

It is expected that a Quorum of the Personnel Committee, Board of Public Works, and Common Council will be attending this meeting: (although it is not expected that any official action of any of those bodies will be taken)

**CITY OF MENASHA
ADMINISTRATION COMMITTEE
Third Floor Council Chambers
140 Main Street, Menasha
January 18, 2016
6:30 PM
or immediately following Common Council
AGENDA**

- A. CALL TO ORDER
- B. ROLL CALL/EXCUSED ABSENCES
- C. MINUTES TO APPROVE
 - 1. [Administration Committee, 11/2/15.](#)
- D. ACTION/DISCUSSION ITEMS
 - 1. [Review and Accept 2014 City of Menasha Audit Report \(Dave Maccoux, Schenck\).](#)
 - 2. [Review and Accept TID #1 Closeout Audit.](#)
- E. ADJOURNMENT

"Menasha is committed to its diverse population. Our Non-English speaking population and those with disabilities are invited to contact the Menasha City Clerk at 967-3603 24-hours in advance of the meeting for the City to arrange special accommodations."

CITY OF MENASHA
ADMINISTRATION COMMITTEE
Third Floor Council Chambers
140 Main Street, Menasha
November 2, 2015
MINUTES

DRAFT

A. CALL TO ORDER

Meeting called to order by Chairman Nichols at 7:10 p.m.

B. ROLL CALL/EXCUSED ABSENCES

PRESENT: Aldermen Benner, Nichols, Taylor, Krautkramer, Keehan.

EXCUSED: Alderman Spencer, Zelinski.

ALSO PRESENT: Mayor Merkes, CA Captain, DPW Radtke, CDD Keil, ASD Steeno, PHD McKenney, Clerk Galeazzi.

C. MINUTES TO APPROVE

1. [Administration Committee, 10/5/15](#)

Moved by Ald. Keehan seconded by Ald. Benner to approve minutes.

Motion carried on voice vote.

D. ACTION/DISCUSSION ITEMS

1. [2016 Municipal Property Insurance.](#)

CA Captain explained the City's current property insurance provider, State of Wisconsin Local Government Property Insurance Fund, renewal premium is in the amount of \$46,635. This is about a 78% increase over last year's premium. She also received a quote of \$32,211 from Municipal Property Insurance Company. Municipal Property Insurance Company was recently formed by CVMIC, the League of Wisconsin Municipalities and Wisconsin Municipal Mutual Insurance Company to provide property insurance for municipalities.

Moved by Ald. Keehan seconded by Ald. Benner to recommend to Common Council that the City of Menasha provide notice of non-renewal to the Local Government Property Insurance Fund.

Motion carried on roll call 5-0.

Moved by Ald. Benner seconded by Ald. Keehan to authorize the City Attorney to continue to get quotes from property insurance companies.

Motion carried on roll call 5-0.

2. [Underground Storage Tank Insurance.](#)

CA Captain explained the City's requirement for Underground Storage Tank Insurance until the City can demonstrate financial responsibility under the Code of Federal Regulations. The renewal premium from ACE American Insurance Company is \$4,632. This is an increase over last year's premium. CA Captain stated there are few insurance companies that will issue quotes on UST insurance. ASD Steeno is checking to see if this insurance is still required with the City's change in financial status.

Moved by Ald. Keehan seconded by Ald. Benner to recommend to Common Council to renew Underground Storage Tank Insurance with ACE American Insurance Company for a premium of \$4,632.

Motion carried on roll call 4-1. Ald. Taylor voted no.

3. [O-21-15 An Ordinance Amending Title 2, Chapter 1 of the Code of Ordinances \(Polling Places\) \(Introduced by Ald. Benner\).](#)

Clerk Galeazzi explained the request from Heckrodt Wetland Reserve to no longer use the facility as a polling place. She has been working with the owners of the Winnegamie Dog Club at 2043 Manitowoc Road as a polling place for District 8 voters. Winnegamie Dog Club meets most of the requirements of a polling place. There will be a cost to rent the facility and make a few changes to comply with State Election requirements.

Moved by Ald. Benner seconded by Ald. Keehan to recommend to Common Council O-21-15 An Ordinance Amending Title 2, Chapter 1 of the Code of Ordinances (Polling Places)

Motion carried on roll call 5-0.

E. ADJOURNMENT

Moved by Ald. Taylor seconded by Ald. Keehan to adjourn at 7:35 p.m.

Motion carried on voice vote.

Deborah A. Galeazzi, WCMC, City Clerk

CITY OF MENASHA, WISCONSIN
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2014

CITY OF MENASHA, WISCONSIN

December 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and Members of the City Council
City of Menasha, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Menasha, Wisconsin, ("the City") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Prior Period Adjustment

As described in Note D.13, the City has recorded a prior period adjustment of \$152,709 in the governmental funds and government-wide financial statements to properly recognize a receivable for 2013 services. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress and the schedule of employer contributions on pages 3 through 9 and 53 and 54 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The financial information listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
December 30, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Menasha, Wisconsin Management's Discussion and Analysis

As management of the City of Menasha, Wisconsin, we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2014.

Financial Highlights

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows as of December 31, 2014 by \$43.2 million (net position). The unrestricted net position of the governmental-type activities was a deficit of \$12,520,517. The unrestricted net position of the business-type activities is \$8,537,804.
- The City's total net position increased by \$2.4 million (decrease of \$14.6 million in governmental activities and an increase of \$17.1 million in business-type activities). During 2014, the City's debt service fund became responsible for \$15.2 million of general obligation debt with the final disposal of the steam utility plant.
- Property taxes levied to finance general City operations totaled \$9,573,252, a decrease of \$6,981 from the prior year. Tax increments generated by the City's eleven tax incremental districts totaled \$1,663,233.
- As of December 31, 2014, the City's governmental funds reported combined ending fund balances of \$3,435,099, a decrease \$2,131,278 in comparison with the prior year.
- As of December 31, 2014, unassigned fund balance for the general fund was \$1.7 million, or approximately 10.2% of total general fund expenditures. The general fund balance increased \$222,554 during 2014. The City had a positive expenditure budget variance of \$326,540 for the current year.

Overview of the Basic 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 basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the City's assets, deferred outflows/inflows of resources and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of 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., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other 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, health and human services, culture and recreation, and conservation and development. The business-type activities of the City include Menasha Utilities (provides electric, water, steam and telecommunication services to City residents), the sewage treatment services and storm water management.

The government-wide financial statements can be found on pages 10 - 12 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 the City's near-term financing requirements.

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 City'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 30 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and debt service fund, both of which are considered to be major funds. Data from the other 28 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its governmental funds. As part of the basic governmental fund financial statements, budgetary comparison statements have been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 13 - 17 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 electric, water, steam and telecommunications utilities (Menasha Utilities) and its sewerage system and storm water operations (reclassified from a special revenue fund in 2003). *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service funds to account for liability and dental insurance claims, information technology and the City's garage. Because these services predominantly benefits governmental rather than business-type functions, they have been included within *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 the Menasha Utilities which is considered to be a major fund of the City and the sewage treatment operations. The City's internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 18 - 21 of this report.

Fiduciary fund. The City accounts for tax collections of other taxing entities within an agency fund. The fiduciary fund financial statements can be found on page 22 of this report.

Notes to the basic 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 basic financial statements can be found on pages 23 - 52 of this report.

Other information. Required supplementary information and the combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following notes to the basic financial statements.

Government-wide Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$43.2 million at the close of 2014.

City of Menasha, Wisconsin's Net Position						
(in thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 23,478	\$ 24,948	\$ 18,170	\$ 16,710	\$ 41,648	\$ 41,658
Capital assets	33,617	33,525	52,180	54,339	85,797	87,864
Total Assets	57,095	58,473	70,350	71,049	127,445	129,522
Deferred outflows of resources						
Tower Painting	-	-	28	54	28	54
Long-term liabilities outstanding	34,591	22,455	29,580	47,115	64,171	69,570
Other liabilities	1,804	1,225	6,738	6,979	8,542	8,204
Total Liabilities	36,395	23,680	36,318	54,094	72,713	77,774
Deferred inflows of resources						
Property taxes	11,599	11,236	-	-	11,599	11,236
Net Position						
Net investment in capital assets	16,049	13,078	22,600	21,222	38,649	34,300
Restricted	5,573	6,488	2,922	2,994	8,495	9,482
Unrestricted	(12,521)	3,991	8,538	(7,207)	(3,983)	(3,216)
Total Net Position	\$ 9,101	\$ 23,557	\$ 34,060	\$ 17,009	\$ 43,161	\$ 40,566

By far the largest portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services 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.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used and consist of \$1.6 million restricted for community development loans, \$2.0 million restricted for debt service, \$1.3 million restricted for capital projects, \$2.1 million restricted for TIF project plan outlays, \$0.6 million restricted for special revenue purposes and \$0.9 million restricted for lease obligations. The remaining balance is a deficit net position of \$4.0 million.

Change in net position. A summary of the City's change in net position follows:

City of Menasha, Wisconsin's Change in Net Position (In thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues						
Charges for services	\$ 2,769	\$ 2,651	\$ 55,947	\$ 54,699	\$ 58,716	\$ 57,350
Operating grants and contributions	1,102	974	-	-	1,102	974
Capital grants and contributions	592	198	39	103	631	301
General Revenues						
Property taxes	11,237	11,448	-	-	11,237	11,448
Other taxes	194	197	-	-	194	197
Grants and contributions not restricted to specific programs	4,197	4,177	-	-	4,197	4,177
Other	512	367	109	71	621	438
Total Revenues	20,603	20,012	56,095	54,873	76,698	74,885
Expenses						
General government	1,470	1,230	-	-	1,470	1,230
Public safety	7,814	7,742	-	-	7,814	7,742
Public works and sanitation	3,914	3,774	-	-	3,914	3,774
Health and human services	884	863	-	-	884	863
Culture and recreation	3,336	3,179	-	-	3,336	3,179
Conservation and development	1,176	1,569	-	-	1,176	1,569
Interest on long-term debt	1,214	777	-	-	1,214	777
Electric	-	-	44,493	45,649	44,493	45,649
Steam	-	-	563	648	563	648
Water	-	-	3,770	3,890	3,770	3,890
Telecommunications	-	-	53	57	53	57
Sewage treatment	-	-	2,051	1,556	2,051	1,556
Stormwater utility	-	-	1,299	1,220	1,299	1,220
Total Expenses	19,808	19,134	52,229	53,020	72,037	72,154
Change in Net Position Before Transfers	795	878	3,866	1,853	4,661	2,731
Transfer of debt	(15,208)	-	15,208	-	-	-
Other transfers	(196)	(286)	196	286	-	-
Change in Net Position	(14,609)	592	19,270	2,139	4,661	2,731
Loss on impairment and sale of assets	-	-	(2,219)	(10,410)	(2,219)	(10,410)
Net Position - January 1	23,557	22,965	17,009	25,280	40,566	48,245
Prior period adjustment	153	-	-	-	153	-
Net Position - January 1, restated	23,710	22,965	17,009	25,280	40,719	48,245
Net Position - December 31	\$ 9,101	\$ 23,557	\$ 34,060	\$ 17,009	\$ 43,161	\$ 40,566

The narrative that follows considers the operations of governmental and business-type activities separately.

Governmental activities. The change in net position for 2014 was a decrease of \$14.6 million. The main cause of the decrease was the assumption of steam utility related debt from Menasha Utilities of \$15.2 million. The above transfer represents the payment in lieu of taxes that Menasha Utilities pays to the City, less a transfer to the Menasha Utilities for debt retirement.

Business-type activities. The change in net position for 2014 was an increase of \$17.0 million. Menasha Utilities portion of the increase was \$17.0 million. This increase was substantially due to the transfer of steam utility debt of \$15.2 million to the City.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City'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, *unassigned fund balance* may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of December 31, 2014, the City's governmental funds reported combined ending fund balances of \$3.4 million, a decrease of \$2.2 million in comparison with the prior year. \$5.0 million of the fund balance is *nonspendable or restricted* to indicate that it is not available for new spending. \$.4 million is assigned, indicating there is a specific purpose for the revenues earned in these funds. The remaining fund balance is a deficit of \$2.0 million.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$1,650,984, while total fund balance increased to \$2,801,805. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10.2% of total general fund expenditures, while total fund balance represents 17.4% of that same amount.

The City's general fund balance increased \$222,554 during the current year as positive expenditure variances of \$326,540 helped overcome the anticipated budgeted variance of \$180,000.

The debt service fund is used to retire long-term debt related to governmental activities and annually levies sufficient taxes, special assessment collections or anticipated transfers from the City's tax incremental districts to retire all obligations as they come due. The debt service fund balance totals \$1,276,792, a decrease of \$192,277 from the prior year.

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

Total net position of Menasha Utilities at the end of the year amounted to \$19,930,652 with \$10,236,715 recorded in net investment in capital assets, \$725,010 restricted for debt retirement, \$899,939 restricted for a lease obligation, \$1,206,998 restricted for plant replacement and \$6,861,990 as unrestricted. The fund experienced an increase in net position of \$16,961,349, as steam utility related debt of \$15,208,073 was transferred to the City.

Total net position of the sewage treatment operation at the end of the year amounted to \$4,912,702. Included in net position is \$3,744,949 recorded in net investment in capital assets, 90,000 restricted for equipment replacement and \$1,077,753 as unrestricted. The fund experienced an increase in net position of \$258,372.

Total net position of the stormwater utility operation at the end of the year amounted to \$9,267,064. Included in net position is \$8,618,523 recorded in net investment in capital assets and \$648,541 as unrestricted. The fund experienced a decrease in net position of \$118,570.

General Fund Budgetary Highlights

During the year, actual revenues were more than budgeted revenues by \$214,471 with miscellaneous providing the major variation (\$118,743). Actual expenditures were less than budgeted expenditures by \$326,540 with significant savings in the public safety area (\$228,621).

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2014 amounts to \$85.8 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, vehicles, public domain infrastructure (highways, sidewalks, parking facilities), and construction in progress. The total decrease in the City's investment in capital assets for the current year was \$2.1 million or 2.4% lower than last year.

Major capital assets acquired, constructed or deleted during the year include:

Governmental Activities

- A new fire truck (\$300,507) and road projects (\$849,710) highlighted capital asset additions of \$1,796,130.

Business-Type Activities

- During 2014, Menasha Utilities disposed of the impaired steam utility assets of \$2,043,650.

City of Menasha, Wisconsin's Capital Assets						
(net of accumulated depreciation)						
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$ 9,163,876	\$ 9,163,876	\$ 2,510,576	\$ 2,510,366	\$ 11,674,452	\$ 11,674,242
Buildings	12,029,633	12,029,633	8,674,758	8,660,533	20,704,391	20,690,166
Improvements other than buildings	-	-	50,521,931	49,702,938	50,521,931	49,702,938
Machinery and equipment	9,624,508	8,829,614	17,958,816	17,728,778	27,583,324	26,558,392
Infrastructure	29,342,189	28,661,805	-	-	29,342,189	28,661,805
Construction in progress	228,482	132,484	746,323	77,478	974,805	209,962
Other assets	-	-	352,600	288,795	352,600	288,795
Less: Accumulated depreciation	(26,771,881)	(25,292,248)	(28,584,812)	(26,673,531)	(55,356,693)	(51,965,779)
Total	\$ 33,616,807	\$ 33,525,164	\$ 52,180,192	\$ 52,295,357	\$ 85,796,999	\$ 85,820,521

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$50,384,892. Of this amount, \$35,315,063 comprises debt backed by the full faith and credit of the government while the remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Menasha, Wisconsin's Outstanding Debt						
General Obligation Debt, Revenue Bonds and Other Debt						
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General Obligation Debt						
Bonds	\$ 2,800,000	\$ 3,600,000	\$ -	\$ -	\$ 2,800,000	\$ 3,600,000
Notes	29,976,118	16,989,841	2,538,945	18,684,230	32,515,063	35,674,071
Total General Obligation	32,776,118	20,589,841	2,538,945	18,684,230	35,315,063	39,274,071
Revenue bonds	-	-	14,536,879	15,501,001	14,536,879	15,501,001
Due to Town of Menasha	-	-	527,342	554,101	527,342	554,101
Capital leases	-	-	11,976,839	12,376,094	11,976,839	12,376,094
Total	\$ 32,776,118	\$ 20,589,841	\$ 29,580,005	\$ 47,115,426	\$ 62,356,123	\$ 67,705,267

State statutes limit the amount of general obligation debt the City may issue to 5% of its total equalized valuation. The current debt limitation for the City is \$49,954,430.

Economic Factors and Next Year's Budgets and Rates

- The economic condition and outlook of the City has remained fairly stable based on a relatively healthy mix of manufacturing, tourism, service industry and retail activities which support our tax base.
- Inflationary trends in our region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2015 year.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Menasha Comptroller/Treasurer, 140 Main Street, Menasha, WI 54952-3190.

