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 16, 2012
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, 1/3/12

D. ACTION ITEMS
   1. Review and accept 2010 City of Menasha Audit Report (Dave Maccoux, Schenck)
   2. Approval of the proposed Parochial School fees for school year 2012-2013 (Recommendation of Board of Health)
   3. Amendment to Listing Contract with Drifka Group Inc. for Midway Business Park and Province Terrace Lots

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."

DRAFT

CITY OF MENASHA
ADMINISTRATION COMMITTEE
Third Floor Council Chambers
140 Main Street, Menasha
TUESDAY, January 3, 2012
MINUTES

A. CALL TO ORDER
Meeting called to order by Chairman Klein at 6:41 p.m.

B. ROLL CALL/EXCUSED ABSENCES
PRESENT: Aldermen Benner, Klein, Taylor, Sevenich, Langdon, Krueger, Zelinski
EXCUSED: Alderman Englebert
ALSO PRESENT: Mayor Merkes, CA/HRD Captain, PC Styka, FC Auxier, DPW Radtke, CDD Keil, C/T Stoffel, PRD Tungate, Connie Watt (IIL), Clerk Galeazzi, and the Press.

C. MINUTES TO APPROVE
1. Administration Committee, 12/19/11
Moved by Ald. Sevenich, seconded by Ald. Krueger to approve minutes.
Motion carried on voice vote.

D. ACTION/DISCUSSION ITEMS
1. Amendment to the contract for building inspection services with Independent Inspections, Ltd. (office hours)
CDD Keil explained Independent Inspections is proposing a change in office hours at City Hall as the request for building permits have dropped in the past year. Staff feels this would be a reduction in the level of service provide to residents.

Connie Watt from Independent Inspections stated the revenue generated during the month of December, 2011 did not cover the expense of staffing during the current office hours. Building inspectors will be available by phone to answer questions and schedule appointments. Ms. Watt answered questions from the Committee.

General discussion ensued on the current contract with IIL; impact to residents and staff; other options for office hours.

Moved by Ald. Sevenich, seconded by Ald. Taylor to amend the office hours for Nov. 15-April 15 to 8:00-10:00am five days a week and staff report on the results.
General discussion ensued on the amendment.

Moved by Ald. Benner, seconded by Ald. Zelinski to amend the office hours to 8:00-9:30am five days a week and noon-1:00pm two days a week for a two month trial period.
General discussion ensued on the amendment.
Motion on amendment carried on roll call 4-3.
Ald. Klein, Taylor, Zelinski, Benner – yes
Ald. Sevenich, Langdon, Krueger – no

Moved by Ald. Sevenich, seconded by Ald. Krueger to recommend to Common Council to amendment the office hours of the contract for building inspections services with Independent Inspections Ltd. to 8:00-9:30am five days a week and noon-1:00pm two days a week for a two month trial period.
Motion carried on roll call 7-0.

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2. Special Event Policy (Ald. Krueger)
General discussion ensued on the current policy. Concerns of Committee members were discussed. Suggestions on making the process easier to event holders were made.

Chairman Klein suggested Committee members make recommended changes and bring back to the Committee.

E. ADJOURNMENT
Moved by Ald. Krueger, seconded by Ald. Benner to adjourn at 8:06 p.m.
Motion carried on voice vote.

Respectfully submitted by Deborah A. Galeazzi, WCMC, City Clerk.

CITY OF MENASHA, WISCONSIN

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2010

CITY OF MENASHA, WISCONSIN
December 31, 2010

Table of Contents

	Page No.
INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 9
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Assets	10
Statement of Activities	11 - 12
Fund Financial Statements	
Balance Sheet - Governmental Funds	13 - 14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15 - 16
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	17
Statement of Net Assets - Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	19
Statement of Cash Flows - Proprietary Funds	20
Statement of Net Assets - Agency Fund	21
Notes to Basic Financial Statements	22 - 50
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Funding Progress	51
Schedule of Employer Contributions	52
SUPPLEMENTAL INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	53 - 56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	57 - 60
Combining Statement of Net Assets - Internal Service Funds	61
Combining Statement of Revenues, Expenses and Changes in Net Assets - Internal Service Funds	62
Combining Statement of Cash Flows - Internal Service Funds	63
ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS	
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	64 - 65

CITY OF MENASHA, WISCONSIN
December 31, 2010

Table of Contents (Continued)

	Page No.
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE	
Report on Compliance With Requirements That Could Have a Direct And Material Effect on Each Major Federal and State Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Guidelines	66 - 67
Schedule of Expenditures of Federal Awards	68
Schedule of State Financial Assistance	69
Notes to the Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance	70
Schedule of Findings and Questioned Costs	71 - 75
Schedule of Prior Year Audit Findings and Corrective Action Plan	76

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CPAs AND SO MUCH MORE.

INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Menasha, Wisconsin's management. Our responsibility is to express opinions on these basic 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 includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our 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, each major fund, and the aggregate remaining fund information of the City as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress and employer contributions on pages 3 through 9 and 51 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who

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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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Menasha, Wisconsin's financial statements as a whole. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, are also not a required part of the financial statements. The combining nonmajor fund financial statements and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Schenck SC

Certified Public Accountants
Green Bay, Wisconsin
December 9, 2011

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, 2010.

Financial Highlights

- The City's assets exceeded its liabilities as of December 31, 2010 by $34.1 million (net assets). Of this amount, $5.8 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by $1.2 million (increase of $0.1 million in governmental activities and an increase of $1.1 million in business-type activities).
- Property taxes levied to finance general City operations totaled $10,676,132, an increase of $255,803 from the prior year. Tax increments generated by the City's eleven tax incremental districts totaled $1,651,558.
- As of December 31, 2010, the City's governmental funds reported combined ending fund balances of $5.0 million, a decrease of $1.7 million in comparison with the prior year. Approximately 54% of this total amount, $2.7 million is available for spending at the City's discretion (unreserved fund balance).
- As of December 31, 2010, unreserved fund balance for the general fund was $1.8 million, or approximately 11% of total general fund expenditures. The general fund balance decreased $758,696 during 2010; however, the City had anticipated only a $95,177 reduction in its adopted budget for 2010. The City had a positive expenditure budget variance of $565,786 for the current year.
- Formed in 2009, the City storm water utility recorded a positive operating income of $785,972
- The steam utility ceased operations in October, 2009 and the assets were deemed impaired and were decreased to $12.5 million. Environmental compliance issues and lawsuits against the failed Steam Utility are in continuing negotiations for settlement and are anticipated to be resolved in the near future.

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent year. All changes in net assets 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 32 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, debt service fund and steam utility fund, all of which are considered to be major funds. Data from the other 29 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 liability and dental insurance claims 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 - 20 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 21 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 22 - 50 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following notes to the basic financial statements.

Government-wide Financial Analysis

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by $34.1million at the close of 2010.

City of Menasha, Wisconsin's Net Assets
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Current and other assets	$ 27,261	$ 28,208	$ 16,178	$ 13,685	$ 43,439	$ 41,893
Capital assets	33,481	34,454	64,250	64,482	97,731	98,936
Total Assets	60,742	62,662	80,428	78,167	141,170	140,829
Long-term liabilities outstanding	27,702	29,738	59,539	59,661	87,241	89,399
Other liabilities	12,251	12,278	7,597	6,260	19,848	18,538
Total Liabilities	39,953	42,016	67,136	65,921	107,089	107,937
Net Assets						
Invested in capital assets, net of related debt	17,057	13,770	4,711	3,534	21,768	17,304
Restricted	2,853	2,704	3,690	4,302	6,543	7,006
Unrestricted	879	4,172	4,891	4,410	5,770	8,582
Total Net Assets	$ 20,789	$ 20,646	$ 13,292	$ 12,246	$ 34,081	$ 32,892

By far the largest portion of the City's net assets 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 assets represents resources that are subject to external restrictions on how they may be used and consist of $2.6 million restricted for debt service, $2.0 million restricted for community development loans, and $2.0 million restricted for capital projects. The remaining balance of unrestricted net assets ($5,769,449) may be used to meet the City's ongoing obligations to citizens and creditors.

