community to its citizens and employers.

REQUESTS FOR INFORMATION

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

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

CITY OF APPLETON

STATEMENT OF NET ASSETS
December 31, 2004

	Primary Government			Component Units
	Governmental Activities	Business- Type Activities	Totals	
ASSETS				
Cash and investments	\$ 40,349,961	\$ 9,600,535	\$ 49,950,496	\$ 1,018,345
Receivables				
Taxes	36,319,694	-	36,319,694	-
Deferred loans	5,633,894	-	5,633,894	-
Accounts	234,360	5,791,918	6,026,278	-
Special assessments	2,218,342	583,986	2,802,328	-
Delinquent special assessments	15,051	-	15,051	-
Developer loans	621,330	-	621,330	1,673,007
Accrued interest	533,624	-	533,624	-
Other	1,352,218	199,391	1,551,609	290,874
Due from other governments	115,998	1,449,188	1,565,186	-
Internal balances -interfunds	(2,246,878)	2,246,878	-	-
Internal balances -advances	(11,190,419)	11,190,419	-	-
Inventories	648,337	543,829	1,192,166	212,066
Prepaid items	37,156	7,866	45,022	39,895
Restricted assets:				
Temporarily restricted:				
Cash and investments	-	23,075,424	23,075,424	187,338
Accrued interest	-	259,237	259,237	-
Investment in WMIC	2,020,950	-	2,020,950	-
Property held for future use	-	95,011	95,011	-
Other assets	-	480,635	480,635	-
Land	117,154,851	16,362,947	133,517,798	844,907
Construction in progress	109,765	1,266,308	1,376,073	-
Capital assets net of depreciation	131,436,619	234,363,260	365,799,879	13,194,905
Total Assets	325,364,853	307,516,832	632,881,685	17,461,337
LIABILITIES				
Accounts payable	2,211,787	1,715,862	3,927,649	37,687
Other accrued liabilities	2,088,973	268,954	2,357,927	95,263
Claims payable	3,900,000	-	3,900,000	-
Due to other governments	200	507,583	507,783	-
Other liabilities	5,000	-	5,000	-
Unearned revenue	35,625,864	2,754,892	38,380,756	180,319
Liabilities payable from restricted assets				
Revenue debt principal	-	1,929,525	1,929,525	-
Accrued interest	-	325,223	325,223	-
Security deposit	-	-	-	61,013
Tenant FSS escrow	-	-	-	66,096
Noncurrent liabilities:				
Due within one year	8,276,648	1,357,378	9,634,026	-
Due in more than one year	47,207,488	98,631,848	145,839,336	-
Total Liabilities	99,315,960	107,491,265	206,807,225	440,378
NET ASSETS				
Invested in capital assets, net of related debt	232,641,235	164,337,658	396,978,893	14,039,812
Restricted for:				
Debt service	247,624	3,019,290	3,266,914	-
DNR replacement fund	-	7,088,476	7,088,476	-
Capital replacement fund	-	374,616	374,616	-
Housing programs	-	-	-	1,710,843
Grant programs	6,182,123	-	6,182,123	-
Unrestricted (Deficit)	(13,022,089)	25,205,527	12,183,438	1,270,304
TOTAL NET ASSETS	\$ 226,048,893	\$ 200,025,567	\$ 426,074,460	\$ 17,020,959

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2004

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,419,439	\$ 553,341	\$ 7,500	\$ -
Public safety	23,575,858	902,107	811,951	155,909
Public works	15,521,570	1,805,249	-	7,020,212
Education and recreation	8,667,868	966,283	679,136	-
Community development	2,450,493	58,227	972,008	-
Interest	3,983,171	-	-	-
Total Governmental Activities	60,618,399	4,285,207	2,470,595	7,176,121
Business type activities:				
Water	11,384,777	14,143,690	-	944,178
Wastewater	10,901,021	8,153,375	-	1,120,242
Valley transit	6,454,888	899,244	4,472,768	3,585,158
Stormwater	3,974,123	3,835,617	87,731	1,654,222
Other non-major enterprise funds	2,482,916	2,575,747	-	-
Total Business-Type Activities	35,197,725	29,607,673	4,560,499	7,303,800
Total Primary Government	\$ 95,816,124	\$ 33,892,880	\$ 7,031,094	\$ 14,479,921
Component Units:				
Appleton Redevelopment Authority	\$ 79,360	\$ -	\$ -	\$ -
Housing Authority	4,089,158	784,667	3,078,456	-
Business Improvement District	174,797	172,818	-	-
Total Component Units	\$ 4,343,315	\$ 957,485	\$ 3,078,456	\$ -

