

**CITY OF APPLETON  
BUSINESS IMPROVEMENT DISTRICT**

**A COMPONENT UNIT OF THE  
CITY OF APPLETON, WISCONSIN**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2023**



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APPLETON, WISCONSIN  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Appleton Business Improvement District  
City of Appleton, Wisconsin

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Appleton Business Improvement District (the District), a component unit of the City of Appleton, Wisconsin, as of and for the year ended December 31, 2023, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2023, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

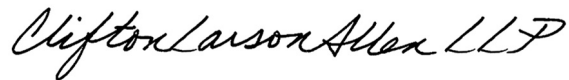
Board of Directors  
Appleton Business Improvement District  
City of Appleton, Wisconsin

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the District's financial statements that collectively comprise the District's basic financial statements. The schedule of revenues, expenses, and changes in net position – budget and actual is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The schedule of revenues, expenses, and changes in net position – budget and actual 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 schedule of revenues, expenses, and changes in net position – budget and actual is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Report on Summarized Comparative Information***

We have previously audited the District's 2022 financial statements, and we expressed an unmodified opinion on the financial statements of the District in our report dated June 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
June 4, 2024

## **FINANCIAL STATEMENTS**

**CITY OF APPLETON BUSINESS IMPROVEMENT DISTRICT  
 APPLETON, WISCONSIN  
 STATEMENT OF NET POSITION  
 DECEMBER 31, 2023  
 (WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2022)**

	2023	2022
<b>ASSETS</b>		
Current Assets:		
Cash and Investments	\$ 267,934	\$ 206,658
Special Assessments Receivable	128,930	96,001
Total Assets	396,864	302,659
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	69,267	37,385
<b>DEFERRED INFLOWS OF RESOURCES</b>		
BID Assessments Levied for Subsequent Year	275,356	241,512
<b>NET POSITION</b>		
Unrestricted	52,241	23,762
Total Net Position	\$ 52,241	\$ 23,762

*See accompanying Notes to Financial Statements.*

**CITY OF APPLETON BUSINESS IMPROVEMENT DISTRICT  
APPLETON, WISCONSIN  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2023  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)**

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
BID Assessments	\$ 241,512	\$ 235,485
<b>OPERATING EXPENSES</b>		
Contracted Services	49,756	50,000
Administrative:		
Telephone	2,996	3,051
Office Supplies	447	173
Postage	892	1,208
Conferences/Workshops/Classes	120	-
Dues, Fees, and Subscriptions	1,320	1,183
Facility Rent	558	709
Total Administrative	<u>6,333</u>	<u>6,324</u>
Audit and Accounting Services	3,356	3,051
Marketing:		
Advertising	76,841	73,911
Printing	1,762	-
Total Marketing	<u>78,603</u>	<u>73,911</u>
Economic Development Projects:		
Sidewalk Maintenance/Amenities	28,723	33,040
Façade Grants	35,993	39,124
Marketing Grants	8,045	6,421
Recruiting Grant	8,575	17,100
Business Recruitment	2,550	6,451
Total Economic Development Projects	<u>83,886</u>	<u>102,136</u>
Total Operating Expenses	<u>221,934</u>	<u>235,422</u>
<b>OPERATING INCOME (LOSS)</b>	19,578	63
<b>NONOPERATING REVENUES</b>		
Investment Income (Loss)	<u>8,901</u>	<u>(4,309)</u>
<b>CHANGE IN NET POSITION</b>	28,479	(4,246)
Net Position - Beginning of Year	<u>23,762</u>	<u>28,008</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 52,241</u>	<u>\$ 23,762</u>

See accompanying Notes to Financial Statements.



**CITY OF APPLETON BUSINESS IMPROVEMENT DISTRICT  
APPLETON, WISCONSIN  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2023  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2022)**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from District Members	\$ 242,427	\$ 227,044
Cash Paid to Suppliers	<u>(190,052)</u>	<u>(221,676)</u>
Net Cash Provided (Used) by Operating Activities	52,375	5,368
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Gain (Loss) in Pooled Cash	<u>8,901</u>	<u>(4,309)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	61,276	1,059
Cash and Cash Equivalents - Beginning of Year	<u>206,658</u>	<u>205,599</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 267,934</u></u>	<u><u>\$ 206,658</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 19,578	\$ 63
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Change in Operating Assets and Liabilities:		
Special Assessments Receivable	(32,929)	(14,468)
Accounts Payable	31,882	13,746
BID Assessments Levied for Subsequent Year	<u>33,844</u>	<u>6,027</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 52,375</u></u>	<u><u>\$ 5,368</u></u>

See accompanying Notes to Financial Statements.

**CITY OF APPLETON BUSINESS IMPROVEMENT DISTRICT  
APPLETON, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

Wisconsin Statutes allow for the creation of Business Improvement Districts (BID). A BID is a geographic area within a municipality consisting of contiguous parcels, which are subject to assessments, where the assessment revenue must be used to benefit the BID. The purpose was to authorize cities, villages, and towns to create one or more business improvement districts to allow businesses within those districts to develop, manage, maintain, and promote their districts and to establish an assessment method to fund these activities. A BID affords property owners and business people a very real role in directing those affairs within the district, which influences their investment and environment. It also ensures that the beneficiaries of district programs participate in the funding of the programs.