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

City of Menasha, Wisconsin's Change in Net Assets (In thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues						
Charges for services	$ 2,539	$ 2,356	$ 51,635	$ 53,515	$ 54,174	$ 55,871
Operating grants and contributions	1,184	1,252	-	-	1,184	1,252
Captial grants and contributions	1,062	571	706	29	1,768	600
General Revenues						
Property taxes	10,676	10,420	-	-	10,676	10,420
Other taxes	196	185	-	-	196	185
Grants and contributions not restricted to specific programs	4,346	4,443	-	-	4,346	4,443
Other	353	431	421	(25,841)	774	(25,410)
Total Revenues	20,356	19,658	52,762	27,703	73,118	47,361
Expenses						
General government	1,753	1,686	-	-	1,753	1,686
Public safety	7,663	7,097	-	-	7,663	7,097
Public works and sanitation	3,891	4,245	-	-	3,891	4,245
Health and human services	903	823	-	-	903	823
Culture and recreation	3,412	3,342	-	-	3,412	3,342
Conservation and development	432	436	-	-	432	436
Interest on long-term debt	1,679	1,340	-	-	1,679	1,340
Electric	-	-	42,814	39,072	42,814	39,072
Steam	-	-	3,360	10,486	3,360	10,486
Water	-	-	3,668	3,611	3,668	3,611
Telecommunications	-	-	81	82	81	82
Sewage treatment	-	-	1,314	2,105	1,314	2,105
Stormwater Utility	-	-	959	791	959	791
Total Expenses	19,733	18,969	52,196	56,147	71,929	75,116
Change in Net Assets Before Transfers	623	689	566	(28,444)	1,189	(27,755)
Transfers	(480)	(8,056)	480	8,056	-	-
Change in Net Assets	143	(7,367)	1,046	(20,388)	1,189	(27,755)
Net Assets - January 1	20,646	28,013	12,246	32,634	32,892	60,647
Net Assets - December 31	$ 20,789	$ 20,646	$ 13,292	$ 12,246	$ 34,081	$ 32,892

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

Governmental activities. The change in net assets for 2010 was an increase of $0.1 million. The above transfer represents the payment in lieu of taxes that Menasha Utilities pays to the City..

Business-type activities. Menasha Utilities portion of the increase was $1.1 million, composed of a loss in the steam utility of $1.6 million coupled with gains in the electric, water, sewage and stormwater utilities of $2.7 million.

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, *unreserved 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, 2010, the City's governmental funds reported combined ending fund balances of $5.0 million, a decrease of $1.7 million in comparison with the prior year. $2.3 million of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed for current year purchases of items that benefit periods beyond the end of the current year. The remaining fund balance of $2.7 million is available for spending at the City's discretion.

The general fund is the chief operating fund of the City. At the end of the current year, unreserved fund balance of the general fund was $1,764,077, while total fund balance decreased to $2,004,338. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 11.2% of total general fund expenditures, while total fund balance represents 12.7% of that same amount.

The City's general fund balance decreased $758,696 during the current year as positive expenditure variances of $565,786 were insufficient to offset the negative revenue variances of $117,314 and other financing sources variance of $1,302,345 and the anticipated budgeted variance of $95,177.

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 $2,059,032, a decrease of $283,245 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 assets of Menasha Utilities at the end of the year amounted to $89,017 with a negative $7,475,292 recorded in capital assets net of related debt, $1,728,875 restricted for debt retirement, $1,961,337 restricted for plant replacement and $3,874,097 as unrestricted. The fund experienced a decrease in net assets of $235,726 primarily due to the steam utility.

Total net assets of the sewage treatment operation at the end of the year amounted to $3,993,098. Included in net assets is $3,466,983 invested in capital assets and $526,115 as unrestricted. The fund experienced an increase in net assets of $495,600.

The City created a stormwater utility in 2009 by transferring assets from the governmental activities. The fund had an operating income of $785,972 in 2010 and ending net assets of $9,209,466.

General Fund Budgetary Highlights

During the year, actual revenues were less than budgeted revenues by $117,314 with miscellaneous revenues providing the major variation. Actual expenditures were less than budgeted expenditures by $565,786 with significant savings in the public safety area.

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, 2010 amounts to $97.7 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 $1.2 million or 1.2% lower than last year.

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

Governmental Activities

- Increased accumulated depreciation accounted for the majority of the decrease in total assets for the governmental activities..

Business-Type Activities

- During 2010 the electric utility had developer and customer contributions of $30,020 with a total contributed plant of $1,715,912. The water utility had no developer contributions during the year with a total contributed plant of $1,187,110.