General revenues:
 Taxes
 Property taxes, levied for general purposes
 Property taxes, levied for debt service
 Other taxes
 Intergovernmental revenues not restricted to specific programs
 Investment income
 Gain on the sale of assets
 Miscellaneous

Transfers
 Total general revenues and transfers

Change in net assets

Net Assets - Beginning (as restated)

NET ASSETS - ENDING

Net (Expense) Revenue and
Changes in Net Assets

Primary Government			
Governmental Activities	Business-Type Activities	Totals	Component Units
\$ (5,858,598)	\$ -	\$ (5,858,598)	\$ -
(21,705,891)	-	(21,705,891)	-
(6,696,109)	-	(6,696,109)	-
(7,022,449)	-	(7,022,449)	-
(1,420,258)	-	(1,420,258)	-
(3,983,171)	-	(3,983,171)	-
<u>(46,686,476)</u>	<u>-</u>	<u>(46,686,476)</u>	<u>-</u>
-	3,703,091	3,703,091	-
-	(1,627,404)	(1,627,404)	-
-	2,502,282	2,502,282	-
-	1,603,447	1,603,447	-
-	92,831	92,831	-
-	<u>6,274,247</u>	<u>6,274,247</u>	<u>-</u>
(46,686,476)	6,274,247	(40,412,229)	-
-	-	-	(79,360)
-	-	-	(226,035)
-	-	-	(1,979)
29,966,317	-	29,966,317	-
2,917,334	-	2,917,334	-
1,195,606	-	1,195,606	-
16,084,242	-	16,084,242	-
2,182,845	788,552	2,971,397	17,419
135,307	-	135,307	-
1,224,976	18,750	1,243,726	201,547
591,386	(591,386)	-	-
<u>54,298,013</u>	<u>215,916</u>	<u>54,513,929</u>	<u>218,966</u>
7,611,537	6,490,163	14,101,700	(88,408)
<u>218,437,356</u>	<u>193,535,404</u>	<u>411,972,760</u>	<u>17,109,367</u>
<u>\$ 226,048,893</u>	<u>\$ 200,025,567</u>	<u>\$ 426,074,460</u>	<u>\$ 17,020,959</u>

See accompanying notes to financial statements.