BASIC FINANCIAL STATEMENTS

CITY OF MENASHA, WISCONSIN
Statement of Net Position
December 31, 2014

	Governmental Activities	Business-type Activities	Totals	Component Unit Redevelopment Authority
ASSETS				
Cash and investments	\$ 8,244,678	\$ 2,670,127	\$ 10,914,805	\$ 456,650
Receivables				
Taxes	6,484,166	-	6,484,166	-
Accounts	447,305	5,520,061	5,967,366	34,999
Special assessments	944,866	-	944,866	-
Loans	5,383,661	46,548	5,430,209	-
Land contracts receivable	-	-	-	377,099
Internal balances	50,480	(50,480)	-	-
Due from other governments	186,055	94,086	280,141	-
Inventories and prepaid items	395,518	707,952	1,103,470	-
Restricted and other assets				
Cash and investments	310,693	9,176,290	9,486,983	-
Capitalization deposit with CVMIC	1,031,220	-	1,031,220	-
Interest receivable	-	5,302	5,302	-
Property held for sale	-	-	-	2,793,900
Capital assets, nondepreciable				
Land	9,163,876	2,510,576	11,674,452	-
Other assets	-	352,600	352,600	-
Construction in progress	228,482	746,323	974,805	-
Capital assets, depreciable				
Buildings and improvements	12,029,633	8,674,758	20,704,391	-
Improvements other than buildings	-	50,521,931	50,521,931	-
Machinery and equipment	9,624,508	17,958,816	27,583,324	-
Infrastructure	29,342,189	-	29,342,189	-
Less: Accumulated depreciation	(26,771,881)	(28,584,812)	(55,356,693)	-
TOTAL ASSETS	57,095,449	70,350,078	127,445,527	3,662,648
DEFERRED OUTFLOWS OF RESOURCES				
Tower painting	-	28,233	28,233	-
LIABILITIES				
Accounts and claims payable	619,733	4,486,007	5,105,740	38,042
Accrued and other current liabilities	39,741	1,997,951	2,037,692	-
Accrued interest payable	929,494	141,528	1,071,022	-
Due to other governments	233	-	233	3,900,000
Unearned revenues	215,483	112,882	328,365	-
Long-term obligations				
Due within one year	2,348,000	1,588,739	3,936,739	-
Due in more than one year	32,242,754	27,991,266	60,234,020	-
TOTAL LIABILITIES	36,395,438	36,318,373	72,713,811	3,938,042
DEFERRED INFLOWS OF RESOURCES				
Property taxes	11,598,903	-	11,598,903	-
NET POSITION				
Net investment in capital assets	16,048,762	22,600,187	38,648,949	-
Restricted for				
Debt service	1,276,792	725,010	2,001,802	-
Capital projects	-	1,296,998	1,296,998	-
Lease obligation	-	899,939	899,939	-
Community development	1,577,927	-	1,577,927	-
TID project plan	2,131,800	-	2,131,800	-
Other purposes	586,344	-	586,344	-
Unrestricted	(12,520,517)	8,537,804	(3,982,713)	(275,394)
TOTAL NET POSITION	\$ 9,101,108	\$ 34,059,938	\$ 43,161,046	\$ (275,394)

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

CITY OF MENASHA, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,470,500	\$ 324,023	\$ -	\$ -
Public safety	7,814,143	692,214	141,208	-
Public works	3,914,033	456,232	652,674	563,651
Health and human services	883,944	388,748	98,179	-
Culture and recreation	3,335,622	891,730	83,470	-
Conservation and development	1,175,503	15,881	126,537	28,042
Interest on debt	1,214,201	-	-	-
Total Governmental Activities	<u>19,807,946</u>	<u>2,768,828</u>	<u>1,102,068</u>	<u>591,693</u>
Business-type Activities				
Electric utility	44,493,161	46,826,707	-	28,005
Steam utility	562,727	-	-	-
Water utility	3,770,016	5,582,068	-	10,050
Telecommunication utility	53,073	100,224	-	779
Sewerage system	2,050,603	2,306,914	-	-
Stormwater utility	1,298,807	1,130,973	-	-
Total Business-type Activities	<u>52,228,387</u>	<u>55,946,886</u>	<u>-</u>	<u>38,834</u>
Total Primary Government	<u>\$ 72,036,333</u>	<u>\$ 58,715,714</u>	<u>\$ 1,102,068</u>	<u>\$ 630,527</u>
Component Unit				
Redevelopment Authority	<u>\$ 559,931</u>	<u>\$ 270,000</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues
Taxes
Property taxes levied for general purposes
Property taxes levied for debt service
Tax increments
Other taxes
Federal and state grants and other contributions not restricted to specific functions
Interest and investment earnings
Miscellaneous
Transfers
Special items
Debt assumed by City of Menasha
Loss on sale of assets
Total general revenues, transfers and special items
Change in net position
Net position - January 1
Prior period adjustment
Net position - January 1, restated
Net position - December 31

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

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Totals	Component Unit Redevelopment Authority
\$ (1,146,477)	\$ -	\$ (1,146,477)	\$ -
(6,980,721)	-	(6,980,721)	-
(2,241,476)	-	(2,241,476)	-
(397,017)	-	(397,017)	-
(2,360,422)	-	(2,360,422)	-
(1,005,043)	-	(1,005,043)	-
(1,214,201)	-	(1,214,201)	-
<u>(15,345,357)</u>	<u>-</u>	<u>(15,345,357)</u>	<u>-</u>
-	2,361,551	2,361,551	-
-	(562,727)	(562,727)	-
-	1,822,102	1,822,102	-
-	47,930	47,930	-
-	256,311	256,311	-
-	(167,834)	(167,834)	-
-	<u>3,757,333</u>	<u>3,757,333</u>	<u>-</u>
<u>(15,345,357)</u>	<u>3,757,333</u>	<u>(11,588,024)</u>	<u>-</u>
-	-	-	<u>(289,931)</u>
8,417,243	-	8,417,243	-
1,156,009	-	1,156,009	-
1,663,233	-	1,663,233	-
194,237	-	194,237	-
4,197,271	-	4,197,271	-
253,523	108,676	362,199	-
258,247	-	258,247	-
(195,628)	195,628	-	-
(15,208,073)	15,208,073	-	-
-	(2,219,039)	(2,219,039)	-
<u>736,062</u>	<u>13,293,338</u>	<u>14,029,400</u>	<u>-</u>
<u>(14,609,295)</u>	<u>17,050,671</u>	<u>2,441,376</u>	<u>(289,931)</u>
23,557,694	17,009,267	40,566,961	14,537
152,709	-	152,709	-
<u>23,710,403</u>	<u>17,009,267</u>	<u>40,719,670</u>	<u>14,537</u>
<u>\$ 9,101,108</u>	<u>\$ 34,059,938</u>	<u>\$ 43,161,046</u>	<u>\$ (275,394)</u>

CITY OF MENASHA, WISCONSIN

Balance Sheet
Governmental Funds
December 31, 2014

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 4,801,468	\$ 1,753,108	\$ 1,419,310	\$ 7,973,886
Receivables				
Taxes	4,563,094	634,806	1,250,098	6,447,998
Delinquent personal property taxes	36,168	-	-	36,168
Accounts	447,276	-	27	447,303
Special assessments	1,830	943,036	-	944,866
Loans	-	3,900,000	1,483,661	5,383,661
Due from other funds	1,241,402	-	2,131,800	3,373,202
Due from other governments	186,055	-	-	186,055
Restricted cash and investments	-	-	310,693	310,693
Inventories and prepaid items	311,284	-	84,234	395,518
TOTAL ASSETS	\$ 11,588,577	\$ 7,230,950	\$ 6,679,823	\$ 25,499,350
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 430,932	\$ -	\$ 79,060	\$ 509,992
Accrued and other current liabilities	39,741	-	-	39,741
Due to other funds	-	-	3,373,202	3,373,202
Due to other governments	233	-	-	233
Unearned revenues	212,583	-	2,900	215,483
Total Liabilities	683,489	-	3,455,162	4,138,651
Deferred Inflows of Resources				
Property taxes	8,103,283	1,111,122	2,384,498	11,598,903
Loans receivable	-	3,900,000	1,483,661	5,383,661
Special assessments	-	943,036	-	943,036
Total Deferred Inflows of Resources	8,103,283	5,954,158	3,868,159	17,925,600
Fund Balances				
Nonspendable				
Inventories and prepaid items	311,284	-	84,234	395,518
Long-term advance	509,850	-	-	509,850
Restricted				
Debt service	-	1,276,792	-	1,276,792
Library endowment	-	-	310,693	310,693
Community development	-	-	94,266	94,266
TID project plan	-	-	2,131,800	2,131,800
Park development	-	-	193,208	193,208
Hattie Minor Scholarship	-	-	29,324	29,324
Public safety	-	-	9,996	9,996
Park and recreation	-	-	7,061	7,061
Senior center	-	-	36,062	36,062
Assigned	329,687	-	102,406	432,093
Unassigned				
General fund	1,650,984	-	-	1,650,984
Special revenue funds	-	-	(600,713)	(600,713)
Capital projects funds	-	-	(3,041,835)	(3,041,835)
Total Fund Balances	2,801,805	1,276,792	(643,498)	3,435,099
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 11,588,577	\$ 7,230,950	\$ 6,679,823	\$ 25,499,350

(Continued)

CITY OF MENASHA, WISCONSIN
Balance Sheet (Continued)
Governmental Funds
December 31, 2014

Reconciliation to the Statement of Net Position

Total Fund Balances as shown on previous page \$ 3,435,099

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. 30,630,481

Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.

Special assessments	943,036
Loans receivable	1,483,661
Land contract receivable	3,900,000

Internal service funds reported in the statement of net position as governmental activities (see page 18) 4,229,079

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable	\$ (32,776,118)	
Compensated absences	(1,395,771)	
OPEB liability	(418,865)	
Accrued interest on long-term obligations	(929,494)	(35,520,248)

Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 10) \$ 9,101,108

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

CITY OF MENASHA, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended December 31, 2014

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 8,298,834	\$ 1,156,009	\$ 1,975,879	\$ 11,430,722
Special assessments	-	280,352	-	280,352
Intergovernmental	4,664,568	-	524,395	5,188,963
Licenses and permits	507,139	-	38,889	546,028
Fines and forfeits	120,951	-	-	120,951
Public charges for services	468,597	-	199,030	667,627
Intergovernmental charges for services	1,384,134	-	7,911	1,392,045
Miscellaneous	236,343	230,710	259,900	726,953
Total Revenues	15,680,566	1,667,071	3,006,004	20,353,641
Expenditures				
Current				
General government	1,411,410	-	-	1,411,410
Public safety	7,648,322	-	358,605	8,006,927
Public works	2,951,298	-	829,370	3,780,668
Health and human services	888,473	-	150,846	1,039,319
Culture and recreation	2,876,025	-	321,639	3,197,664
Conservation and development	338,318	-	512,967	851,285
Other	-	-	31,967	31,967
Debt service				
Principal	-	7,104,871	-	7,104,871
Interest and fiscal charges	-	696,060	-	696,060
Capital outlay	-	-	259,705	259,705
Total Expenditures	16,113,846	7,800,931	2,465,099	26,379,876
Excess of Revenues Over (Under)				
Expenditures	(433,280)	(6,133,860)	540,905	(6,026,235)
Other Financing Sources (Uses)				
Long-term debt issued	-	4,083,075	-	4,083,075
Transfers in	776,127	3,334,344	242,521	4,352,992
Transfers out	(120,293)	(1,475,836)	(2,944,981)	(4,541,110)
Total Other Financing Sources (Uses)	655,834	5,941,583	(2,702,460)	3,894,957
Net Change in Fund Balances	222,554	(192,277)	(2,161,555)	(2,131,278)
Fund Balances - January 1	2,426,542	1,469,069	1,518,057	5,413,668
Prior Period Adjustment	152,709	-	-	152,709
Fund Balances - January 1, restated	2,579,251	1,469,069	1,518,057	5,566,377
Fund Balances - December 31	\$ 2,801,805	\$ 1,276,792	\$ (643,498)	\$ 3,435,099

(Continued)

CITY OF MENASHA, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2014

Reconciliation to the Statement of Activities

Net Change in Fund Balances from previous page	\$ (2,131,278)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay reported in governmental fund statements	\$ 1,155,835
Depreciation expense reported in the statement of activities	<u>(1,026,730)</u>
Amount by which capital outlays are greater than depreciation in current period	129,105
<p>Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits decreased by:</p>	
	38,417
<p>Some capital assets acquired and other development expenditures incurred during the . year were financed with debt. Debt issued is reported in the governmental funds as an other financing source. In the statement of net position; however, debt constitutes a long-term liability. The amount of debt proceeds reported in the governmental fund statements is:</p>	
	(4,083,075)
<p>Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term obligation payments in the current year is:</p>	
	7,104,871
<p>The City transferred general obligation debt issued in prior years to fund steam utility capital assets from Menasha Utilities to the City, resulting in an increase in long-term obligations in the current year.</p>	
	(15,208,073)
<p>Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid; in the statement of activities interest is reported as it accrues.</p>	
	(529,553)
<p>Governmental funds report the effect of premiums and discounts when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The current year amortization is:</p>	
	12,219
<p>The net revenue of internal service funds is reported with governmental activities.</p>	
	(111,890)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	<u>169,962</u>
<p>Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see pages 11 - 12)</p>	
	<u><u>\$ (14,609,295)</u></u>

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

CITY OF MENASHA, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
General Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 8,297,641	\$ 8,297,641	\$ 8,298,834	\$ 1,193
Intergovernmental	4,627,486	4,627,486	4,664,568	37,082
Licenses and permits	469,577	469,577	507,139	37,562
Fines and forfeits	144,000	144,000	120,951	(23,049)
Public charges for services	383,725	458,725	468,597	9,872
Intergovernmental charges for services	1,351,066	1,351,066	1,384,134	33,068
Miscellaneous	192,600	117,600	236,343	118,743
Total Revenues	15,466,095	15,466,095	15,680,566	214,471
Expenditures				
Current				
General government	1,469,795	1,469,395	1,411,410	57,985
Public safety	7,877,943	7,876,943	7,648,322	228,621
Public works and sanitation	2,886,747	2,916,652	2,951,298	(34,646)
Health and human services	892,345	897,345	888,473	8,872
Culture and recreation	2,938,252	2,958,252	2,876,025	82,227
Conservation and development	321,799	321,799	338,318	(16,519)
Capital outlay	34,505	-	-	-
Total Expenditures	16,421,386	16,440,386	16,113,846	326,540
Excess of Revenues Over (Under) Expenditures	(955,291)	(974,291)	(433,280)	541,011
Other Financing Sources (Uses)				
Transfers in	800,291	794,291	776,127	(18,164)
Transfers out	-	-	(120,293)	(120,293)
Total Other Financing Sources (Uses)	800,291	794,291	655,834	(138,457)
Net Change in Fund Balance	(155,000)	(180,000)	222,554	402,554
Fund Balance - January 1	2,426,542	2,426,542	2,426,542	-
Prior Period Adjustment	152,709	152,709	152,709	-
Fund Balances - January 1, restated	2,579,251	2,579,251	2,579,251	-
Fund Balance - December 31	\$ 2,424,251	\$ 2,399,251	\$ 2,801,805	\$ 402,554

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

CITY OF MENASHA, WISCONSIN

Statement of Net Position

Proprietary Funds

December 31, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Menasha Utilities	Sewage Treatment	Stormwater Utility	Totals	
ASSETS					
Cash and investments	\$ 977,146	\$ 787,333	\$ 905,648	\$ 2,670,127	\$ 270,792
Receivables					
Accounts	5,162,418	357,643	-	5,520,061	2
Other	46,548	-	-	46,548	-
Inventories and prepaid expenses	707,952	-	-	707,952	-
Due from other governments	-	-	94,086	94,086	-
Restricted and other assets					
Cash and investments	9,086,290	90,000	-	9,176,290	-
Capitalization deposit with CVMIC	-	-	-	-	1,031,220
Interest receivable	5,302	-	-	5,302	-
Capital assets, nondepreciable					
Land	1,194,242	-	1,316,334	2,510,576	44,216
Other assets	352,600	-	-	352,600	-
Construction in progress	746,323	-	-	746,323	132,484
Capital assets, depreciable					
Buildings	8,674,758	-	-	8,674,758	1,000,642
Improvements other than buildings	32,284,459	8,701,647	9,535,825	50,521,931	-
Machinery and equipment	17,951,311	-	7,505	17,958,816	7,071,729
Less: Accumulated depreciation	(25,501,382)	(1,369,631)	(1,713,799)	(28,584,812)	(5,262,745)
TOTAL ASSETS	51,687,967	8,566,992	10,145,599	70,400,558	4,288,340
DEFERRED OUTFLOWS OF RESOURCES					
Tower painting	28,233	-	-	28,233	-
LIABILITIES					
Accounts and claims payable	4,081,499	53,315	351,193	4,486,007	109,741
Accrued and other current liabilities	1,997,951	-	-	1,997,951	-
Accrued interest payable	127,620	13,908	-	141,528	-
Unearned revenue	112,882	-	-	112,882	-
Long-term obligations					
Due within one year	1,335,294	227,295	26,150	1,588,739	-
Due in more than one year	24,130,302	3,359,772	501,192	27,991,266	-
TOTAL LIABILITIES	31,785,548	3,654,290	878,535	36,318,373	109,741
NET POSITION					
Net investment in capital assets	10,236,715	3,744,949	8,618,523	22,600,187	2,986,326
Restricted for					
Debt service	725,010	-	-	725,010	-
Lease obligation	899,939	-	-	899,939	-
Plant replacement	1,206,998	90,000	-	1,296,998	-
Unrestricted	6,861,990	1,077,753	648,541	8,588,284	1,192,273
TOTAL NET POSITION	\$ 19,930,652	\$ 4,912,702	\$ 9,267,064	34,110,418	\$ 4,178,599
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(50,480)	
Net Position of Business-type Activities per Statement of Net Position (see page 10)				\$ 34,059,938	

