

**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.

A handwritten signature in cursive script that reads "Schenck SC".

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	<u>1,038</u>
TOTAL ASSETS	<u>\$ 15,656</u>
 LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 3,000
Refund to overlying districts	<u>12,656</u>
Total Liabilities	<u>15,656</u>
 FUND BALANCE	
Unassigned	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 15,656</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 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

\$ -

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