CITY OF APPLETON

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2004

	General	Tax Incremental District No. 1	Tax Incremental District No. 3	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 19,807,714	\$ 270	\$ 65,385	\$ 1,125	\$ 17,569,480	\$ 37,443,974
Receivables						
Taxes	24,607,133	1,534,899	640,165	2,903,025	6,634,472	36,319,694
Deferred loans	-	-	-	-	5,633,894	5,633,894
Accounts	-	-	-	-	234,360	234,360
Special assessments	890,780	-	-	-	1,327,562	2,218,342
Delinquent special assessments	15,051	-	-	-	-	15,051
Developer Loans	599,362	-	-	-	21,968	621,330
Accrued interest	533,604	-	-	-	20	533,624
Other	277,112	-	-	948,333	-	1,225,445
Due from other governments	53,211	-	-	-	62,787	115,998
Due from other funds	992,665	-	-	-	4,430	997,095
Inventories	624,307	-	-	-	-	624,307
Prepaid items	37,156	-	-	-	-	37,156
Advances to other funds	23,440,809	-	-	-	-	23,440,809
TOTAL ASSETS	\$ 71,878,904	\$ 1,535,169	\$ 705,550	\$ 3,852,483	\$ 31,488,973	\$ 109,461,079
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 1,286,530	\$ -	\$ -	\$ -	\$ 890,860	\$ 2,177,390
Other accrued liabilities	1,306,367	-	-	-	40,103	1,346,470
Claims payable	2,600,000	-	-	-	-	2,600,000
Due to other governments	200	-	-	-	-	200
Due to other funds	453,412	-	-	-	24,101	477,513
Other liabilities	-	-	-	-	5,000	5,000
Deferred revenue	37,379,147	1,534,899	640,165	3,851,358	13,912,606	57,318,175
Advances from other funds	-	9,674,026	23,672,576	-	1,284,626	34,631,228
Total Liabilities	43,025,656	11,208,925	24,312,741	3,851,358	16,157,296	98,555,976
Fund Balances						
Reserved for:						
Inventories	624,307	-	-	-	-	624,307
Prepaid items	37,156	-	-	-	-	37,156
Noncurrent receivables/advances	11,706,947	-	-	-	-	11,706,947
Debt service	-	-	-	1,125	1,307,249	1,308,374
Encumbrances	1,386,837	-	-	-	1,327,663	2,714,500
Trust purposes	-	-	-	-	15,703	15,703
Unreserved and designated, reported in:						
General fund	15,095,537	-	-	-	-	15,095,537
Special revenue funds	-	-	-	-	2,266,517	2,266,517
Capital projects funds	-	-	-	-	11,513,935	11,513,935
Unreserved and undesignated (deficit), reported in:						
General fund	2,464	-	-	-	-	2,464
Special revenue funds	-	(9,673,756)	(23,607,191)	-	(1,046,625)	(34,327,572)
Capital projects funds	-	-	-	-	(52,765)	(52,765)
Total Fund Balances	28,853,248	(9,673,756)	(23,607,191)	1,125	15,331,677	10,905,103
TOTAL LIABILITIES AND FUND BALANCES	\$ 71,878,904	\$ 1,535,169	\$ 705,550	\$ 3,852,483	\$ 31,488,973	

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

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.	239,400,077
Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	21,692,311
Internal service funds are reported in the statement of net assets as governmental funds	9,503,520
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>(55,452,118)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 226,048,893

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, 2004

	General	Tax Incremental District No. 1	Tax Incremental District No. 3	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 22,596,576	\$ 1,476,913	\$ 813,715	\$ 2,917,334	\$ 6,274,719	\$ 34,079,257
Intergovernmental	16,837,389	64,699	7,038	-	1,754,067	18,663,193
Licenses and permits	855,231	-	-	-	-	855,231
Fines and forfeitures	281,958	-	-	-	-	281,958
Special assessments	1,295,953	-	-	-	1,208,075	2,504,028
Investment income	2,207,637	34,927	9,558	-	383,800	2,635,922
Charges for services	1,434,721	-	-	-	894,560	2,329,281
Other	921,882	-	-	94,008	1,960,240	2,976,130
Total Revenues	<u>46,431,347</u>	<u>1,576,539</u>	<u>830,311</u>	<u>3,011,342</u>	<u>12,475,461</u>	<u>64,325,000</u>
EXPENDITURES						
Current:						
General government	5,909,616	1,057	3,858	-	254,124	6,168,655
Public safety	22,378,834	-	-	-	607,793	22,986,627
Public works	9,972,605	-	-	-	3,688,175	13,660,780
Education and recreation	8,012,152	-	-	-	28,427	8,040,579
Community development	1,606,927	-	-	-	1,465,387	3,072,314
Capital Outlay	-	-	-	-	7,000,266	7,000,266
Debt Service:						
Principal retirement	-	-	-	5,746,890	-	5,746,890
Interest and fiscal charges	-	503,618	1,083,695	2,290,080	62,322	3,939,715
Total Expenditures	<u>47,880,134</u>	<u>504,675</u>	<u>1,087,553</u>	<u>8,036,970</u>	<u>13,106,494</u>	<u>70,615,826</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,448,787)</u>	<u>1,071,864</u>	<u>(257,242)</u>	<u>(5,025,628)</u>	<u>(631,033)</u>	<u>(6,290,826)</u>
OTHER FINANCING SOURCES (USES)						
Debt issued	-	-	171,468	-	927,884	1,099,352
Sale of city properties	283,947	-	-	-	1,399,200	1,683,147
Transfers in	1,307,456	-	-	4,995,273	1,096,392	7,399,121
Transfers out	<u>(1,659,232)</u>	<u>-</u>	<u>(2,762,698)</u>	<u>-</u>	<u>(2,453,782)</u>	<u>(6,875,712)</u>
Total Other Financing Sources (Uses)	<u>(67,829)</u>	<u>-</u>	<u>(2,591,230)</u>	<u>4,995,273</u>	<u>969,694</u>	<u>3,305,908</u>
Net Change in Fund Balances	<u>(1,516,616)</u>	<u>1,071,864</u>	<u>(2,848,472)</u>	<u>(30,355)</u>	<u>338,661</u>	<u>(2,984,918)</u>
FUND BALANCES (DEFICIT) - Beginning (as restated)	<u>30,369,864</u>	<u>(10,745,620)</u>	<u>(20,758,719)</u>	<u>31,480</u>	<u>14,993,016</u>	<u>13,890,021</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 28,853,248</u>	<u>\$ (9,673,756)</u>	<u>\$ (23,607,191)</u>	<u>\$ 1,125</u>	<u>\$ 15,331,677</u>	<u>\$ 10,905,103</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, 2004