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

CITY OF MENASHA, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Menasha Utilities	Sewage Treatment	Stormwater Utility	Totals	
Operating Revenues					
Charges for services	\$ 52,182,059	\$ 2,306,914	\$ 1,130,973	\$ 55,619,946	\$ 1,991,103
Other	324,863	-	-	324,863	-
Total Operating Revenues	<u>52,506,922</u>	<u>2,306,914</u>	<u>1,130,973</u>	<u>55,944,809</u>	<u>1,991,103</u>
Operating Expenses					
Operation and maintenance	45,468,767	1,816,546	1,156,634	48,441,947	1,423,595
Insurance payments and claims	-	-	-	-	269,978
Depreciation and amortization	1,812,326	143,412	95,028	2,050,766	452,903
Taxes	218,970	-	-	218,970	-
Total Operating Expenses	<u>47,500,063</u>	<u>1,959,958</u>	<u>1,251,662</u>	<u>50,711,683</u>	<u>2,146,476</u>
Operating Income (Loss)	<u>5,006,859</u>	<u>346,956</u>	<u>(120,689)</u>	<u>5,233,126</u>	<u>(155,373)</u>
Nonoperating Revenues (Expenses)					
Investment income	106,527	30	2,119	108,676	513
Merchandising and jobbing	2,077	-	-	2,077	-
Interest and fiscal charges	(1,757,087)	(87,310)	-	(1,844,397)	-
Miscellaneous	378,173	-	-	378,173	-
Total Nonoperating Revenues (Expenses)	<u>(1,270,310)</u>	<u>(87,280)</u>	<u>2,119</u>	<u>(1,355,471)</u>	<u>513</u>
Income (Loss) Before Contributions and Transfers	<u>3,736,549</u>	<u>259,676</u>	<u>(118,570)</u>	<u>3,877,655</u>	<u>(154,860)</u>
Capital contributions	38,834	-	-	38,834	-
Transfers in	1,475,836	-	-	1,475,836	-
Debt assumed by City of Menasha	15,208,073	-	-	15,208,073	-
Transfers out	(1,278,904)	(1,304)	-	(1,280,208)	(7,510)
Loss on disposal of assets	(2,219,039)	-	-	(2,219,039)	-
Change in Net Position	<u>16,961,349</u>	<u>258,372</u>	<u>(118,570)</u>	<u>17,101,151</u>	<u>(162,370)</u>
Net Position - January 1	<u>2,969,303</u>	<u>4,654,330</u>	<u>9,385,634</u>	<u>17,009,267</u>	<u>4,340,969</u>
Net Position - December 31	<u>\$ 19,930,652</u>	<u>\$ 4,912,702</u>	<u>\$ 9,267,064</u>	<u>34,110,418</u>	<u>\$ 4,178,599</u>
<u>Reconciliation to the Statement of Activities</u>					
Net Change in Net Position				17,101,151	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>(50,480)</u>	
Net Change in Net Position per Statement of Activities (see pages 11 - 12)				<u>\$ 17,050,671</u>	

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

CITY OF MENASHA, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	Menasha Utilities	Sewage Treatment	Stormwater Utility		
Cash Flows from Operating Activities					
Cash received from customers	\$ 52,353,717	\$ 2,251,445	\$ 1,130,973	\$ 55,736,135	\$ 30,480
Cash received from City	-	-	-	-	1,960,621
Cash paid to suppliers	(42,115,961)	(1,486,380)	(346,033)	(43,948,374)	(1,125,134)
Cash paid to employees	(2,550,350)	(178,958)	(613,695)	(3,343,003)	(531,169)
Net Cash Provided by Operating Activities	7,687,406	586,107	171,245	8,444,758	334,798
Cash Flows from Noncapital and Related Financing Activities					
Transfers	(1,278,904)	(1,304)	-	(1,280,208)	(7,510)
Cash transferred to steam utility special revenue fund	(58,080)	-	-	(58,080)	-
Net Cash Used by Noncapital and Related Financing Activities	(1,336,984)	(1,304)	-	(1,338,288)	(7,510)
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	(1,834,904)	(32,520)	(173,801)	(2,041,225)	(415,441)
Debt proceeds	-	41,457	-	41,457	-
Principal payments on capital debt	(2,120,060)	(221,986)	(26,759)	(2,368,805)	-
Transfers for debt payment	1,475,836	-	-	1,475,836	-
Interest payments on capital debt	(2,758,309)	(87,994)	-	(2,846,303)	-
Asset disposal costs and salvage	(20,435)	-	-	(20,435)	-
Contributions from property owners	38,834	-	-	38,834	-
Net Cash Used by Capital and Related Financing Activities	(5,219,038)	(301,043)	(200,560)	(5,720,641)	(415,441)
Cash Flows from Investing Activities					
Interest received on investments	105,761	30	2,119	107,910	513
Change in Cash and Cash Equivalents	1,237,145	283,790	(27,196)	1,493,739	(87,640)
Cash and Cash Equivalents - January 1	8,826,291	593,543	932,844	10,352,678	358,432
Cash and Cash Equivalents - December 31	\$ 10,063,436	\$ 877,333	\$ 905,648	\$ 11,846,417	\$ 270,792

(Continued)

CITY OF MENASHA, WISCONSIN
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2014

	Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	Menasha Utilities	Sewage Treatment	Stormwater Utility		
Reconciliation of Operating Income (Loss) to					
Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 5,006,859	\$ 346,956	\$ (120,689)	\$ 5,233,126	\$ (155,373)
Adjustments to reconcile operating income (loss)					
to net cash provided by operating activities:					
Depreciation and amortization	2,120,184	143,412	95,028	2,358,624	452,903
Merchandising and jobbing	2,077	-	-	2,077	-
Miscellaneous	378,172	-	-	378,172	-
Changes in assets and liabilities					
Accounts receivable	(187,341)	(55,469)	-	(242,810)	(2)
Notes receivable	31,756	-	-	31,756	-
Inventories and prepaid expenses	111,037	-	-	111,037	-
Accounts and claims payable	256,716	(26,748)	290,591	520,559	37,270
Accrued and other liabilities	(32,357)	-	-	(32,357)	-
Due from other funds	-	177,956	(93,685)	84,271	-
Deferred credits	303	-	-	303	-
Net Cash Provided by Operating Activities	\$ 7,687,406	\$ 586,107	\$ 171,245	\$ 8,444,758	\$ 334,798
Reconciliation of cash and cash equivalents					
Cash and investments	\$ 977,146	\$ 787,333	\$ 905,648	\$ 2,670,127	\$ 270,792
Restricted and other cash and investments	9,086,290	90,000	-	9,176,290	-
Total Cash and Cash Equivalents	\$ 10,063,436	\$ 877,333	\$ 905,648	\$ 11,846,417	\$ 270,792

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

CITY OF MENASHA, WISCONSIN
Statement of Net Position
Agency Fund
December 31, 2014

	Agency Fund
ASSETS	
Cash and investments	\$ 6,771,794
Taxes receivable	<u>9,575,703</u>
 TOTAL ASSETS	 <u><u>\$ 16,347,497</u></u>
 LIABILITIES	
Due to other governments	<u><u>\$ 16,347,497</u></u>

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

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The City of Menasha is a municipal corporation governed by an elected eight member council. In accordance with GAAP, the basic financial statements are required to include the City (the primary government) and any separate component units that have a significant operational or financial relationship with the City. The City has identified the Redevelopment Authority of the City of Menasha, Wisconsin (RDA) as a component unit due to the significance of the City's financial accountability with it.

2. Individual Component Unit Disclosure

DISCRETELY PRESENTED COMPONENT UNIT

The component unit column in the basic financial statements includes the financial data of the Redevelopment Authority of the City of Menasha, Wisconsin (RDA). The RDA was established to coordinate blight prevention and elimination and urban renewal throughout the City. The financial statements of the RDA are discretely presented in a separate column to emphasize that it is legally separate from the City. The RDA is governed by a seven-member board appointed by the Mayor and confirmed by the City Council. The RDA essentially exists to provide oversight and funding for City development projects in accordance with the powers conferred by the Wisconsin Statutes. City approval is needed for the acquisition and transfer of real estate, exercise powers of eminent domain, issuance of debt and establishment of an annual budget. Separate financial statements are not prepared for the RDA.

JOINT VENTURE

The City of Menasha is a participant with six other area municipalities in a joint venture to operate a wastewater treatment facility. The Neenah-Menasha Sewerage Commission was created for that purpose. The Commission is governed by a seven-member board composed of appointed members from the various municipalities. The Commission is designed to be a self-supporting entity, deriving its revenues from sewage treatment user fees from the various municipalities and industries it serves. The Commission has not been created for profit, and no part of the net income or profit shall accrue to the benefit of any private individual or any organization created for profit. Complete financial statements for the Neenah-Menasha Sewerage Commission can be obtained from the Commission's office at 101 Garfield Avenue, Menasha, Wisconsin 54952.

3. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise and internal services funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

GENERAL FUND

This is the City's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

DEBT SERVICE FUND

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The City reports the following major enterprise funds:

MENASHA UTILITIES FUND

This fund is used to account for the operating activities of the Menasha Water, Steam and Electric operations.

SEWAGE TREATMENT FUND

This fund is used to account for the operating activities of the Menasha Sewage Treatment operations.

STORMWATER UTILITY FUND

This fund is used to account for the operating activities of the Menasha Stormwater operations.

Additionally, the government reports the following fund types:

Internal service funds account for fleet maintenance, information services, and insurance services provided to other departments of the City on a cost reimbursement basis.

The City accounts for property taxes collected on behalf of other governments in an *agency fund*.

4. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund (other than agency funds) financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and electric functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. 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 City's policy to use restricted resources first, then unrestricted resources, as they are needed.

5. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash equivalents.

b. Accounts Receivable

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as "advances to other funds" and are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental activities and business-type activities.

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

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

e. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

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

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

	Governmental Activities	Business-type Activities
	Years	
<u>Assets</u>		
Buildings	30 - 40	25 - 50
Improvements other than buildings	-	25 - 100
Machinery and equipment	3 - 20	3 - 10
Infrastructure	10 - 100	-

g. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

The Menasha Utilities Enterprise Fund has recorded a liability for accrued employee vacation leave at December 31, 2014. All full time employees also earn 40 hours of sick leave, as defined in the employee handbook, at the beginning of each year. Up to 24 hours may be carried over each year up to a maximum of 80 hours. Sick leave shall be paid at the employee's regular rate of pay when taken. There is no payout of sick leave at year end or separation from employment. Other enterprise and internal service funds are allocated payroll costs from public works department employees; therefore, the liability for compensated absences is recorded within governmental activities.

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one type of item, tower painting, which qualifies for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item that qualifies for reporting in this category, property taxes. The amounts will be recognized as an inflow of resources in the subsequent year for which they were levied. The City also has an additional type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources, special assessments and loan receivables. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

i. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Fund Equity

FUND FINANCIAL STATEMENTS

Fund balance of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance - Amounts that are constrained for specific purposes by action of the City Council. These constraints can only be removed or changed by the City Council using the same action that was used to create them.
- Assigned fund balance - Amounts that are constrained for specific purposes by action of City management. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- Unassigned fund balance - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The City has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

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

k. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

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

- a. During October, City management submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device for the governmental funds.
- d. The legal level of budgetary control is by activity or department. Expenditures may not exceed budgeted appropriations provided in accounts maintained for each activity or department of the City. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the City Council. Management does not have authority to amend activity or department budget accounts.
- e. Encumbrance accounting is not used by the City to record commitments related to unperformed contracts for goods or services.

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2014.

2. Deficit Fund Equity

The following funds had deficit fund equity as of December 31, 2014:

Funds	Deficit Fund Balance
Special Revenue Funds	
Tax incremental district no. 1	\$ 5
Tax incremental district no. 3	473,489
Recycling	127,219
Capital Projects Funds	
Capital facility	1,919
Capital Improvements	787,521
Tax incremental district no. 4	389,883
Tax incremental district no. 7	485,772
Tax incremental district no. 8	279,252
Tax incremental district no. 12	1,097,488

The City anticipates funding the above deficit from future revenues of the funds.

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The City maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed on the financial statements as "Cash and investments."

The City is authorized by Wisconsin Statute 66.0603 to invest in the following instruments:

- a. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this state if the time deposits mature in not more than three years.
- b. Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government.
- c. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of this state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- d. Any security which matures or which may be tendered for purchase at the option of the holder within not more than 7 years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investor Service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
- e. The Local Government Pooled Investment Fund.
- f. Repurchase agreements with public depositories, if the agreement is secured by federal bonds or securities.
- g. Securities of open-end management investment companies or investment trusts (mutual funds) if the portfolio is limited to (a) bonds and securities issued by the federal government or a commission, board or other instrumentality of the federal government, (b) bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government, and (c) repurchase agreements that are fully collateralized by these bonds or securities.

The City's library endowment funds may invest in additional types of investments as allowed under Chapter 881 of the Wisconsin Statutes.

The carrying amount of the City's cash and investments, including the separate accounts noted above, totaled \$27,630,232 on December 31, 2014 as summarized below:

Petty cash and cash on hand	\$ 4,461
Deposits with financial institutions	25,309,138
Investments	
Common stock	100
U.S. Treasury stripped securities	195,711
Repurchase agreements	1,638,448
Wisconsin Local Government Investment Pool	250,212
Beneficial interest in assets held by the Community Foundation	232,162
	\$ 27,630,232

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Primary Government	
Cash and investments	\$ 10,914,805
Restricted and other cash and investments	9,486,983
Component Unit	
Cash and investments	456,650
Fiduciary Fund Statement of Net Position	
Agency Fund	6,771,794
	<u>\$ 27,630,232</u>

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

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The City does not have an additional custodial credit risk policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2014, none of the City's deposits with financial institutions were in excess of federal and state depository insurance limits.

On December 31, 2014, the City held repurchase agreement investments of \$1,638,448 of which the underlying securities are held by the investment's counterparty, not in the name of the City.

Beneficial Interest in Assets Held by the Community Foundation

The City entered into an agreement with the Community Foundation for the Fox Valley Region, Inc. (Foundation) to establish the General Trust Fund and the Memorial Trust Funds of the Elisha D. Smith Public Library Endowment. The Foundation retains these funds as its property in a corporate capacity, not a trust capacity, while the City reports its interest in the assets held by the Foundation at fair value. The funds are to be used for support of the City's library operations and the City makes advisory recommendations as to distribution of funds. The balance in these funds as of December 31, 2014 is \$232,162. Since the Foundation retains ultimate authority and control over the fund, additional disclosures of investment risks are not available.

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of year-end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
U.S. Treasury stripped securities	\$ 195,711	\$ 195,711	\$ -	\$ -	\$ -
Wisconsin Local Government Investment Pool	250,212	-	-	-	250,212
Totals	\$ 445,923	\$ 195,711	\$ -	\$ -	\$ 250,212

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury stripped securities	\$ 195,711	\$ -	\$ -	\$ -	\$ 195,711
Wisconsin Local Government Investment Pool	250,212	250,212	-	-	-
Repurchase agreements	1,638,448	1,638,448	-	-	-
Totals	\$ 2,084,371	\$ 1,888,660	\$ -	\$ -	\$ 195,711

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$250,212 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2014, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

2. Property Taxes

Property taxes consist of taxes on real estate and personal property. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in four equal installments on or before January 31, March 31, May 31 and July 31. Real estate taxes not paid by July 31 are purchased by the County as part of the August tax settlement. Delinquent personal property taxes remain the collection responsibility of the City.

The City bills and collects its own property taxes and also levies and collects taxes for the Menasha School District, Appleton Area School District, Winnebago and Calumet Counties, Fox Valley Technical College and the State of Wisconsin. Collections and remittances of taxes for other entities are accounted for in the property tax agency fund.