The District is a legal entity separate and distinct from the City of Appleton, Wisconsin. The District is governed by a nine member appointed board and approved by the Common council. The members serve staggered, two year terms. A majority of the board members shall own or occupy real property in the District.

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for using the *economic resources measurement focus*. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operations are included on the statement of net position.

The statement of net position and statement of revenues, expenses, and changes in net position are reported using 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. Assessments are levied upon all property within the District and are recognized as revenues in the year for which they are levied. At year end, assessments for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenues 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.

**CITY OF APPLETON BUSINESS IMPROVEMENT DISTRICT  
APPLETON, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus and Basis of Accounting (Continued)**

The District distinguishes *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 District are charges to the district members. Operating expenses for the District include salaries and wages, operation and maintenance, business development and promotions. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position**

**1. Cash and Investments**

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

**2. BID Special Assessments**

The primary source of revenue for the District is an assessment levied on property located within District boundaries. The BID assessments are determined in November, and included as a special charge on each property owner's tax bill within the District and become an enforceable lien on December 31. The BID assessments are due in full to the City by January 31st of the subsequent year, which the City collects and distributes to the District.

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

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

**CITY OF APPLETON BUSINESS IMPROVEMENT DISTRICT  
APPLETON, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position  
(Continued)**

**4. Net Position**

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

- Net Investment in Capital Assets. Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- Restricted Net Position. Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted Net Position. Net position that is neither classified as restricted nor as net investment in capital assets.

**5. Claims and Judgements**

Claims and judgements are recorded as expenses when the related liabilities are incurred.

**D. Prior Year Information**

Comparative amounts for the prior year have been presented in the financial statements to provide an understanding of changes in the District's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

**CITY OF APPLETON BUSINESS IMPROVEMENT DISTRICT  
APPLETON, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 2 STEWARDSHIP AND COMPLIANCE**

**A. Operating Plan**

The budgetary information is derived from the District's annual operating plan budget and is presented using the same basis of accounting as described in Note 1.B. The 2023 Operating Plan, as approved by the board of directors and common council, included provisions for District assessments and related spending of \$241,512. The board of directors and management use the budget to manage the District's program activities; however, the budget does not represent a legal budget establishing specific line item expenditure limits.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

The District's cash and investments total \$267,934 are commingled with the cash and investment accounts of the City of Appleton; therefore, individual bank balances of the District cannot be determined. Please refer to the City's financial statements for further information.

The City's Annual Comprehensive Financial Report can be located at [www.appleton.org/government/finance](http://www.appleton.org/government/finance).

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage.

**B. Contingencies**

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

## **SUPPLEMENTARY INFORMATION**

**CITY OF APPLETON BUSINESS IMPROVEMENT DISTRICT  
APPLETON, WISCONSIN  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2023**

	Original Budget	Final Budget	Actual	Variance Final Budget - Positive (Negative)
<b>OPERATING REVENUES</b>				
Bid Assessments	\$ 241,512	\$ 241,512	\$ 241,512	\$ -
<b>OPERATING EXPENSES</b>				
Contracted Services	50,000	50,000	49,756	244
Administrative:				
Telephone	-	-	2,996	(2,996)
Office Supplies	-	-	447	(447)
Postage	-	-	892	(892)
Conferences/Workshops/Classes	-	-	120	(120)
Dues, Fees, and Subscriptions	-	-	1,320	(1,320)
Facility Rent	-	-	558	(558)
Total Administrative	<u>6,412</u>	<u>6,412</u>	<u>6,333</u>	<u>79</u>
Audit and Accounting Services	2,600	2,600	3,356	(756)
Marketing:				
Advertising	80,500	75,000	76,841	(1,841)
Printing	-	-	1,762	(1,762)
Total Marketing	<u>80,500</u>	<u>75,000</u>	<u>78,603</u>	<u>(3,603)</u>
Economic Development Projects:				
Sidewalk Maintenance/Amenities	35,000	35,000	28,723	6,277
Façade Grants	40,000	40,000	35,993	4,007
Marketing Grants	10,000	10,000	8,045	1,955
Recruiting Grant	15,000	15,000	8,575	6,425
Business Recruitment	7,500	7,500	2,550	4,950
Total Economic Development Projects	<u>107,500</u>	<u>107,500</u>	<u>83,886</u>	<u>23,614</u>
Total Operating Expenses	<u>247,012</u>	<u>241,512</u>	<u>221,934</u>	<u>19,578</u>
<b>OPERATING INCOME (LOSS)</b>	(5,500)	-	19,578	19,578
<b>NONOPERATING REVENUES</b>				
Investment Income (Loss)	-	-	8,901	8,901
<b>CHANGE IN NET POSITION</b>	(5,500)	-	28,479	28,479
Net Position - Beginning of Year	<u>23,762</u>	<u>23,762</u>	<u>23,762</u>	<u>-</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 18,262</u>	<u>\$ 23,762</u>	<u>\$ 52,241</u>	<u>\$ 28,479</u>



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