Net change in fund balances - total governmental funds \$ (2,984,918)

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

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

Total capital outlay additions - paid for with City funds	14,163,231	
Total capital asset additions - contributed to the City	4,098,875	
Less: capital outlay already capitalized in the internal service funds	(2,086,011)	
Less: close-out of prior year CWIP	(3,849,314)	12,326,781
Depreciation is reported in the government-wide statements		(4,740,706)

Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins)
is to decrease net assets. (1,912,053)

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

Interest charged on advances	(709,706)	
Developer loans	157,930	
Rehabilitation loans	142,457	
Accounts receivable/interest income	273,716	
Special assessments	492,116	356,513

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

Debt issued		(1,099,352)
Principal repaid		5,746,890

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		(362,433)
Disability benefits		18,089
Postclosure care cost		90,000
Accrued interest on debt		41,639

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

131,087

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 7,611,537

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
December 31, 2004

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
ASSETS			
Current Assets			
Cash and investments	\$ -	\$ 2,259,758	\$ 400
Accounts Receivable			
Customer accounts	3,246,156	1,785,554	-
Special assessments	56,454	354,651	-
Other	13,530	-	105,786
Due From Other Governments			
Federal government	-	-	1,014,849
State of Wisconsin	-	-	434,339
Due from other funds	162,733	181,821	-
Inventories	281,436	168,973	93,420
Prepaid items	-	-	7,866
Restricted Assets			
Cash and investments	-	1,031,645	-
Total Current Assets	<u>3,760,309</u>	<u>5,782,402</u>	<u>1,656,660</u>
Non-Current Assets			
Advance to other Funds	-	2,873,480	-
Restricted Assets			
Cash and investments	7,627,662	9,492,229	374,616
Accrued interest	102,542	127,535	-
Investment in WMIC	-	-	-
Receivable from mutual insurance company	-	-	-
Capital Assets			
Land	1,098,933	816,167	891,831
Building and improvements	90,425,095	105,548,023	3,135,913
Equipment, furniture and vehicles	26,843,592	33,424,407	9,119,699
Less: Accumulated depreciation	(17,307,246)	(55,937,124)	(6,922,199)
Construction in progress	24,521	67,585	-
Property held for future use	95,011	-	-
Other Assets			
Unamortized debt expense	119,167	31,855	-
Total Non-Current Assets	<u>109,029,277</u>	<u>96,444,157</u>	<u>6,599,860</u>
Total Assets	<u>112,789,586</u>	<u>102,226,559</u>	<u>8,256,520</u>