3. Restricted and Other Cash and Investments

Restricted and other cash and investments on December 31, 2014 totaled \$9,486,983 as detailed below:

Governmental Activities

Restricted cash and investments

Library endowment funds	<u>\$ 310,693</u>
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Business-type Activities

Menasha Utilities

Restricted cash and investments

Bond redemption fund	725,010
Capital addition fund	1,206,998
Depreciation fund	2,146,819
Lease reserve fund	899,939
Utility reserve fund	260,732
Working capital reserve	2,962,885
Chemical stabilization fund	409,452
Post employment health benefits fund	278,644

Other cash and investments

Other investments	195,811
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Total Menasha Utilities	<u>9,086,290</u>
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Sewage Treatment

Equipment replacement	<u>90,000</u>
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Total Business-type Activities

<u>9,176,290</u>

Total Restricted and Other Cash and Investments

<u><u>\$ 9,486,983</u></u>

Restricted cash and investments of Menasha Utilities were established in accordance with the requirements of debt issues and the capital lease agreements with WPPI Energy.

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 9,163,876	\$ -	\$ -	\$ 9,163,876
Construction in progress	132,484	95,998	-	228,482
Total capital assets, not being depreciated	9,296,360	95,998	-	9,392,358
Capital assets, being depreciated:				
Buildings and improvements	12,029,633	-	-	12,029,633
Machinery and equipment	8,829,614	835,680	40,786	9,624,508
Infrastructure	28,661,805	864,452	184,068	29,342,189
Subtotals	49,521,052	1,700,132	224,854	50,996,330
Less accumulated depreciation for:				
Buildings and improvements	5,948,447	254,092	-	6,202,539
Machinery and equipment	5,907,163	558,855	40,786	6,425,232
Infrastructure	13,436,638	891,540	184,068	14,144,110
Subtotals	25,292,248	1,704,487	224,854	26,771,881
Total capital assets, being depreciated, net	24,228,804	(4,355)	-	24,224,449
Governmental activities capital assets, net	<u>\$ 33,525,164</u>	<u>\$ 91,643</u>	<u>\$ -</u>	33,616,807
Less: related long-term debt outstanding related to capital assets				<u>17,568,045</u>
Net investment in capital assets				<u>\$ 16,048,762</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,510,366	\$ 210	\$ -	\$ 2,510,576
Other assets	288,795	68,994	5,189	352,600
Construction in progress	77,478	668,845	-	746,323
Total capital assets, not being depreciated	2,876,639	738,049	5,189	3,609,499
Capital assets, being depreciated:				
Buildings and improvements	8,660,533	40,675	26,450	8,674,758
Improvements other than buildings	49,702,938	956,610	137,617	50,521,931
Machinery and equipment	17,728,778	419,593	189,555	17,958,816
Subtotals	76,092,249	1,416,878	353,622	77,155,505
Less accumulated depreciation for:				
Electric distribution utility	15,101,017	1,150,818	289,028	15,962,807
Energy services utility	119,933	9,265	-	129,198
Telecommunications utility	435,225	29,544	806	463,963
Water utility	8,172,366	858,932	85,884	8,945,414
Sewage treatment utility	1,226,219	143,412	-	1,369,631
Stormwater utility	1,618,771	95,028	-	1,713,799
Subtotals	26,673,531	2,286,999	375,718	28,584,812
Total capital assets, being depreciated, net	49,418,718	(870,121)	(22,096)	48,570,693
Business-type activities capital assets, net	<u>\$ 52,295,357</u>	<u>\$ (132,072)</u>	<u>\$ (16,907)</u>	52,180,192
Less: related long-term debt outstanding related to capital assets				<u>29,580,005</u>
Net investment in capital assets				<u>\$ 22,600,187</u>

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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

Governmental activities		
General government	\$	42,814
Public safety		153,093
Public works		893,524
Health and human services		9,730
Culture and recreation		152,423
Subtotal		1,251,584
Capital assets held by the City's internal service fund is charged to various functions based on their usage of the assets		452,903
Total depreciation expense - governmental activities		\$ 1,704,487

Depreciation Expense	Allocated Depreciation	Increase in Accumulated Depreciation
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Business-type activities				
Menasha Utilities				
Electric distribution utility	\$ 970,188	\$ 180,630	\$ 1,150,818	
Energy services utility	9,265	-	9,265	
Telecommunications utility	29,545	-	29,545	
Water utility	803,328	55,603	858,931	
Sewage treatment utility	143,412	-	143,412	
Stormwater utility	95,028	-	95,028	
Total	\$ 2,050,766	\$ 236,233	\$ 2,286,999	

5. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the City, as reported in the fund financial statements, as of December 31, 2014 are detailed below:

	Interfund Receivables	Interfund Payables
General fund	\$ 1,241,402	\$ -
Special Revenue Funds		
Tax Incremental District No. 3	-	473,489
Recycling	-	-
Capital Project Funds		
Capital Facility	-	1,919
Capital Improvements	-	729,633
Tax Incremental District No. 4	-	389,883
Tax Incremental District No. 5	1,188,638	-
Tax Incremental District No. 6	10,490	-
Tax Incremental District No. 7	-	485,772
Tax Incremental District No. 8	-	279,252
Tax Incremental District No. 9	688,847	-
Tax Incremental District No. 10	132,492	-
Tax Incremental District No. 11	111,333	-
Tax Incremental District No. 12	-	1,013,254
(continued)		

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

	Interfund Receivables	Interfund Payables
Internal Service Funds		
Property and Liability Insurance	38,771	-
City Garage	-	38,771
Totals	<u>\$ 3,411,973</u>	<u>\$ 3,411,973</u>

The above interfund receivables and payable were recorded to eliminate deficit cash balances in various non-major governmental and internal service funds. The City anticipates that future cash inflows will be sufficient to offset the current deficit cash balances; however, anticipated long-term portions of the payables are offset by nonspendable fund balance.

Interfund transfers for the year ended December 31, 2014 were as follows:

	Transfer to:				Total
	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Enterprise Menasha Utilities	
Transfers from:					
Major Governmental Fund					
General Fund	\$ -	\$ -	\$ 120,294	\$ -	\$ 120,294
Debt Service	-	-	-	1,475,836	1,475,836
Nonmajor Governmental Funds	132,693	2,698,875	113,413	-	2,944,981
Enterprise Funds					
Menasha Utilities	643,435	635,469	-	-	1,278,904
Sewage Treatment	-	-	1,304	-	1,304
Internal Service Fund					
City Garage	-	-	7,510	-	7,510
Totals	<u>\$ 776,128</u>	<u>\$ 3,334,344</u>	<u>\$ 242,521</u>	<u>\$ 1,475,836</u>	<u>\$ 5,828,829</u>

Transfers were made for the following purposes:

Payment in lieu of taxes received from Menasha Utilities	\$ 1,278,904
Post employment sick leave reserve	106,443
Close-out of steam utility special revenue fund	26,368
TID No. 5 donor transfer to TID No. 7	109,710
TID reimbursement of prior year advanced from the general fund	70,206
TID administrative reimbursement	57,487
Marina administrative reimbursement	5,000
TID debt service contribution	2,698,875
Steam utility debt service	1,475,836
	<u>\$ 5,828,829</u>

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2014:

	Outstanding 1/1/14	Issued	Debt Transferred	Retired	Outstanding 12/31/14	Due Within One Year
Governmental activities:						
General Obligation Debt						
Bonds	\$ 3,600,000	\$ -	\$ -	\$ 800,000	\$ 2,800,000	\$ 830,000
Notes	16,989,841	4,083,075	15,208,073	6,304,871	29,976,118	2,385,533
Total General Obligation Debt	20,589,841	4,083,075	15,208,073	7,104,871	32,776,118	3,215,533
Debt premium	12,219	-	-	12,219	-	-
OPEB liability	318,334	100,531	-	-	418,865	-
Compensated absences	1,534,719	-	-	138,948	1,395,771	-
Governmental activities						
Total long-term obligations	<u>\$ 22,455,113</u>	<u>\$ 4,183,606</u>	<u>\$ 15,208,073</u>	<u>\$ 7,256,038</u>	<u>\$ 34,590,754</u>	<u>\$ 3,215,533</u>
Business-type activities:						
General Obligation Debt						
Notes	\$ 18,684,230	\$ -	\$ (15,208,073)	\$ 937,212	\$ 2,538,945	\$ 107,186
Revenue bonds	15,501,001	41,457	-	1,005,579	14,536,879	1,029,409
Due to Town of Menasha	554,101	-	-	26,759	527,342	26,150
Capital leases	12,376,094	-	-	399,255	11,976,839	425,994
Business-type activities						
Total long-term obligations	<u>\$ 47,115,426</u>	<u>\$ 41,457</u>	<u>\$ (15,208,073)</u>	<u>\$ 2,368,805</u>	<u>\$ 29,580,005</u>	<u>\$ 1,588,739</u>

Total interest paid during the year on long-term debt totaled \$4,207,469.

During 2014, Menasha Utilities enterprise fund disposed of its Steam Utility property. At that time, there were two outstanding general obligation debt issues related to the Steam Utility with principal balances totaling \$15,208,073. The City of Menasha had previously been levying property taxes which were transferred to the Menasha Utilities enterprise fund to be used to make the annual debt service payments. With the disposal of the Steam Utility property, the responsibility for repayment of the two outstanding general obligation debt related to the Steam Utility was transferred to the City of Menasha.

General Obligation Debt

The City has issued general obligation debt to provide funds for the acquisition and construction of major capital facilities. General obligation debt has been issued for both governmental and proprietary fund activities. General obligation debt is reported in the proprietary funds if it is expected to be repaid from proprietary fund revenues.

General obligation debt service requirements are direct obligations and pledge the full faith and credit of the City. General obligation debt outstanding on December 31, 2014 totaled \$35,315,063 and was comprised of the following issues:

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Governmental Activities:

Bonds

\$1,305,000 issued 12/15/01; \$130,000 to \$150,000 due annually through 2017; interest 4.875%	\$ 425,000
\$1,390,000 issued 12/1/03; \$130,000 to \$165,000 due annually through 2021; interest 4.0% to 4.6%	1,030,000
\$1,160,000 issued 1/1/04; \$100,000 to \$115,000 due annually through 2018; interest 4.0% to 4.3%	415,000
\$2,565,000 issued 6/15/05; \$455,000 to \$475,000 due annually through 2016; interest 4.60% to 4.65%	<u>930,000</u>
Total Bonds	<u><u>2,800,000</u></u>

Notes

\$5,280,000 issued 8/1/08; \$465,000 to \$2,300,000 due annually through 2017; interest 4.30% to 4.40%	3,255,000
\$13,463,549 issued 8/15/12; \$715,719 to \$1,145,752 due annually through 2027; interest 4.00%	11,896,572
\$3,656,754 issued 8/15/12; \$151,794 to \$273,321 due annually through 2030; interest 4.00%	3,311,501
\$3,920,000 issued 8/15/12; \$208,386 to \$333,593 due annually through 2027; interest 4.00%	3,463,765
\$1,480,000 issued 8/15/12; \$135,305 to \$166,404 due annually through 2022; interest 3.00%	1,203,029
\$900,000 issued 8/15/12; \$82,280 to \$101,191 due annually through 2022; interest 3.00%	731,571
\$900,000 issued 8/15/12; \$120,770 to \$144,202 due annually through 2021; interest 3.00%	925,291
\$350,000 issued 10/9/12; \$35,934 to \$44,193 due annually through 2022; interest 3.00%	319,498
\$786,816 issued 11/22/13; \$18,182 to \$59,448 due annually through 2033; interest 4.25%	786,816
\$1,642,875 issued 2/21/2014; \$71,000 to \$607,000 due annually through 2022; interest of 3.75%	1,642,875
\$2,440,200 issued 2/21/2014; \$90,000 to \$650,000 due annually through 2020; interest of 3.75%	<u>2,440,200</u>
Total Notes	<u><u>29,976,118</u></u>

Total Governmental Activities Outstanding General Obligation Debt

32,776,118

Business-type Activities:

Notes

\$2,786,026 issued 8/15/12; \$107,186 to \$200,716 due annually through 2031; interest 4.0%	<u>2,538,945</u>
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Total General Obligation Debt

\$ 35,315,063

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$35,320,671 on December 31, 2014 are detailed below:

Year Ended December 31	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 3,215,445	\$ 1,318,158	\$ 107,186	\$ 101,558	\$ 3,322,631	\$ 1,419,716
2016	3,043,511	1,213,518	111,207	97,537	3,154,718	1,311,055
2017	4,632,241	1,087,051	115,922	92,822	4,748,163	1,179,873
2018	2,451,996	853,811	120,559	88,185	2,572,555	941,996
2019	2,511,026	758,764	125,381	83,363	2,636,407	842,127
2020-2024	10,706,790	2,378,221	705,865	337,856	11,412,655	2,716,077
2025-2029	5,718,159	628,541	859,112	184,609	6,577,271	813,150
2030-2033	496,950	35,201	393,713	23,777	890,663	58,978
	<u>\$ 32,776,118</u>	<u>\$ 8,273,265</u>	<u>\$ 2,538,945</u>	<u>\$ 1,009,707</u>	<u>\$ 35,315,063</u>	<u>\$ 9,282,972</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2014 was \$15,916,159 as follows:

Equalized valuation of the City	\$ 999,088,600
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	49,954,430
Total outstanding general obligation debt applicable to debt limitation	\$ 35,315,063
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>1,276,792</u>
Net outstanding general obligation debt applicable to debt limitation	<u>34,038,271</u>
Legal Margin for New Debt	<u><u>\$ 15,916,159</u></u>

Revenue Bonds

Revenue bond debt service requirements are financed from operations of the City's enterprise fund. Revenue bonds outstanding on December 31, 2014 totaled \$14,536,879 and were composed of the following issues:

Revenue Bonds

\$1,076,097 Environmental Improvement Fund Loan dated 11/24/04; \$991,397 received; \$50,337 to \$62,122 due annually through 2024; interest 2.365%	\$ 560,460
\$12,061,890 Environmental Improvement Fund Loan dated 4/26/06; \$12,061,890 received; \$642,822 to \$812,092 due annually through 2025; interest 2.365%	7,969,415
\$779,363 Environmental Improvement Fund Loan dated 4/11/07; \$725,546 received; \$40,270 to \$52,697 due annually through 2026; interest 2.475%	554,768
\$2,733,387 Environmental Improvement Fund Loan dated 3/12/08; \$2,530,286 received; \$123,484 to \$163,466 due annually through 2027; interest 2.365%	1,854,055

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Revenue Bonds (continued)

\$678,908 Environmental Improvement Fund Loan dated 4/22/09; \$644,286 received; \$30,205 to \$42,534 due annually through 2028; interest 2.668%	504,635
\$872,956 Environmental Improvement Fund Loan dated 11/9/11; \$815,559 received; \$34,798 to \$50,857 due annually through 2031; interest 2.4%	719,986
\$233,307 Environmental Improvement Fund Loan dated 11/9/11; \$233,307 received; \$10,245 to \$14,512 due annually through 2031; interest 2.20%	208,466
\$639,000 Environmental Improvement Fund Loan dated 6/13/12; \$617,200 received; \$26,101 to \$37,786 due annually through 2032; interest 2.2%	568,893
\$1,276,480 Environmental Improvement Fund Loan dated 7/25/12; \$1,237,435 received; \$52,471 to \$75,960 due annually through 2032; interest 2.2%	1,143,635
\$504,200 Environmental Improvement Fund Loan dated 7/24/13; \$470,764 received; \$18,676 to \$29,774 due annually through 2033; interest 2.625%	<u>452,566</u>
Total Revenue Bonds	<u><u>\$ 14,536,879</u></u>

Annual principal and interest maturities of the above outstanding enterprise fund revenue bonds of \$14,536,879 on December 31, 2014 are shown below:

Year Ended December 31	Business-type Activities		
	Principal	Interest	Total
2015	\$ 1,029,409	\$ 331,998	\$ 1,361,407
2016	1,053,804	307,312	1,361,116
2017	1,078,778	282,042	1,360,820
2018	1,104,346	256,171	1,360,517
2019	1,130,519	229,688	1,360,207
2010-2024	6,067,460	728,651	6,796,111
2025-2029	2,494,785	160,209	2,654,994
2030-2033	577,778	20,301	598,079
	<u>\$ 14,536,879</u>	<u>\$ 2,316,372</u>	<u>\$ 16,853,251</u>

The City has pledged future water and sewage treatment customer revenues, net of specified operating expenses, to repay outstanding revenue bonds. Proceeds from the revenue bonds provided financing for the construction or acquisition of capital assets of the City's water and sewage treatment utilities. Outstanding debt service of revenue bonds, 2014 principal and interest paid, and net customer revenues follows:

	Water Utility	Sewage Treatment	Total
Outstanding principal and interest	<u>\$ 12,619,276</u>	<u>\$ 4,233,975</u>	<u>\$ 16,853,251</u>
Final maturity date	<u>5/15/32</u>	<u>5/15/33</u>	
2014 principal and interest paid	<u>\$ 1,050,721</u>	<u>\$ 309,980</u>	<u>\$ 1,360,701</u>
Net customer revenues	<u>\$ 3,031,929</u>	<u>\$ 709,881</u>	<u>\$ 3,741,810</u>
Debt coverage ratio	<u>2.89</u>	<u>2.29</u>	

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Capital Leases

Menasha Utilities (an enterprise fund of the City) entered into a sale and leaseback agreement with WPPI Energy ("WPPI"), its power supplier, during 2011 whereby Menasha Utilities sold substantially all of its electric utility capital assets along with its ownership share in American Transmission Company ("ATC") to WPPI. WPPI provided Menasha Utilities with cash and has agreed to lease the plant back to Menasha Utilities. At the conclusion of the lease term, Menasha Utilities has the option to reacquire all of the capital assets but not the ownership interest in ATC. The lease requires monthly payments of \$99,329 to be made to WPPI. Annual payment requirements as of December 31, 2014 are as follows:

Year Ended December 31	Business-type Activities
	Principal
2015	\$ 1,191,946
2016	1,191,946
2017	1,191,946
2018	1,191,946
2019	1,191,946
2020-2024	5,959,732
2025-2029	5,959,732
2030-2031	1,588,727
Total Payments	19,467,921
Amount representing interest	7,491,082
Principal amount outstanding	<u>\$ 11,976,839</u>

Leased plant included in Menasha Utility consists of the following:

Land	\$ 522,728
Buildings	2,377,697
Improvements other than buildings	17,127,134
Equipment	4,674,353
Accumulated depreciation	(14,091,569)
Net leased plant	<u>\$ 10,610,343</u>

Since WPPI is considered a related party, the leased capital assets have continued to be recorded at their historical cost along with the related accumulated depreciation to date. Depreciation on the leased plant is included in depreciation expense in the financial statements. Menasha Utilities fully expects to reacquire the capital assets at the conclusion of the lease. The Wisconsin Public Services Commission has also allowed the leased capital assets to continue to be included as part of all utility capital assets for the purposes of the annual payment in lieu of tax calculation.

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION

1. Menasha Utilities Segment Information

Menasha Utilities has two operations that require segment information to be reported because of the outstanding revenue bonds and capital leases. Segment information for Electric Distribution and Water Distribution follows:

Statement of Net Position	Electric Distribution	Water
Assets		
Current	\$ 5,936,811	\$ 935,394
Due from other funds	37,420	4,169
Restricted	5,538,396	3,523,098
Noncurrent		
Net Capital Assets	13,991,680	21,300,818
Advance to other funds	959,233	-
Total Assets	26,463,540	25,763,479
Deferred Outflows of Resources		
Tower painting	-	28,233
Liabilities		
Current	4,948,707	1,352,495
Due to other funds	41,242	-
Noncurrent		
Advance from other funds	-	472,500
Due within one year	425,994	909,300
Due in more than one year	11,550,845	12,579,457
Total Liabilities	16,966,788	15,313,752
Net Position		
Net investment in capital assets	2,014,841	7,812,061
Restricted		
Debt service	-	725,010
Lease obligation	899,939	-
Plant replacement	1,206,998	-
Unrestricted	5,374,974	1,940,889
Total Net Position	\$ 9,496,752	\$ 10,477,960

Statement of Revenues, Expenses and Changes in Net Position

Operating Revenues		
Charges for services	\$ 46,601,747	\$ 5,463,472
Other	207,159	117,704
Total Operating Revenues	46,808,906	5,581,176
Operating Expenses		
Operating	43,124,426	2,549,247
Depreciation	970,188	803,328
Total Operating Expenses	44,094,614	3,352,575
Operating Income	2,714,292	2,228,601

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION (Continued)

Electric Distribution	Water
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Statement of Revenues, Expenses and Changes in Net Position (Continued)

Nonoperating Income (Expenses)		
Interest revenue	96,781	9,693
Merchandising and jobbing	1,185	892
Interest and fiscal charges	(792,714)	(385,934)
Miscellaneous	(17,461)	(31,507)
Total Nonoperating Income (Expenses)	(712,209)	(406,856)
Income Before Contributions and Transfers	2,002,083	1,821,745
Customer contributions	28,005	10,050
Transfers out	(607,373)	(646,441)
Change in Net Position	1,422,715	1,185,354
Net Position - January 1	8,074,037	9,292,606
Net Position - December 31	\$ 9,496,752	\$ 10,477,960

2. Component Unit

This report contains the Menasha Redevelopment Authority (RDA) which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and the statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following are additional disclosures related to the RDA.

- a) Cash and Investments: At year end, the carrying amount of the RDA's deposits and investments was \$456,650. This amount is included in the totals presented in NOTE C1.

- b) Due to other Governments: In prior years, the City transferred land held for resale to the RDA to develop on behalf of the City. At that time, the value of the land transferred was determined to be \$3,900,000 and the City and RDA entered into a loan agreement. At December 31, 2014, the amount owed by the RDA to the City was \$3,900,000 with the following principal and interest maturities:

Year Ended December 31	Principal	Interest	Total
2015	\$ -	\$ 214,500	\$ 214,500
2016	-	214,500	214,500
2017	174,040	214,500	388,540
2018	183,612	204,928	388,540
2019	193,711	194,829	388,540
2020-2024	1,140,578	802,121	1,942,699
2025-2029	1,490,690	452,009	1,942,699
2028-2031	717,369	59,711	777,080
	\$ 3,900,000	\$ 2,357,098	\$ 6,257,098

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION (Continued)

3. Joint Ventures

Menasha-Neenah Municipal Court

The City of Neenah and the City of Menasha have enacted joint ordinances creating the Menasha-Neenah Municipal Court. Each City's proportionate share in the annual operations is equal to the percentage share of citations issued by that city compared to the total citations issued by both cities since the inception of the municipal court. The breakdown as of December 31, 2014 was as follows:

City	Number of 2014 Citations	Number of Citations Since Inception	% of Total
City of Menasha	\$ 1,680	\$ 27,219	40.6%
City of Neenah	2,247	39,796	59.4%
Totals	\$ 3,927	\$ 67,015	100.0%

The municipal court prepares an annual budget and submits it to Neenah and Menasha as part of the cities' annual budgeting process. The cities each pay a proportionate share of the municipal court budget. In addition to its proportionate share, Menasha also pays the City of Neenah an annual administrative fee. The administrative fee is reviewed annually. The City of Neenah has established a Municipal Court fund (an agency fund) to account for municipal court activity.

As of December 31, 2014, the court had a deficit of \$258,450. The allocation of this deficit is as follows:

City of Menasha	\$ 107,256
City of Neenah	151,194
Total	\$ 258,450

It is the intent that the court will repay these funds.

Financial information of the court as of December 31, 2014 is included in the City of Neenah's financial statements as supplementary information. Separate financial statements are not available. The City of Menasha does not have an equity interest in this organization.

Neenah-Menasha Fire Rescue

On January 1, 2003, the City of Neenah and City of Menasha merged their fire departments. The merged fire department is known as the Neenah-Menasha Fire Rescue (NMFR). It provides fire and rescue services to the citizens of both communities.

The communities share in the annual operation of the fire department as follows: City of Menasha – 39.49% and City of Neenah – 60.51%.

Annually as part of the budget process, the joint finance and personnel committee will re-evaluate the cost distribution formula based on the following five factors: 1) population, 2) equalized value, 3) annual fire/rescue calls, 4) square miles, and 5) square footage of all buildings with each community.

The Joint Fire Commission consists of six members with three year staggered terms. Neenah and Menasha each appoint three members to the commission. The appointees are not elected officials of the municipalities.

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION (Continued)

The oversight of the day-to-day operations and budgetary matters of the Neenah-Menasha Fire Rescue are conducted by the Joint Fire Finance and Personnel Committee. The recommendations of the Joint Finance and Personnel Committee shall be acted upon separately by the common councils of both Neenah and Menasha and are effective only upon concurrence of both councils.

The City of Neenah is responsible for administering and accounting for all funds received and disbursed. A separate fund (an agency fund) has been established by the City of Neenah to account for fire services.

The City accounts for its share of the operations in the general fund. The City of Menasha does not have an equity interest in this organization. Financial information related to the Neenah-Menasha Fire Rescue as of December 31, 2014 is included in the City of Neenah's financial statements as supplementary information. Separate financial statements are not available.

4. Retirement Commitments

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire, are eligible to participate in the WRS. All employees initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

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

	2014	
	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	7.00%	7.00%
Executives & Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

The payroll for City employees covered by the WRS for the year ended December 31, 2014 was \$8,665,693; the employer's total payroll was \$9,402,951. The total required contribution for the year ended December 31, 2014 was \$1,410,378, which consisted of \$803,298 or 9.27% of covered payroll from the employer, and \$607,080, or 7.01% of covered payroll from employees. Total contributions for the years ended December 31, 2013 and 2012 were \$1,746,881 and \$1,487,497, respectively, equal to the required contributions for each year.

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION (Continued)

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

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

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

5. Wisconsin Public Power Incorporated Contract (WPPI)

The City's electric utility purchases its electric requirements from the Wisconsin Public Power Incorporated (WPPI). WPPI is a municipal electric company and political subdivision of the State of Wisconsin created by contract by its members on September 5, 1980 pursuant to the Municipal Electric Company Act, Sec. 66.073 of the Wisconsin Statutes (the Act). WPPI's purposes include providing an adequate, economical and reliable supply of electric energy to its members.

The City is one of 50 members of WPPI located throughout the State of Wisconsin. On December 31, 1989, each of WPPI's members, including the City of Menasha, commenced purchasing electric service from WPPI under a new Long-term Power Supply Contract for Participating Members (the Long-term Contract) under which WPPI has agreed to sell and deliver to each member, and each member has agreed to take and pay for, the electric power and energy requirements of the members for an initial thirty-five (35) year term. The contract was amended during 2002 to extend the term of the contract through 2037.

Under the Long-term Contract, the City and the other members of WPPI are required to pay for all power and energy requirements supplied or made available by WPPI at rates sufficient to cover all of WPPI's revenue requirement which includes power supply costs, administrative expenses and debt service on outstanding bonds. WPPI's subsequent year's rates and operating budget are approved annually by its Board of Directors, which consists of representatives from each member municipality. The City has agreed to charge rates to the retail rate payers of its electric system sufficient to meet its obligation to WPPI. The Long-term Contract provides that all payments to WPPI under the Contract constitute operating expenses of the City's electric system payable from any operating and maintenance fund established by the City.

The Long-term Contract may be terminated by either party upon five years prior written notice effective at the end of the initial thirty-five year term, or at any other time thereafter, provided that no WPPI bonds are outstanding at the time of the proposed termination and certain other contract provisions are met.

The electric operation purchases power through Wisconsin Public Power, Inc. for distribution to its customers. Total purchases under this arrangement amounted to approximately \$40.7 million in 2014.

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION (Continued)

6. Risk Management

The City is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; injuries to employees; or acts of God. The City has chosen to retain a portion of the risks through self-insurance programs and has also purchased insurance to transfer other risks to outside parties. Payments of premiums for these policies are recorded as expenditures or expenses in various funds of the City. Insurance settlements have not exceeded insurance coverage in any of the past three years nor has there been any significant reduction in insurance coverage compared to the prior year. A description of the City's risk management programs follows.

Property and Liability Insurance

The City, together with other units of government within the State of Wisconsin, created the Cities and Villages Mutual Insurance Company (CVMIC) to provide liability insurance services to its members. CVMIC is a municipal mutual insurance company established on September 14, 1987 under Section 611.23 of the Wisconsin Statutes. CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMIC that was established under Section 66.30 of the Wisconsin Statutes governing intergovernmental cooperation commissions.

Management of CVMIC and WMIC consists of a board of directors and officers elected by the membership from each class of participants based on population. The board of directors hires the executive director who in turn hires the management staff of CVMIC. The City does not exercise any control over the activities of CVMIC and WMIC beyond the election of the officer and board.

The City is partially self-insured for liability insurance and pays premiums to CVMIC for its excess liability insurance coverage. The actuary for CVMIC determines premium charges to its members required to pay the expected claims and loss adjustment expenses. CVMIC's ongoing operational expenses, other than loss adjustment expenses, are apportioned pro rata to each member. CVMIC provides general liability, police and nurses professional liability, public official's liability and vehicle liability coverage for the City. The City's self-insured retention limit is \$25,000 for each occurrence with a maximum limit of \$100,000 annually. Premiums paid to CVMIC for insurance coverage are recorded in a self-insurance internal service fund. The self-insurance internal service fund charges various City departments and operations for their portion of insurance coverage for the year.

The City's percentage participation in WMIC and CVMIC at December 31, 2014 was 2.165%. The City's initial capitalization contribution in CVMIC of \$1,031,220 has been recorded as a deposit in the self-insurance internal service fund. Percentage participation can be affected by acceptance of new members to WMIC and CVMIC. This calculation is based on premiums, claims and self-insured retention of the city as compared to the entire membership. Upon dissolution, the City would be entitled to a lump sum payment from CVMIC that may vary significantly from the amount of its deposit referred to above, based on the then financial condition of CVMIC. Financial statements for WMIC and CVMIC can be obtained directly from CVMIC's offices.

The claims reported in the fund at December 31, 2014 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the basic purpose financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. On December 31, 2014, the property and liability insurance internal service fund has available \$151,583 for future unreported claims. Changes in the fund's claim liability amount for 2013 and 2014 follow:

	Liability January 1	Current Claims and Changes in Estimates	Claim Payments	Liability December 31
2013	\$ 3,256	\$ 26,935	\$ 30,191	\$ -
2014	-	54,649	2,632	52,017

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION (Continued)

Dental Insurance

City employees, COBRA employees, retirees and employee dependents are eligible for dental benefits from a dental insurance internal service fund. Funding is provided by charges to City departments, employees and retirees. Fund expenses consist of payments to a third-party administrator for dental claims and administrative fees. The claims liability of \$6,553 reported in the fund at December 31, 2014, is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the basic financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and the amount of the loss can be reasonably estimated. On December 31, 2014, the dental insurance internal service fund has available \$35,341 for future unreported claims. Changes in the fund's claims liability amount for 2013 and 2014 follow:

	Liability January 1	Current Claims and Changes in Estimates	Claim Payments	Liability December 31
2013	\$ 4,069	\$ 109,986	\$ 107,006	\$ 7,049
2014	7,049	103,852	104,348	6,553

7. Other Post-Employment Benefits

Plan Description - The City provides health care insurance coverage for employees who retire until they reach the age of 65. The retired employee contributes 100% of the premium for family coverage or 100% of the premium for single coverage. There are 172 active and 17 retired employees in the plan.

Annual OPEB Cost and Net OPEB Obligation - The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and the amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Component	Amount
Annual required contribution	\$ 105,702
Interest on net OPEB	14,516
Adjustment to annual required contribution	(19,687)
Annual OPEB cost (expense)	100,531
Contributions made	-
Change in net OPEB obligation	100,531
OPEB obligation - beginning of year	318,334
OPEB obligation - end of year	<u>\$ 418,865</u>

The annual required contribution for the current year was determined as part of the January 1, 2012 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 4.56% discount rate, and (b) projected salary increases at 4.00%.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level dollar amount of projected payroll. The remaining amortization period at December 31, 2014 is 30 years, and the remaining amount is \$771,308.

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION (Continued)

Trend Information - The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 through 2014 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2012	\$ 91,970	2.48%	\$ 224,086
12/31/2013	96,148	1.98%	318,334
12/31/2014	100,531	0.00%	418,865

Funded Status and Funding Progress - As of January 1, 2012, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$771,308. The annual payroll for active employees covered by the plan for the 2011 fiscal year was \$8,362,803 for a ratio of the UAAL to covered payroll of 9.22%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

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

In the January 1, 2012 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a rate of 4.56% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 10% for medical, reduced by decrements to an ultimate rate of 5% for medical after six years. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2014 was 30 years.

8. Tax Incremental Districts

The City currently maintains separate special revenue and capital project funds to account for eleven Tax Incremental Districts (TID) created in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the Districts were created, the property tax base within each District was "frozen" and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on general obligation debt issued by the City to finance such improvements. All eligible project expenditures for the Districts have been completed for the TID No. 1, and TID No. 3 projects. Therefore, special revenue funds are utilized to account for tax increment and other revenues used to finance principal and interest payments on outstanding general obligation debt applicable to these Districts. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The City's TID No. 4, No. 5, No. 6, No. 7, No. 8, No. 9, No. 10, No. 11, and No. 12 were created in 1997, 1998, 1998, 2002, 2004, 2004, 2006, 2008, and 2011 respectively, and therefore are still eligible to incur project costs. Accordingly, TID No. 4, 5, 6, 7, 8, 9, 10, 11, and 12 are accounted for as capital projects funds.