<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Stormwater</u>	<u>Other</u>	<u>Total</u>	<u>Activities -</u>
<u>Utility</u>	<u>Enterprise</u>	<u>Current Year</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service Funds</u>
\$ 6,909,274	\$ 431,103	\$ 9,600,535	\$ 2,905,987
760,208	-	5,791,918	-
172,881	-	583,986	-
-	80,075	199,391	10,705
-	-	1,014,849	-
-	-	434,339	-
104,428	-	448,982	-
-	-	543,829	24,030
-	-	7,866	-
<u>553,631</u>	<u>-</u>	<u>1,585,276</u>	<u>-</u>
<u>8,500,422</u>	<u>511,178</u>	<u>20,210,971</u>	<u>2,940,722</u>
-	11,710,419	14,583,899	-
3,995,641	-	21,490,148	-
29,160	-	259,237	-
-	-	-	2,020,950
-	-	-	116,068
11,037,098	2,518,918	16,362,947	-
46,577,413	23,639,726	269,326,170	-
657	706,371	70,094,726	20,581,879
(13,325,252)	(11,565,815)	(105,057,636)	(11,280,721)
1,136,602	37,600	1,266,308	-
-	-	95,011	-
<u>329,613</u>	<u>-</u>	<u>480,635</u>	<u>-</u>
<u>49,780,932</u>	<u>27,047,219</u>	<u>288,901,445</u>	<u>11,438,176</u>
<u>58,281,354</u>	<u>27,558,397</u>	<u>309,112,416</u>	<u>14,378,898</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
December 31, 2004

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 233,331	\$ 239,587	\$ 535,656
Compensated absences	237,455	157,294	180,851
Accrued interest	40,176	-	-
Other accrued liabilities	41,995	30,637	116,881
Claims payable	-	-	-
Due to other governments	-	-	507,583
Due to other funds	940,728	-	22,851
Deferred revenues	-	-	26,969
Current portion of long-term debt	290,000	-	-
Current Liabilities Payables From Restricted Assets			
Revenue bonds payable	-	1,369,525	-
Accrued interest	-	109,609	-
Total Current Liabilities	1,783,685	1,906,652	1,390,791
Noncurrent Liabilities			
General obligation debt payable	480,000	-	-
Revenue bonds and notes payable	65,776,632	11,136,402	-
Advance from other funds	2,873,480	-	-
Compensated absences	144,020	157,609	174,450
Total Noncurrent Liabilities	69,274,132	11,294,011	174,450
Total Liabilities	71,057,817	13,200,663	1,565,241
NET ASSETS			
Invested in capital assets, net of related debt	41,880,103	72,848,739	6,225,244
Restricted for:			
Debt service	602,542	2,049,571	-
DNR replacement fund	-	7,088,476	-
Capital replacement fund	-	-	374,616
Unrestricted (deficit)	(750,876)	7,039,110	91,419
TOTAL NET ASSETS	\$ 41,731,769	\$ 89,025,896	\$ 6,691,279

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

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

NET ASSETS OF BUSINESS-TYPE ACTIVITIES

<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
<u>Stormwater Utility</u>	<u>Other Enterprise Funds</u>	<u>Total Current Year</u>	
\$ 681,643	\$ 25,645	\$ 1,715,862	\$ 34,397
-	36,778	612,378	47,924
22,467	-	62,643	-
5,404	11,394	206,311	40,669
-	-	-	1,300,000
-	-	507,583	-
-	-	963,579	4,985
-	2,727,923	2,754,892	-
455,000	-	745,000	198,920
560,000	-	1,929,525	-
215,614	-	325,223	-
<u>1,940,128</u>	<u>2,801,740</u>	<u>9,822,996</u>	<u>1,626,895</u>
1,490,000	-	1,970,000	453,690
19,200,000	-	96,113,034	-
-	520,000	3,393,480	-
3,887	68,848	548,814	33,318
<u>20,693,887</u>	<u>588,848</u>	<u>102,025,328</u>	<u>487,008</u>
<u>22,634,015</u>	<u>3,390,588</u>	<u>111,848,324</u>	<u>2,113,903</u>
28,046,772	15,336,800	164,337,658	9,301,158
367,177	-	3,019,290	-
-	-	7,088,476	-
-	-	374,616	-
<u>7,233,390</u>	<u>8,831,009</u>	<u>22,444,052</u>	<u>2,963,837</u>
<u>\$ 35,647,339</u>	<u>\$ 24,167,809</u>	<u>\$ 197,264,092</u>	<u>\$ 12,264,995</u>
		<u>2,761,475</u>	
		<u>\$ 200,025,567</u>	