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION (Continued)

Since creation of the above Districts, the City has provided various financing sources to each TID and has also recorded eligible TID project costs in other funds of the City. The foregoing amounts are not recorded as liabilities in the TID special revenue and capital projects funds but can be recovered by the City from future excess tax increment revenues. Detail of the amounts recoverable (surplus) by the City as of December 31, 2014 from future excess tax increment revenues follows:

Net Unreimbursed Project Costs (Surplus)	
Tax Incremental District No. 1	\$ 84,202
Tax Incremental District No. 3	21,538
Tax Incremental District No. 4	810,258
Tax Incremental District No. 5	(204,557)
Tax Incremental District No. 6	1,847,437
Tax Incremental District No. 7	1,717,748
Tax Incremental District No. 8	944,168
Tax Incremental District No. 9	3,314,757
Tax Incremental District No. 10	88,508
Tax Incremental District No. 11	675,482
Tax Incremental District No. 12	1,013,253
	<u>\$ 10,312,794</u>

The intent of the City is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective Districts. The City has amended the project plan of District No. 5 to include transfers to Districts No. 7.

9. Major Customer

During 2014, the City's electric utility billed SCA Tissue \$20,312,154. This represents 43% of electric utility operating revenue. In addition, the water utility billed one customer \$840,757. This represents 15% of water utility operating revenue. No other utility customer accounted for more than 10% of operating revenue.

10. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2014 and 2015 budget years, the increase in the maximum allowable tax levy is limited to the greater of the percentage change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2014 budget was 0.42%. The actual limit for the City for the 2015 budget was 1.80%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION (Continued)

11. Contingencies

- a. In 2013, the City along with other contract users of the Neenah-Menasha Sewerage Commission issued Clean Water Fund Loans which were paid directly to the Neenah-Menasha Sewerage Commission for expansion of the regional plant. The City's share of the debt was 28.4% based on its anticipated flows and loadings, with all principal and interest payments on this debt to be paid directly by the Neenah-Menasha Sewerage Commission under an agency agreement. The debt service is recovered by Neenah-Menasha Sewerage Commission as part of its annual use charges to all contract users. The City would be liable in the unlikely event that the Neenah-Menasha Sewerage Commission defaulted on the debt. As of December 31, 2014, the City's share of debt service to be paid by Neenah-Menasha Sewerage Commission follows:

Year Ended December 31	Principal	Interest	Total
2015	\$ 254,650	\$ 149,300	\$ 403,951
2016	261,388	142,628	404,016
2017	268,305	135,620	403,925
2018	275,404	128,427	403,831
2019	282,691	121,043	403,735
2020-2024	1,529,693	487,442	2,017,135
2025-2029	1,743,069	271,243	2,014,312
2030-2032	1,160,477	46,594	1,207,071
	<u>\$ 5,775,676</u>	<u>\$ 1,482,299</u>	<u>\$ 1,482,299</u>

- b. The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.
- c. From time to time, the City is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations except as indicated below.

12. Upcoming Accounting Pronouncements

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. In November 2013, the GASB issued GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*, which addresses an issue concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation by employers and nonemployer contributing entities. These Statements also enhance accountability and transparency through revised note disclosures and required supplemental information (RSI).

CITY OF MENASHA, WISCONSIN
Notes to Basic Financial Statements
December 31, 2014

NOTE D - OTHER INFORMATION (Continued)

13. Prior Period Adjustment

A prior period adjustment was made to the general fund and governmental activities to reflect a billing to Menasha School District for the school nurse for services rendered during the prior year. The net effect of this adjustment was to increase the general fund balance and governmental activities net position by \$152,709.

14. Subsequent Events

a. The City refinanced G.O. Bonds from December 15, 2001 and January 1, 2004 and financed the 2014 capital budget by issuing the following state trust fund loans:

\$280,000 issued 3/4/15; \$137,795 and \$142,205 due in 2016 and 2017, respectively; interest 3.00%
\$315,000 issued 3/4/15; \$101,708 to 108,222 due annually from 2016 through 2018; interest 3.00%
\$974,500 issued 3/4/15; \$22,000 to \$297,500 due annually from 2016 through 2024; interest 3.50%
\$900,000 issued 3/4/15; \$136,600 to \$163,400 due annually from 2016 through 2017; interest 3.50%
\$930,000 issued 3/4/15; \$41,000 to \$404,200 due annually from 2016 through 2022; interest 3.50%

b. The Common Council voted to dissolve Tax Incremental District No. 1 on April 21, 2015. The District is considered closed as of that date and a close-out audit has been completed.

c. Tax Incremental District No. 13 was created on July 6, 2015 as a blighted area district. A donor increment of \$750,000 from TID No. 5 to TID No. 13 was approved and transferred during 2015. A development agreement with Menasha Downtown Development LLC paid an incentive of \$750,000 during 2015 and will pay an additional incentive of \$1 million by June 2016 for construction of a downtown office building.

d. The City refinanced G.O. promissory notes dated August 1, 2008 with two new State Trust Fund loans. A \$745,000 loan dated August 28, 2015 has maturities in 2016 and 2017 of \$435,000 and \$310,000 at an interest of 2.50%. A \$2,045,000 loan dated August 28, 2015 has maturities in 2016 through 2024 of \$107,500 to \$270,100 at an interest rate of 3.25%.

e. The City financed 2015 capital projects with a State Trust Fund Loan of \$875,000 on December 7, 2015 with maturities from 2017 through 2025 of \$78,500 to \$111,100 at an interest rate of 3.25%.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MENASHA, WISCONSIN
 Schedule of Funding Progress
 Other Post Employment Benefit Plan
 For the Year Ended December 31, 2014

Actuarial Valuation Date December 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2009	\$ -	\$ 759,614	0.00%	\$ 759,614	\$ 10,554,866	7.20%
2012	-	771,308	0.00%	771,308	8,362,803	9.22%

The City implemented GASB Statement No. 45 for the fiscal year ended December 31, 2009. Information for prior years is not available.

CITY OF MENASHA, WISCONSIN
Schedule of Employer Contributions
Other Post Employment Benefit Plan
For the Year Ended December 31, 2014

Year Ended December 31,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2012	\$ 2,280	\$ 94,153	2.42%
2013	1,900	99,787	1.90%
2014	-	105,702	0.00%

The City implemented GASB Statement No. 45 for the fiscal year ended December 31, 2009. Information for prior years is not available.

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects or expendable trust) that are legally restricted to expenditures for specific purposes. The City utilizes special revenue funds to record financial transactions pertaining to the following activities:

Housing Rehab

To account for activity of loans made to local homeowners that were originally financed by an economic development grant received by the City from the Wisconsin Department of Development.

Community Development Block Grant

To account for grant proceeds received by the City from the Wisconsin Department of Administration to be used to make loans to local homeowners.

Marina Operations

To account for collections from the City marina used to finance related disbursements for personnel, supplies and improvements.

Tax Incremental Districts (TIDs)

To account for tax increment revenues of TID No. 1, and No. 3 for which the construction period for eligible projects has elapsed. All project expenditures were originally recorded in capital projects funds.

Park Development

To account for grants received and other collections to be used for the development of City parks.

Recycling

To account for the property taxes levied and intergovernmental grants received to finance the City's recycling activities.

Post-Employment Sick Leave Reserve

To account for the accumulation of resources to be used to reimburse City employees for accumulated sick leave at date of retirement.

Library Endowment

To account for funds held by the City library.

Hattie Minor Scholarship

To account for funds held by the City for the purposes of providing scholarships from investment income.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

SPECIAL REVENUE FUNDS (Continued)

Public Safety Donations

To account for donations received by the City.

Park and Recreation Donations

To account for donations received by the City.

Senior Center Legacy

To account for donations received by the City.

Menasha 2000

To account for collections and disbursements relating to activities offered by the senior center.

Steam Utility

This fund accounts for resources used in the closing of the steam utility plant.

CAPITAL PROJECTS FUNDS

Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. The City utilizes capital projects funds to record financial transactions pertaining to the following activities:

Capital Projects

To account for proceeds of general obligation debt used to finance capital projects.

Capital Facility

To account for the accumulation of resources to be used for building improvement projects of the City.

Capital Improvements

To account for the accumulation of resources to be used for capital improvement projects of the City.

Tax Incremental Districts (TID's)

To account for the activity of TID No. 4, No. 5, No. 6, No. 7, No. 8, No. 9, No. 10, No. 11 and No. 12 which are still eligible to incur construction costs.

Roadways at River's Edge

To account for the accumulation of resources to be used for capital improvements on roadways.

CITY OF MENASHA, WISCONSIN
 Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2014

	Special Revenue Funds							
	Housing Rehab	Community Development Block Grant	Marina Operations	Tax Incremental District No. 1	Tax Incremental District No. 3	Park Development	Recycling	Post Employment Sick Leave Reserve
ASSETS								
Cash and investments	\$ 7,698	\$ 86,568	\$ 45,846	\$ 34,818	\$ 6,023	\$ 193,238	\$ 1,926	\$ 25,080
Receivables								
Taxes	-	-	-	64,003	11,069	-	174,623	34,920
Accounts	-	-	27	-	-	-	-	-
Loans	8,293	1,475,368	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 15,991	\$ 1,561,936	\$ 45,873	\$ 98,821	\$ 17,092	\$ 193,238	\$ 176,549	\$ 60,000
LIABILITIES, DEFERRED INFLOWS OF RESOURCES RESOURCES AND FUND BALANCES (DEFICITS)								
Liabilities								
Accounts payable	\$ -	\$ -	\$ 5,262	\$ -	\$ -	\$ 30	\$ 3,730	\$ -
Due to other funds	-	-	-	-	473,489	-	-	-
Unearned revenues	-	-	2,900	-	-	-	-	-
Total Liabilities	-	-	8,162	-	473,489	30	3,730	-
Deferred Inflows of Resources								
Taxes receivable	-	-	-	98,826	17,092	-	300,038	60,000
Loans receivable	8,293	1,475,368	-	-	-	-	-	-
Total Deferred Inflows of Resources	8,293	1,475,368	-	98,826	17,092	-	300,038	60,000
Fund Balances (Deficits)								
Nonspendable								
Prepaid items	-	-	-	-	-	-	-	-
Restricted								
Library endowment	-	-	-	-	-	-	-	-
Community development	7,698	86,568	-	-	-	-	-	-
TID project plan	-	-	-	-	-	-	-	-
Park development	-	-	-	-	-	193,208	-	-
Hattie Minor Scholarship	-	-	-	-	-	-	-	-
Public safety donations	-	-	-	-	-	-	-	-
Park and recreation	-	-	-	-	-	-	-	-
Senior center	-	-	-	-	-	-	-	-
Assigned								
Marina	-	-	37,711	-	-	-	-	-
Capital improvements	-	-	-	-	-	-	-	-
Unassigned, reported in								
Special revenue funds	-	-	-	(5)	(473,489)	-	(127,219)	-
Capital projects funds	-	-	-	-	-	-	-	-
Total Fund Balances (Deficits)	7,698	86,568	37,711	(5)	(473,489)	193,208	(127,219)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 15,991	\$ 1,561,936	\$ 45,873	\$ 98,821	\$ 17,092	\$ 193,238	\$ 176,549	\$ 60,000

(Continued)

CITY OF MENASHA, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014

Special Revenue Funds (Continued)								
Library Endowment	Hattie Minor Scholarship	Public Safety Donations	Park and Recreation Donations	Senior Center Legacy	Menasha 2000	Steam Utility	Total Special Revenue Funds	
ASSETS								
Cash and investments	\$ -	\$ 29,324	\$ 10,289	\$ 7,061	\$ 34,612	\$ 1,450	\$ -	\$ 483,933
Receivables								
Taxes	-	-	-	-	-	-	-	284,615
Accounts	-	-	-	-	-	-	-	27
Loans	-	-	-	-	-	-	-	1,483,661
Due from other funds	-	-	-	-	-	-	-	-
Restricted cash and investments	310,693	-	-	-	-	-	-	310,693
Prepaid items	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 310,693	\$ 29,324	\$ 10,289	\$ 7,061	\$ 34,612	\$ 1,450	\$ -	\$ 2,562,929
LIABILITIES, DEFERRED INFLOWS OF RESOURCES RESOURCES AND FUND BALANCES (DEFICITS)								
Liabilities								
Accounts payable	\$ -	\$ -	\$ 293	\$ -	\$ -	\$ -	\$ -	\$ 9,315
Due to other funds	-	-	-	-	-	-	-	473,489
Unearned revenues	-	-	-	-	-	-	-	2,900
Total Liabilities	-	-	293	-	-	-	-	485,704
Deferred Inflows of Resources								
Taxes receivable	-	-	-	-	-	-	-	475,956
Loans receivable	-	-	-	-	-	-	-	1,483,661
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	1,959,617
Fund Balances (Deficits)								
Nonspendable								
Prepaid items	-	-	-	-	-	-	-	-
Restricted								
Library endowment	310,693	-	-	-	-	-	-	310,693
Community development	-	-	-	-	-	-	-	94,266
TID project plan	-	-	-	-	-	-	-	-
Park development	-	-	-	-	-	-	-	193,208
Hattie Minor Scholarship	-	29,324	-	-	-	-	-	29,324
Public safety donations	-	-	9,996	-	-	-	-	9,996
Park and recreation	-	-	-	7,061	-	-	-	7,061
Senior center	-	-	-	-	34,612	1,450	-	36,062
Assigned								
Marina	-	-	-	-	-	-	-	37,711
Capital improvements	-	-	-	-	-	-	-	-
Unassigned, reported in								
Special revenue funds	-	-	-	-	-	-	-	(600,713)
Capital projects funds	-	-	-	-	-	-	-	-
Total Fund Balances (Deficits)	310,693	29,324	9,996	7,061	34,612	1,450	-	117,608
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 310,693	\$ 29,324	\$ 10,289	\$ 7,061	\$ 34,612	\$ 1,450	\$ -	\$ 2,562,929

(Continued)

CITY OF MENASHA, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014

Capital Projects Funds								
2008 Capital Projects	Capital Facility	Capital Improvements	Tax Incremental District No. 4	Tax Incremental District No. 5	Tax Incremental District No. 6	Tax Incremental District No. 7	Tax Incremental District No.8	
ASSETS								
Cash and investments	\$ 61,512	\$ -	\$ -	\$ 26,402	\$ 113,144	\$ 156,657	\$ 36,568	\$ 13,060
Receivables								
Taxes	-	-	582	48,525	207,889	287,929	67,212	24,005
Accounts	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	1,188,638	10,490	-	-	-
Restricted cash and investments	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 61,512	\$ -	\$ 582	\$ 74,927	\$ 1,509,671	\$ 455,076	\$ 103,780	\$ 37,065
LIABILITIES, DEFERRED INFLOWS OF RESOURCES RESOURCES AND FUND BALANCES (DEFICITS)								
Liabilities								
Accounts payable	\$ -	\$ -	\$ 57,470	\$ -	\$ 35	\$ -	\$ -	\$ -
Due to other funds	-	1,919	729,633	389,883	-	-	485,772	279,252
Unearned revenues	-	-	-	-	-	-	-	-
Total Liabilities	-	1,919	787,103	389,883	35	-	485,772	279,252
Deferred Inflows of Resources								
Taxes receivable	-	-	1,000	74,927	320,998	444,586	103,780	37,065
Loans receivable	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	1,000	74,927	320,998	444,586	103,780	37,065
Fund Balances (Deficits)								
Nonspendable								
Prepaid items	-	-	-	-	-	-	-	-
Restricted								
Library endowment	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
TID project plan	-	-	-	-	1,188,638	10,490	-	-
Park development	-	-	-	-	-	-	-	-
Hattie Minor Scholarship	-	-	-	-	-	-	-	-
Public safety donations	-	-	-	-	-	-	-	-
Park and recreation	-	-	-	-	-	-	-	-
Senior center	-	-	-	-	-	-	-	-
Assigned								
Marina	-	-	-	-	-	-	-	-
Capital improvements	61,512	-	-	-	-	-	-	-
Unassigned, reported in								
Special revenue funds	-	-	-	-	-	-	-	-
Capital projects funds	-	(1,919)	(787,521)	(389,883)	-	-	(485,772)	(279,252)
Total Fund Balances (Deficits)	61,512	(1,919)	(787,521)	(389,883)	1,188,638	10,490	(485,772)	(279,252)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 61,512	\$ -	\$ 582	\$ 74,927	\$ 1,509,671	\$ 455,076	\$ 103,780	\$ 37,065

(Continued)

CITY OF MENASHA, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014

	Capital Projects Funds (Continued)						Total Governmental Funds
	Tax Incremental District No. 9	Tax Incremental District No. 10	Tax Incremental District No. 11	Tax Incremental District No. 12	Roadways at River's Edge	Total Capital Project Funds	
ASSETS							
Cash and investments	\$ 420,200	\$ 17,232	\$ 24,750	\$ 62,669	\$ 3,183	\$ 935,377	\$ 1,419,310
Receivables							
Taxes	190,954	31,673	45,489	61,225	-	965,483	1,250,098
Accounts	-	-	-	-	-	-	27
Loans	-	-	-	-	-	-	1,483,661
Due from other funds	688,847	132,492	111,333	-	-	2,131,800	2,131,800
Restricted cash and investments	-	-	-	-	-	-	310,693
Prepaid items	-	-	-	84,234	-	84,234	84,234
TOTAL ASSETS	\$ 1,300,001	\$ 181,397	\$ 181,572	\$ 208,128	\$ 3,183	\$ 4,116,894	\$ 6,679,823
LIABILITIES, DEFERRED INFLOWS OF RESOURCES							
RESOURCES AND FUND BALANCES (DEFICITS)							
Liabilities							
Accounts payable	\$ 48	\$ -	\$ -	\$ 12,192	\$ -	\$ 69,745	\$ 79,060
Due to other funds	-	-	-	1,013,254	-	2,899,713	3,373,202
Unearned revenues	-	-	-	-	-	-	2,900
Total Liabilities	48	-	-	1,025,446	-	2,969,458	3,455,162
Deferred Inflows of Resources							
Taxes receivable	611,106	48,905	70,239	195,936	-	1,908,542	2,384,498
Loans receivable	-	-	-	-	-	-	1,483,661
Total Deferred Inflows of Resources	611,106	48,905	70,239	195,936	-	1,908,542	3,868,159
Fund Balances (Deficits)							
Nonspendable							
Prepaid items	-	-	-	84,234	-	84,234	84,234
Restricted							
Library endowment	-	-	-	-	-	-	310,693
Community development	-	-	-	-	-	-	94,266
TID project plan	688,847	132,492	111,333	-	-	2,131,800	2,131,800
Park development	-	-	-	-	-	-	193,208
Hattie Minor Scholarship	-	-	-	-	-	-	29,324
Public safety donations	-	-	-	-	-	-	9,996
Park and recreation	-	-	-	-	-	-	7,061
Senior center	-	-	-	-	-	-	36,062
Assigned							
Marina	-	-	-	-	-	-	37,711
Capital improvements	-	-	-	-	3,183	64,695	64,695
Unassigned, reported in							
Special revenue funds	-	-	-	-	-	-	(600,713)
Capital projects funds	-	-	-	(1,097,488)	-	(3,041,835)	(3,041,835)
Total Fund Balances (Deficits)	688,847	132,492	111,333	(1,013,254)	3,183	(761,106)	(643,498)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 1,300,001	\$ 181,397	\$ 181,572	\$ 208,128	\$ 3,183	\$ 4,116,894	\$ 6,679,823

CITY OF MENASHA, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

Special Revenue Funds								
	Housing Rehab	Community Development Block Grant	Marina Operations	Tax Incremental District No. 1	Tax Incremental District No. 3	Park Development	Recycling	Post Employment Sick Leave Reserve
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ 62,563	\$ 6,220	\$ -	\$ 255,424	\$ 40,000
Intergovernmental	-	-	-	1,011	3,258	-	70,337	-
Licenses and permits	-	-	-	-	-	38,889	-	-
Public charges for services	-	-	194,855	-	-	-	4,153	-
Intergovernmental charges for services	-	-	-	-	-	-	7,911	-
Miscellaneous	6,511	16,153	-	-	-	424	19,745	-
Total Revenues	6,511	16,153	194,855	63,574	9,478	39,313	357,570	40,000
Expenditures								
Current								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	356,383	51,531
Health and human services	-	-	-	-	-	-	-	73,536
Culture and recreation	-	-	177,100	-	-	73,192	-	19,476
Conservation and development	32,660	71,363	-	149	150	-	-	-
Other	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	32,660	71,363	177,100	149	150	73,192	356,383	144,543
Excess of Revenues Over (Under) Expenditures	(26,149)	(55,210)	17,755	63,425	9,328	(33,879)	1,187	(104,543)
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	-	106,443
Transfers out	-	-	(5,000)	(70,206)	(168,450)	-	(3,703)	-
Total Other Financing Sources (Uses)	-	-	(5,000)	(70,206)	(168,450)	-	(3,703)	106,443
Net Change in Fund Balances	(26,149)	(55,210)	12,755	(6,781)	(159,122)	(33,879)	(2,516)	1,900
Fund Balances (Deficits) - January 1	33,847	141,778	24,956	6,776	(314,367)	227,087	(124,703)	(1,900)
Fund Balances (Deficits) - December 31	\$ 7,698	\$ 86,568	\$ 37,711	\$ (5)	\$ (473,489)	\$ 193,208	\$ (127,219)	\$ -

(Continued)

CITY OF MENASHA, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

Special Revenue Funds (Continued)								
	Library Endowment	Hattie Minor Scholarship	Public Safety Donations	Park and Recreation Donations	Senior Center Legacy	Menasha 2000	Steam Utility	Total Special Revenue Funds
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 364,207
Intergovernmental	-	-	-	-	-	-	-	74,606
Licenses and permits	-	-	-	-	-	-	-	38,889
Public charges for services	-	-	-	-	22	-	-	199,030
Intergovernmental charges for services	-	-	-	-	-	-	-	7,911
Miscellaneous	75,416	89	19,369	7,537	17,689	-	58,080	221,013
Total Revenues	75,416	89	19,369	7,537	17,711	-	58,080	905,656
Expenditures								
Current								
Public safety	-	-	12,448	-	-	-	-	12,448
Public works	-	-	-	-	-	-	-	407,914
Health and human services	-	-	-	-	-	-	-	73,536
Culture and recreation	47,736	4,000	-	-	-	-	-	321,504
Conservation and development	-	-	-	5,265	-	-	-	109,587
Other	-	-	-	-	-	-	31,967	31,967
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	47,736	4,000	12,448	5,265	-	-	31,967	956,956
Excess of Revenues Over (Under)								
Expenditures	27,680	(3,911)	6,921	2,272	17,711	-	26,113	(51,300)
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	26,368	132,811
Transfers out	-	-	-	-	-	-	-	(247,359)
Total Other Financing Sources (Uses)	-	-	-	-	-	-	26,368	(114,548)
Net Change in Fund Balances	27,680	(3,911)	6,921	2,272	17,711	-	52,481	(165,848)
Fund Balances (Deficits) - January 1	283,013	33,235	3,075	4,789	16,901	1,450	(52,481)	283,456
Fund Balances (Deficits) - December 31	\$ 310,693	\$ 29,324	\$ 9,996	\$ 7,061	\$ 34,612	\$ 1,450	\$ -	\$ 117,608

(Continued)

CITY OF MENASHA, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

	Capital Projects Funds						
	2008 Capital Projects	Capital Facility	Capital Improvements	Tax Incremental District No. 4	Tax Incremental District No. 5	Tax Incremental District No. 6	Tax Incremental District No. 7
Revenues							
Taxes	\$ -	\$ -	\$ 17,222	\$ 59,596	\$ 296,480	\$ 411,951	\$ 95,667
Intergovernmental	-	-	-	1,701	296,124	2,784	-
Licenses and permits	-	-	-	-	-	-	-
Public charges for services	-	-	-	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-	-	-
Miscellaneous	144	-	6,525	107	608	-	3,500
Total Revenues	144	-	23,747	61,404	593,212	414,735	99,167
Expenditures							
Current							
Public safety	-	-	346,157	-	-	-	-
Public works	-	-	398,197	-	-	-	-
Health and human services	-	-	77,310	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Conservation and development	-	-	-	150	584	8,900	150
Other	-	-	-	-	-	-	-
Capital outlay	12,110	-	-	-	9,724	5,588	-
Total Expenditures	12,110	-	821,664	150	10,308	14,488	150
Excess of Revenues Over (Under)							
Expenditures	(11,966)	-	(797,917)	61,254	582,904	400,247	99,017
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	-	109,710
Transfers out	-	-	-	(170,594)	(1,528,720)	(342,714)	(190,050)
Total Other Financing Sources (Uses)	-	-	-	(170,594)	(1,528,720)	(342,714)	(80,340)
Net Change in Fund Balances	(11,966)	-	(797,917)	(109,340)	(945,816)	57,533	18,677
Fund Balances (Deficits) - January 1	73,478	(1,919)	10,396	(280,543)	2,134,454	(47,043)	(504,449)
Fund Balances (Deficits) - December 31	\$ 61,512	\$ (1,919)	\$ (787,521)	\$ (389,883)	\$ 1,188,638	\$ 10,490	\$ (485,772)

(Continued)

CITY OF MENASHA, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2014

	Capital Projects Funds (Continued)							
	Tax Incremental District No.8	Tax Incremental District No. 9	Tax Incremental District No. 10	Tax Incremental District No. 11	Tax Incremental District No. 12	Roadways at River's Edge	Total Capital Projects Funds	Total Governmental Funds
Revenues								
Taxes	\$ 20,320	\$ 598,935	\$ 39,420	\$ 72,081	\$ -	\$ -	\$ 1,611,672	\$ 1,975,879
Intergovernmental	-	1,215	28,933	119,000	32	-	449,789	524,395
Licenses and permits	-	-	-	-	-	-	-	38,889
Public charges for services	-	-	-	-	-	-	-	199,030
Intergovernmental charges for services	-	-	-	-	-	-	-	7,911
Miscellaneous	-	-	-	23,003	5,000	-	38,887	259,900
Total Revenues	20,320	600,150	68,353	214,084	5,032	-	2,100,348	3,006,004
Expenditures								
Current								
Public safety	-	-	-	-	-	-	346,157	358,605
Public works	-	11,067	-	-	12,192	-	421,456	829,370
Health and human services	-	-	-	-	-	-	77,310	150,846
Culture and recreation	-	-	-	135	-	-	135	321,639
Conservation and development	1,850	1,346	150	51,398	338,852	-	403,380	512,967
Other	-	-	-	-	-	-	-	31,967
Capital outlay	-	33,526	-	198,757	-	-	259,705	259,705
Total Expenditures	1,850	45,939	150	250,290	351,044	-	1,508,143	2,465,099
Excess of Revenues Over (Under)								
Expenditures	18,470	554,211	68,203	(36,206)	(346,012)	-	592,205	540,905
Other Financing Sources (Uses)								
Transfers in	-	-	-	-	-	-	109,710	242,521
Transfers out	(91,565)	(342,974)	(3,155)	(7,552)	(20,298)	-	(2,697,622)	(2,944,981)
Total Other Financing Sources (Uses)	(91,565)	(342,974)	(3,155)	(7,552)	(20,298)	-	(2,587,912)	(2,702,460)
Net Change in Fund Balances	(73,095)	211,237	65,048	(43,758)	(366,310)	-	(1,995,707)	(2,161,555)
Fund Balances (Deficits) - January 1	(206,157)	477,610	67,444	155,091	(646,944)	3,183	1,234,601	1,518,057
Fund Balances (Deficits) - December 31	\$ (279,252)	\$ 688,847	\$ 132,492	\$ 111,333	\$ (1,013,254)	\$ 3,183	\$ (761,106)	\$ (643,498)

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City, or to other governmental units, on a cost reimbursement basis. The City utilizes internal service funds to record financial transactions pertaining to the following activities:

City Garage

To account for services provided to other City departments by the Department of Public Works.

Property and Liability Insurance

To account for funds held by the City, generated by charges to other City departments, to finance property and liability claims levied against the City.

Dental Insurance

To account for funds held by the City generated by charges to other City departments, employees, and retirees, to finance dental claims of City employees, retirees, and their dependents.

Information Technology

To account for services provided to other City departments by the information technology department.

CITY OF MENASHA, WISCONSIN
Combining Statement of Net Position
Internal Service Funds
December 31, 2014

	City Garage	Property and Liability Insurance	Dental Insurance	Information Technology	Totals
ASSETS					
Cash and investments	\$ -	\$ 165,004	\$ 41,892	\$ 63,896	\$ 270,792
Accounts receivable	-	-	2	-	2
Due from other funds	-	38,771	-	-	38,771
Other assets	-	1,031,220	-	-	1,031,220
Capital assets, nondepreciable					
Land	44,216	-	-	-	44,216
Construction in progress	132,484	-	-	-	132,484
Capital assets, depreciable					
Buildings	1,000,642	-	-	-	1,000,642
Machinery and equipment	7,071,729	-	-	-	7,071,729
Less: Accumulated depreciation	(5,262,745)	-	-	-	(5,262,745)
TOTAL ASSETS	2,986,326	1,234,995	41,894	63,896	4,327,111
LIABILITIES					
Accounts and claims payable	23,494	52,192	6,553	27,502	109,741
Due to other funds	38,771	-	-	-	38,771
TOTAL LIABILITIES	62,265	52,192	6,553	27,502	148,512
NET POSITION					
Net investment in capital assets	2,986,326	-	-	-	2,986,326
Unrestricted	(62,265)	1,182,803	35,341	36,394	1,192,273
TOTAL NET POSITION	\$ 2,924,061	\$ 1,182,803	\$ 35,341	\$ 36,394	\$ 4,178,599

CITY OF MENASHA, WISCONSIN
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2014

	City Garage	Property and Liability Insurance	Dental Insurance	Information Technology	Totals
Operating Revenues					
Charges for services	\$ 1,355,518	\$ 137,382	\$ 134,082	\$ 364,121	\$ 1,991,103
Operating Expenses					
Operation and maintenance	1,069,812	-	7,070	346,713	1,423,595
Insurance payments and claims	-	166,126	103,852	-	269,978
Depreciation	452,903	-	-	-	452,903
Total Operating Expenses	1,522,715	166,126	110,922	346,713	2,146,476
Operating Income (Loss)	(167,197)	(28,744)	23,160	17,408	(155,373)
Nonoperating Revenues					
Investment income	513	-	-	-	513
Transfers	(7,510)	-	-	-	(7,510)
Change in Net Position	(174,194)	(28,744)	23,160	17,408	(162,370)
Net Position - January 1	3,098,255	1,211,547	12,181	18,986	4,340,969
Net Position - December 31	\$ 2,924,061	\$ 1,182,803	\$ 35,341	\$ 36,394	\$ 4,178,599

CITY OF MENASHA, WISCONSIN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2014

	City Garage	Property and Liability Insurance	Dental Insurance	Information Technology	Totals
Cash Flows from Operating Activities					
Cash received from customers	\$ 6,931	\$ -	\$ 23,549	\$ -	\$ 30,480
Cash received from City	1,348,587	137,382	110,531	364,121	1,960,621
Cash paid to suppliers	(622,814)	(113,374)	(111,418)	(277,528)	(1,125,134)
Cash paid to employees	(449,520)	(560)	-	(81,089)	(531,169)
Net Cash Provided by Operating Activities	283,184	23,448	22,662	5,504	334,798
Cash Flows from Noncapital and Related Financing Activities					
Change in interfund receivable and payables	(7,510)	-	-	-	(7,510)
Temporary cash advance (to) from other funds	38,771	(38,771)	-	-	-
Net Cash Provided (Used in) by Noncapital and Related Financing Activities	31,261	(38,771)	-	-	(7,510)
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	(415,441)	-	-	-	(415,441)
Cash Flows from Investing Activities					
Interest and dividends received	513	-	-	-	513
Change in Cash and Cash Equivalents	(100,483)	(15,323)	22,662	5,504	(87,640)
Cash and Cash Equivalents - January 1	100,483	180,327	19,230	58,392	358,432
Cash and Cash Equivalents - December 31	\$ -	\$ 165,004	\$ 41,892	\$ 63,896	\$ 270,792
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ (167,197)	\$ (28,744)	\$ 23,160	\$ 17,408	\$ (155,373)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	452,903	-	-	-	452,903
Changes in assets and liabilities					
Accounts receivable	-	-	(2)	-	(2)
Accounts and claims payable	(2,522)	52,192	(496)	(11,904)	37,270
Accrued and other liabilities					
Net Cash Provided by Operating Activities	\$ 283,184	\$ 23,448	\$ 22,662	\$ 5,504	\$ 334,798

**ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR
BASIC FINANCIAL STATEMENTS**

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

To the Honorable Mayor
and Members of the City Council
City of Menasha, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Menasha, Wisconsin, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Menasha, Wisconsin's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated December 30, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2014-001 and 2014-002 that we consider to be significant deficiencies.

Compliance and Other Matters

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

City of Menasha, Wisconsin's Response to Findings

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

Purpose of this Report

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



Certified Public Accountants
Green Bay, Wisconsin
December 30, 2015

CITY OF MENASHA, WISCONSIN
 Menasha, Wisconsin
 Schedule of Findings and Responses
 For the Year Ended December 31, 2014

Section I – Internal Control Over Financial Reporting

Finding No.	Control Deficiencies
2014-001	<p>Preparation of Annual Financial Report</p> <p>Condition: Current City staff maintains accounting records which reflect the City's financial transactions; however, preparing the City's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The City contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to assist in the preparation of the annual financial report in an efficient manner.</p> <p>Criteria: The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes.</p> <p>Cause: City management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.</p> <p>Effect: Without our involvement, the City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.</p> <p>Recommendation: We recommend the City continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial report.</p> <p>Management Response: Management believes the cost for additional staff time and training to prepare year end reports outweigh the benefits to be received. We will continue to review and approve the financial reports prior to issuance.</p>

CITY OF MENASHA, WISCONSIN
 Menasha, Wisconsin
 Schedule of Findings and Responses (Continued)
 For the Year Ended December 31, 2014

Section I – Internal Control Over Financial Reporting (Continued)

Finding No.	Control Deficiencies
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2014-002 Timely Financial Reporting

Condition: The City issued their 2014 annual financial report on its financial position and operations on December 30, 2015.