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS For the Year Ended December 31, 2004

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
OPERATING REVENUES			
Charges for services	\$ 13,857,106	\$ 7,601,712	\$ 823,452
Other	286,584	551,663	75,792
Total Operating Revenues	14,143,690	8,153,375	899,244
OPERATING EXPENSES			
Operation and maintenance	5,292,495	6,476,793	5,934,855
Depreciation	2,753,045	3,718,277	491,217
Total Operating Expenses	8,045,540	10,195,070	6,426,072
Operating Income (Loss)	6,098,150	(2,041,695)	(5,526,828)
NONOPERATING REVENUES (EXPENSES)			
Investment income	189,724	399,689	-
Interest expense	(3,173,139)	(540,455)	-
Amortization of debt expense	(14,461)	(8,294)	-
Gain (loss) on sale of capital assets	-	-	-
Amortization of prior losses on refunding of bonds	(39,592)	(47,470)	-
Subsidies from other governmental units	-	-	4,472,768
Loss on investment in WMIC	-	-	-
Other	7,555	-	-
Total Nonoperating Revenues (Expenses)	(3,029,913)	(196,530)	4,472,768
Income (Loss) Before contributions and transfers	3,068,237	(2,238,225)	(1,054,060)
Capital contributions	944,178	1,120,242	3,585,158
Transfers in	-	3,215	562,840
Transfers out - tax equivalent	(940,728)	-	-
Transfers out	(67,431)	(122,081)	-
Change in Net Assets	3,004,256	(1,236,849)	3,093,938
TOTAL NET ASSETS - Beginning	38,727,513	90,262,745	3,597,341
TOTAL NET ASSETS - ENDING	\$ 41,731,769	\$ 89,025,896	\$ 6,691,279

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

Change in Net Assets Business-type Activities

<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Stormwater</u>	<u>Other</u>	<u>Totals</u>	<u>Activities -</u>
<u>Utility</u>	<u>Enterprise</u>	<u>Current Year</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service Funds</u>
\$ 3,774,337	\$ 2,006,489	\$ 28,063,096	\$ 2,186,065
61,280	569,258	1,544,577	258,440
<u>3,835,617</u>	<u>2,575,747</u>	<u>29,607,673</u>	<u>2,444,505</u>
2,136,108	1,449,039	21,289,290	3,193,155
925,926	969,406	8,857,871	1,671,853
<u>3,062,034</u>	<u>2,418,445</u>	<u>30,147,161</u>	<u>4,865,008</u>
<u>773,583</u>	<u>157,302</u>	<u>(539,488)</u>	<u>(2,420,503)</u>
178,898	20,241	788,552	53,227
(840,279)	(25,125)	(4,578,998)	(60,737)
(30,299)	-	(53,054)	-
-	-	-	135,307
-	-	(87,062)	-
87,731	-	4,560,499	-
-	-	-	(24,358)
-	11,195	18,750	30,691
<u>(603,949)</u>	<u>6,311</u>	<u>648,687</u>	<u>134,130</u>
169,634	163,613	109,199	(2,286,373)
1,654,222	-	7,303,800	2,018,033
-	22,214	588,269	67,977
-	-	(940,728)	-
<u>(12,500)</u>	<u>(36,915)</u>	<u>(238,927)</u>	<u>-</u>
1,811,356	148,912	6,821,613	(200,363)
<u>33,835,983</u>	<u>24,018,897</u>		<u>12,465,358</u>
<u>\$ 35,647,339</u>	<u>\$ 24,167,809</u>		<u>\$ 12,264,995</u>
		<u>(331,450)</u>	
		<u>\$ 6,490,163</u>	