Criteria: Annual financial reports issued substantially after the end of a fiscal year generally provide less benefit to the users of the financial report because of the financial results which has occurred subsequent to year end could have a substantial impact on the financial outlook of the City.

Cause: The City spent considerable time developing procedures related to capital assets and other financial data which will enhance the financial reporting in future years but delayed the release of the 2014 annual financial report.

Effect: The 2014 annual financial report could provide less benefit to the users of the City's financial statements.

Recommendation: We recommend the City issue future annual financial reports by June 30th of the subsequent fiscal year.

Section II – Compliance and Other Matters

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2014.

**CITY OF MENASHA
TAX INCREMENTAL DISTRICT NUMBER ONE
MENASHA, WISCONSIN**

AUDIT REPORT

**FROM DATE OF CREATION
THROUGH APRIL 21, 2015**

**CITY OF MENASHA
TAX INCREMENTAL DISTRICT NUMBER ONE
MENASHA, WISCONSIN
From Date of Creation Through April 21, 2015**

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INDEPENDENT AUDITORS' REPORT

To the Common Council
City of Menasha, Wisconsin

We have audited the accompanying financial schedules as listed in the accompanying table of contents of the City of Menasha Tax Incremental District Number One (the "District"), Menasha, Wisconsin, as of April 21, 2015 and from the date the District was created through April 21, 2015. These financial schedules are the responsibility of the City's management. Our responsibility is to express an opinion on the financial schedules based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the historical summary statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall historical summary statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A, the financial schedules present only the transactions of the District and are not intended to present fairly the financial position of the City of Menasha, Wisconsin, and the results of its operations and cash flows of its proprietary funds in accordance with accounting principles generally accepted in the United States of America.

In our opinion, the financial schedules referred to above present fairly, in all material respects, the financial position and results of operations of the District as of April 21, 2015 and from the creation date of the District through April 21, 2015, in conformity with the basis of accounting described in Note A.

The City of Menasha, Wisconsin has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to supplement, although not be part of, the financial statements.

Our audit was made for the purpose of forming an opinion on the financial schedules taken as a whole. The information has been subjected to the auditing procedures applied in the audit of the historical summary statements and, in our opinion, is fairly stated in all material respects in relation to the historical summary statements taken as a whole.

Certified Public Accountants
Green Bay, Wisconsin
December 30, 2015

FINANCIAL SCHEDULES

CITY OF MENASHA, WISCONSIN
TAX INCREMENTAL DISTRICT NUMBER ONE
 Balance Sheet
 April 21, 2015

ASSETS	
Cash and investments	\$ 14,618
Receivables	
Due from other governments	1,038
TOTAL ASSETS	\$ 15,656
 LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 3,000
Refund to overlying districts	12,656
Total Liabilities	15,656
 FUND BALANCE	
Unassigned	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 15,656

The notes to financial schedules are an integral part of this schedule.

CITY OF MENASHA, WISCONSIN
TAX INCREMENTAL DISTRICT NUMBER ONE
Historical Summary of Project Costs, Project Revenues and
Excess Project Revenues over Project Expenditures
From Date of Creation Through April 21, 2015

PROJECT COSTS	
Capital expenditures	\$ 3,274,837
Planning and administrative	6,423
Interest and fiscal charges	2,345,785
Debt issuance and agency fees	385,601
TOTAL PROJECT COSTS	<u>6,012,646</u>
PROJECT REVENUES	
Tax increments	4,676,233
Payments in lieu of taxes	46,161
Donations	376,525
Intergovernmental	541,313
Interest	235,975
Miscellaneous	33,234
Transfer from other funds	115,861
TOTAL PROJECT REVENUES	<u>6,025,302</u>
EXCESS PROJECT REVENUES OVER PROJECT EXPENDITURES	<u>\$ (12,656)</u>

The notes to financial schedules are an integral part of this schedule.

CITY OF MENASHA, WISCONSIN
TAX INCREMENTAL DISTRICT NUMBER ONE
 Historical Summary of Sources, Uses and Status of Funds
 From Date of Creation Through April 21, 2015

SOURCES OF FUNDS

Tax increments	\$ 4,676,233
Payments in lieu of taxes	46,161
Donations	376,525
Intergovernmental	541,313
Interest	235,975
Miscellaneous	33,234
Proceeds from long-term debt	9,332,250
Transfer from other funds	115,861
Total Sources	<u><u>15,357,552</u></u>

USE OF FUNDS

Capital expenditures	3,274,837
Planning and administrative	6,423
Principal on long-term debt	9,332,250
Interest and fiscal charges	2,345,785
Debt issuance and agency fees	385,601
Refund to overlying districts	12,656
Total Uses	<u><u>15,357,552</u></u>

FUND BALANCE - April 21, 2015	<u><u>\$ -</u></u>
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The notes to financial schedules are an integral part of this schedule.

CITY OF MENASHA
TAX INCREMENTAL DISTRICT NUMBER ONE
MENASHA, WISCONSIN
Notes to Financial Schedules
April 21, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial schedules of the City of Menasha ("the City") Tax Incremental District Number One ("District"), Menasha, Wisconsin, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units and the requirements of Wisconsin Statutes Section 66.1105. 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:

1. Reporting Entity

Tax Incremental District Number One (District) was created by a Common Council resolution with a creation date of December 3, 1985 in accordance with Section 66.1105 of the Wisconsin Statutes. The statutory purpose of a tax incremental district is to allow a municipality to recover development and improvement costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the District. The tax on the increased value is called a tax increment. The statutes allow the City to collect the increments until the net project costs have been fully recovered, or until 27 years after the creation of the District, whichever occurs first. However, the District was declared a distressed District and was allowed to recover costs for 3 additional years. Costs unrecovered at District termination are the responsibility of the City.

2. Purpose of Audit Report

Wisconsin Statutes require detail audits of tax incremental districts when a district is terminated. The City terminated the District on April 21, 2015. The scope of this audit extends beyond the scope of an audit performed in accordance with auditing standards generally accepted in the United States of America. Because the City's annual audits for its financial statements have not included the statutory audits for Tax Incremental District Number One, the City has authorized a separate statutory audit of the District for all transactions from the date of creation through April 21, 2015.

3. Measurement Focus and Basis of Accounting

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Project costs, other than interest on long-term debt, are recorded when the related fund liability is incurred.

District increments are recorded as revenues in the year due. Intergovernmental aids and grants are recognized as revenues in the period the related expenditures are incurred, if applicable, or when the City is entitled to the aids. Other revenues are recognized when received in cash or when measurable and available under the criteria described above.

Financial transactions for the District were reported special revenue and capital projects funds during the life of the District and the financial transactions were consolidated for purposes of this report; therefore, amounts shown in the accompanying financial schedules will not directly correlate with amounts shown in the City's basic financial statements during this period. Detail descriptions of the purpose of these funds can be found in the City's basic financial statements.

4. Use of Estimates

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

CITY OF MENASHA
TAX INCREMENTAL DISTRICT NUMBER ONE
MENASHA, WISCONSIN
Notes to Financial Schedules
April 21, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Project Plan Budget

The project plan budget included in the financial schedules was taken from the District's original project plan as follows:

	Creation/ Adoption Date	Approved Project Costs
Original Project Plan	12/3/1985	\$ 3,550,000

There were no project cost amendments to the project plan

6. Increment Sharing

The District was an authorized donor and recipient district from the City of Menasha Tax Increment District No. 3 during its life. No excess increments were transferred from the District; however, the District received a distribution of \$115,861 in 2005 from TID District No. 3.

7. Assets, Liabilities and Fund Balance

a. Cash and Investments

Cash of the District consist of demand and time deposits with financial institutions held by the City and are carried at cost.

b. Interfund Receivables and Payables

The District's project plan expenditures were financed by interfund advances from other City funds and represented a payable of the District. As of the April 21, 2015, all interfund advances were retired by the District.

c. Property Taxes

Property taxes are levied by the City during December and become an enforceable lien on property the following January 1. Property taxes generated within District boundaries that exceed property taxes generated on the tax incremental base of the District, which was established by the State of Wisconsin upon creation, are retained by the District and reported as tax increments in the financial schedules.

8. Long-term Debt

The District has retired all long-term liabilities for the 1986, 1989 and 1994 debt issues of the District.

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as "Sources of Funds" in the operating settlement of the recipient fund. Retirement of these issues is reported as an expenditure in the year in which the debt matures or is repaid, whichever is earlier.

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not liquidated with expendable available financial resources, a liability is shown in the long-term debt footnote disclosure. The related expenditure is recognized when the liability is liquidated.

CITY OF MENASHA
TAX INCREMENTAL DISTRICT NUMBER ONE
MENASHA, WISCONSIN
Notes to Financial Schedules
April 21, 2015

NOTE B - CASH AND TEMPORARY INVESTMENTS

The District invests its funds in accordance with the provisions of the Wisconsin Statutes 66.0603(lm) and 67.11(2).

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

The District, as a fund of the City, maintains separate and common cash and investment accounts at the same financial institutions utilized by the City. Federal depository insurance and the State of Wisconsin Guarantee fund insurance apply to the City of Menasha, Wisconsin as an individual municipality and, accordingly, the amount of insured funds is not determinable for the District.

NOTE C - ACTIVITY SUBSEQUENT TO THE CLOSE OF THE DISTRICT

The District was officially closed by City Council resolution on April 21, 2015 and notice filed with the State of Wisconsin. No tax increment along with the related tax-exempt computer aid payment received from the State of Wisconsin was certified prior to the date of close of the District; therefore, the 2014 tax increment and exempt computer aid payment received in 2015 were the last payments for the District. No other payments will be received by the District.

NOTE D - REFUND TO OVERLYING DISTRICTS

The refund to overlying districts of \$12,656 is calculated based on increments collected in excess of project costs using the ratio of tax levies in the 2014 tax roll.

A summary of the total due, along with each overlying District's portion of the payment, are as follows:

	2014 Levy	Portion of Levy	Balance Due
City of Menasha	\$ 7,683,074	36.80%	\$ 4,657
Menasha School District	8,325,196	39.87%	5,046
Fox Valley Technical College	836,436	4.01%	508
Winnebago County	4,034,274	19.32%	2,445
	<u>\$ 20,878,980</u>	<u>100.00%</u>	<u>\$ 12,656</u>

SUPPLEMENTAL INFORMATION

CITY OF MENASHA, WISCONSIN
TAX INCREMENTAL DISTRICT NUMBER ONE
Schedule of Revenues, Expenditures and Changes in Fund Balance
From Date of Creation Through April 21, 2015

	Creation - 12/31/99	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Tax increments	\$ 2,151,207	\$ 197,127	\$ 208,359	\$ 216,178	\$ 218,111	\$ 176,674	\$ 176,252	\$ 168,839	\$ 165,757	\$ 163,716
Payments in lieu of taxes	46,161	-	-	-	-	-	-	-	-	-
Donations	376,525	-	-	-	-	-	-	-	-	-
Intergovernmental	137,719	112,089	128,111	91,782	46,613	3,405	3,937	2,739	2,774	3,448
Other	269,209	-	-	-	-	-	-	-	-	-
Total Revenues	2,980,821	309,216	336,470	307,960	264,724	180,079	180,189	171,578	168,531	167,164
Expenditures										
Capital outlay	3,274,837	-	-	-	-	-	-	-	-	-
Administration	907	1,260	-	-	-	-	-	-	-	-
Debt service										
Principal retirement	1,479,000	289,000	301,750	314,500	327,250	340,000	318,750	-	-	-
Interest and fiscal charges	2,056,493	79,193	67,995	55,924	42,872	28,964	14,344	-	-	-
Debt issuance and agency fees	385,601	-	-	-	-	-	-	-	-	-
Total Expenditures	7,196,838	369,453	369,745	370,424	370,122	368,964	333,094	-	-	-
Excess of Revenues Over (Under)										
Expenditures	(4,216,017)	(60,237)	(33,275)	(62,464)	(105,398)	(188,885)	(152,905)	171,578	168,531	167,164
Other Financing Sources (Uses)										
Debt issued	9,332,250	-	-	-	-	-	-	-	-	-
Principal of refinanced bonds	(5,962,000)	-	-	-	-	-	-	-	-	-
Transfer from other funds	-	-	-	-	-	-	115,861	-	-	-
Advance from other funds	1,045,922	60,228	33,275	62,464	105,397	188,889	152,906	-	-	-
Repayment of advance from other funds	(200,144)	-	-	-	-	-	-	(171,580)	(168,531)	(167,164)
Refund to overlying districts	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	4,216,028	60,228	33,275	62,464	105,397	188,889	268,767	(171,580)	(168,531)	(167,164)
Net Change in Fund Balance	11	(9)	-	-	(1)	4	115,862	(2)	-	-
Fund Balance - Beginning	-	11	2	2	2	1	5	115,867	115,865	115,865
Fund Balance - Ending	\$ 11	\$ 2	\$ 2	\$ 2	\$ 1	\$ 5	\$ 115,867	\$ 115,865	\$ 115,865	\$ 115,865

(Continued)

CITY OF MENASHA, WISCONSIN
TAX INCREMENTAL DISTRICT NUMBER ONE
Schedule of Revenues, Expenditures and Changes in Fund Balance (Continued)
From Date of Creation Through April 21, 2015

	2009	2010	2011	2012	2013	2014	2015	Total	Project Plan
Revenues									
Tax increments	\$ 169,884	\$ 177,134	\$ 103,801	\$ 109,610	\$ 112,195	\$ 62,563	\$ 98,826	\$ 4,676,233	\$ -
Payments in lieu of taxes	-	-	-	-	-	-	-	46,161	-
Donations	-	-	-	-	-	-	-	376,525	-
Intergovernmental	2,740	1,094	630	1,088	1,094	1,012	1,038	541,313	-
Other	-	-	-	-	-	-	-	269,209	-
Total Revenues	172,624	178,228	104,431	110,698	113,289	63,575	99,864	5,909,441	-
Expenditures									
Capital outlay	-	-	-	-	-	-	-	3,274,837	3,100,000
Administration	-	150	150	650	150	150	3,006	6,423	-
Debt service									
Principal retirement	-	-	-	-	-	-	-	3,370,250	-
Interest and fiscal charges	-	-	-	-	-	-	-	2,345,785	450,000
Debt issuance and agency fees	-	-	-	-	-	-	-	385,601	-
Total Expenditures	-	150	150	650	150	150	3,006	9,382,896	\$ 3,550,000
Excess of Revenues Over (Under) Expenditures	172,624	178,078	104,281	110,048	113,139	63,425	96,858	(3,473,455)	
Other Financing Sources (Uses)									
Debt issued	-	-	-	-	-	-	-	9,332,250	
Principal of refinanced bonds	-	-	-	-	-	-	-	(5,962,000)	
Transfer from other funds	-	-	-	-	-	-	-	115,861	
Advance from other funds	-	-	-	-	-	-	-	1,649,081	
Repayment of advance from other funds	(172,624)	(178,075)	(169,560)	(160,000)	(107,000)	(70,206)	(84,197)	(1,649,081)	
Refund to overlying districts	-	-	-	-	-	-	(12,656)	(12,656)	
Total Other Financing Sources (Uses)	(172,624)	(178,075)	(169,560)	(160,000)	(107,000)	(70,206)	(96,853)	3,473,455	
Net Change in Fund Balance	-	3	(65,279)	(49,952)	6,139	(6,781)	5	-	
Fund Balance - Beginning	115,865	115,865	115,868	50,589	637	6,776	(5)	-	
Fund Balance - Ending	\$ 115,865	\$ 115,868	\$ 50,589	\$ 637	\$ 6,776	\$ (5)	\$ -	\$ -	



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH TAX
INCREMENTAL DISTRICT LAWS, REGULATIONS AND PROJECT PLAN**

To the Common Council
City of Menasha, Wisconsin

We have audited the accompanying financial schedules as listed in the accompanying table of contents of the City of Menasha Tax Incremental District Number One (the "District"), Menasha, Wisconsin, as of April 21, 2015 and from the date the District was created through April 21, 2015 and have issued our report thereon dated December 30, 2015.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement.

Compliance with tax incremental district laws, regulations and the project plan applicable to the District is the responsibility of the City of Menasha, Wisconsin's management. As part of obtaining reasonable assurance about whether the accompanying financial schedules are free of material misstatement, we performed tests of the City of Menasha, Wisconsin's compliance with Wisconsin State Statutes Section 66.1105 and the project plan. However, it should be noted that our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the City of Menasha, Wisconsin complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Menasha, Wisconsin had not complied, in all material respects, with those provisions.

This report is intended solely for the information and use of management, the Common Council and the overlapping taxing districts and is not intended to be, and should not be used by anyone other than these specified parties.

Certified Public Accountants
Green Bay, Wisconsin
December 30, 2015