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPES
 For the Year Ended December 31, 2004

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Valley Transit</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 14,339,709	\$ 8,188,382	\$ 894,168
Cash paid to suppliers for goods and services	(3,678,621)	(5,055,805)	(3,720,577)
Cash paid to employees for services	<u>(1,665,684)</u>	<u>(1,558,117)</u>	<u>(2,292,683)</u>
Net Cash Flows From Operating Activities	<u>8,995,404</u>	<u>1,574,460</u>	<u>(5,119,092)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Principal payments on note payable	-	-	-
Interest paid on note payable	-	-	-
Tax equivalent paid to municipality	(940,728)	-	-
Transfers in	-	3,215	-
Transfers out	(67,431)	(122,081)	-
Operation subsidies received from other governmental units	-	-	4,413,024
Advance from other funds	-	475,100	-
Advance to other funds	<u>(475,100)</u>	<u>-</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>(1,483,259)</u>	<u>356,234</u>	<u>4,413,024</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(4,298,249)	(2,195,889)	(3,920,590)
Transfer in - capital related	-	-	-
Proceeds from sale of capital assets	-	-	-
Revenue bonds issued	3,775,000	-	-
Costs of issuing revenue bonds	(52,611)	-	-
Principal paid on long-term debt	(3,535,000)	(1,189,119)	-
Interest paid on long-term debt	(3,145,434)	(549,583)	-
Capital contributed by others	18,456	43,916	2,625,305
Special assessments received	<u>5,065</u>	<u>333,795</u>	<u>-</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(7,232,773)</u>	<u>(3,556,880)</u>	<u>(1,295,285)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	174,453	383,813	25,374
Proceeds from sale and maturities of investments	7,059,247	10,140,834	401,931
Purchases of investments	<u>(7,384,274)</u>	<u>(10,330,298)</u>	<u>-</u>
Net Cash Flows From Investing Activities	<u>(150,574)</u>	<u>194,349</u>	<u>427,305</u>
Net (Decrease) Increase in Cash and Cash Equivalents	128,798	(1,431,837)	(1,574,048)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>114,590</u>	<u>3,885,171</u>	<u>1,949,064</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 243,388</u>	<u>\$ 2,453,334</u>	<u>\$ 375,016</u>

<u>Business-Type Activities - Enterprise Funds</u>			Governmental
<u>Stormwater</u>	<u>Other</u>	<u>Totals</u>	<u>Activities -</u>
<u>Utility</u>	<u>Enterprise</u>	<u>Current Year</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service Funds</u>
\$ 4,094,485	\$ 2,520,586	\$ 30,037,330	\$ 2,595,644
(1,531,814)	(601,391)	(14,588,208)	(2,006,668)
<u>(501,551)</u>	<u>(859,211)</u>	<u>(6,877,246)</u>	<u>(1,171,071)</u>
2,061,120	1,059,984	8,571,876	(582,095)
-	-	-	(182,088)
-	-	-	(64,698)
-	-	(940,728)	-
-	-	3,215	-
(12,500)	(14,701)	(216,713)	-
87,731	-	4,500,755	-
-	-	475,100	-
-	(800,000)	(1,275,100)	-
<u>75,231</u>	<u>(814,701)</u>	<u>2,546,529</u>	<u>(246,786)</u>
(3,453,063)	(90,676)	(13,958,467)	(67,977)
-	-	-	67,977
-	-	-	224,047
3,535,000	-	7,310,000	-
(64,543)	-	(117,154)	-
(750,000)	-	(5,474,119)	-
(817,176)	(25,125)	(4,537,318)	-
44,336	-	2,732,013	-
193,438	-	532,298	-
<u>(1,312,008)</u>	<u>(115,801)</u>	<u>(13,512,747)</u>	<u>224,047</u>
171,563	20,241	775,444	53,227
295,561	-	17,897,573	-
<u>(547,429)</u>	<u>-</u>	<u>(18,262,001)</u>	<u>-</u>
<u>(80,305)</u>	<u>20,241</u>	<u>411,016</u>	<u>53,227</u>
744,038	149,723	(1,983,326)	(551,607)
<u>8,567,732</u>	<u>281,380</u>	<u>14,797,937</u>	<u>3,457,594</u>
<u>\$ 9,311,770</u>	<u>\$ 431,103</u>	<u>\$ 12,814,611</u>	<u>\$ 2,905,987</u>

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPES
 For the Year Ended December 31, 2003

	Business-Type Activities - Enterprise Funds		
	Water Utility	Wastewater Utility	Valley Transit
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 6,098,150	\$ (2,041,695)	\$ (5,526,828)
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities			
Non-operating income	7,555	-	-
Depreciation expense	2,753,045	3,718,277	491,217
Depreciation charged to other funds	173,997	-	-
Changes in Noncash Components of Working Capital			
Customer accounts receivable	(5,079)	22,960	-
Other accounts receivable	(3,245)	-	(6,901)
Due from other funds	22,791	12,047	-
Inventories	15,773	12,432	26,781
Prepaid items	-	-	(248)
Accounts payable	42,255	(27,530)	(16,928)
Accrued liabilities	(109,838)	(122,031)	(88,010)
Accrued compensated absences	-	-	-
Claims payable	-	-	-
Due to other funds	-	-	-
Deferred revenues	-	-	1,825
	\$ 8,995,404	\$ 1,574,460	\$ (5,119,092)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS			
Cash and investments - statement of net assets - proprietary fund	\$ -	\$ 2,259,758	\$ 400
Restricted cash and investments - statement of net assets - proprietary fund	-	-	374,616
Current	7,627,662	10,523,874	-
Non-cash equivalents non-current	(7,384,274)	(10,330,298)	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 243,388	\$ 2,453,334	\$ 375,016
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributed property and equipment	\$ 882,345	\$ 509,184	\$ -
New special assessments	43,379	567,142	-

<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Stormwater</u>	<u>Other</u>	<u>Totals</u>	<u>Activities -</u>
<u>Utility</u>	<u>Enterprise</u>	<u>Current Year</u>	<u>Internal</u>
	<u>Funds</u>		<u>Service Funds</u>
\$ 773,583	\$ 157,302	\$ (539,488)	\$ (2,420,503)
-	11,195	18,750	30,691
925,926	969,406	8,857,871	1,671,853
-	-	173,997	-
(22,460)	-	(4,579)	-
285,114	(66,356)	208,612	(2,121)
(3,786)	-	31,052	-
-	-	54,986	(701)
-	-	(248)	15,694
177,417	(629)	174,585	12,752
(74,674)	(13,063)	(407,616)	(16,931)
-	2,129	2,129	(383)
-	-	-	138,263
-	-	-	4,985
-	-	1,825	(15,694)
<u>\$ 2,061,120</u>	<u>\$ 1,059,984</u>	<u>\$ 8,571,876</u>	<u>\$ (582,095)</u>
\$ 6,909,274	\$ 431,103	\$ 9,600,535	\$ 2,905,987
-	-	374,616	-
4,549,272	-	22,700,808	-
<u>(2,146,776)</u>	<u>-</u>	<u>(19,861,348)</u>	<u>-</u>
<u>\$ 9,311,770</u>	<u>\$ 431,103</u>	<u>\$ 12,814,611</u>	<u>\$ 2,905,987</u>
\$ 1,419,066	\$ -	\$ 2,810,595	\$ 2,018,033
217,839	-	828,360	-

See accompanying notes to financial statements.

CITY OF APPLETON

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUND December 31, 2004

	<u>Agency Fund</u>
ASSETS	
Cash and investments	\$ 40,879,183
Property taxes receivable	<u>13,771,065</u>
TOTAL ASSETS	<u>\$ 54,650,248</u>
LIABILITIES	
Due to other taxing authorities	\$ 54,574,626
Accounts payable	<u>75,622</u>
TOTAL LIABILITIES	<u>\$ 54,650,248</u>

See accompanying notes to financial statements.