City of Menasha, Wisconsin's Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	$ 9,015,876	$ 9,015,876	$ 2,373,260	$ 1,539,578	$ 11,389,136	$ 10,555,454
Buildings	10,538,215	10,538,215	19,604,156	19,567,080	30,142,371	30,105,295
Improvements other than buildings	-	-	57,037,082	53,902,585	57,037,082	53,902,585
Machinery and equipment	7,921,728	7,797,757	40,691,972	40,697,108	48,613,700	48,494,865
Infrastructure	29,113,172	28,920,952	-	-	29,113,172	28,920,952
Construction in progress	132,484	132,484	693,884	3,157,221	826,368	3,289,705
Other assets	-	-	289,676	339,749	289,676	339,749
Less: Impairment of assets			(23,554,874)	(23,554,874)	(23,554,874)	(23,554,874)
Less: Accumulated depreciation	(23,240,948)	(21,951,149)	(32,884,786)	(31,166,200)	(56,125,734)	(53,117,349)
Total	$ 33,480,527	$ 34,454,135	$ 64,250,370	$ 64,482,247	$ 97,730,897	$ 98,936,382

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of $85,330,317. Of this amount, $43,402,453 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	
	2010	2009	2010	2009	2010	2009
General Obligation Debt						
Bonds	$ 5,710,000	$ 5,865,000	$ -	$ -	$ 5,710,000	$ 5,865,000
Notes	20,087,453	22,030,000	17,605,000	14,030,000	37,692,453	36,060,000
Total General Obligation	25,797,453	27,895,000	17,605,000	14,030,000	43,402,453	41,925,000
Bond anticipation notes	-	345,000	-	-	-	345,000
Note anticipation notes	-	-	-	2,675,000	-	2,675,000
Revenue bonds	-	-	18,721,476	20,156,543	18,721,476	20,156,543
Revenue bond anticipation notes	-	-	22,777,166	22,777,166	22,777,166	22,777,166
Due to Town of Menasha	-	-	429,222	-	429,222	-
Promissory notes	-	-	-	-	-	-
Total	$ 25,797,453	$ 28,240,000	$ 59,532,864	$ 59,638,709	$ 85,330,317	$ 87,878,709

During the year, the City's long-term debt decreased $2.2 million due primarily to repayment of governmental activities debt.

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 $51,038,115.

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.
- Litigation involving the closure of the steam utility and default on $24.1 million in revenue bond anticipation notes is unresolved and will continue into the next year.

All of these factors were considered in preparing the City's budget for the 2011 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 Assets
December 31, 2010

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and investments	$ 9,364,441	$ 1,541,948	$ 10,906,389
Receivables			
Taxes	6,097,856	-	6,097,856
Accounts	745,128	4,751,741	5,496,869
Special assessments	5,361,942	-	5,361,942
Loans	3,085,423	-	3,085,423
Internal balances	806,999	(806,999)	-
Due from other governments	242,622	283,200	525,822
Inventories and prepaid items	151,759	682,848	834,607
Deferred charges	226,477	413,567	640,044
Restricted assets			
Cash and investments	-	6,541,721	6,541,721
Other assets	1,178,444	2,713,532	3,891,976
Interest receivable	-	55,824	55,824
Capital assets, nondepreciable			
Land	9,015,876	2,373,260	11,389,136
Other assets	-	289,676	289,676
Construction in progress	132,484	693,884	826,368
Capital assets, depreciable			
Buildings and improvements	10,538,215	19,604,156	30,142,371
Improvements other than buildings	-	57,037,082	57,037,082
Machinery and equipment	7,921,728	40,691,972	48,613,700
Impairment of capital assets	-	(23,554,874)	(23,554,874)
Infrastructure	29,113,172	-	29,113,172
Less: Accumulated depreciation	(23,240,948)	(32,884,786)	(56,125,734)
TOTAL ASSETS	60,741,618	80,427,752	141,169,370
LIABILITIES			
Accounts payable	614,012	4,206,392	4,820,404
Accrued and other current liabilities	80,164	1,216,112	1,296,276
Accrued interest payable	379,451	889,351	1,268,802
Due to other governments	513	-	513
Unearned revenues	11,176,890	1,284,925	12,461,815
Long-term obligations			
Due within one year	2,614,123	25,506,882	28,121,005
Due in more than one year	25,087,590	34,032,509	59,120,099
TOTAL LIABILITIES	39,952,743	67,136,171	107,088,914
NET ASSETS			
Invested in capital assets, net of related debt	17,056,614	4,710,979	21,767,593
Restricted for			
Debt service	872,582	1,728,875	2,601,457
Capital projects	-	1,961,337	1,961,337
Community development loans	1,980,620	-	1,980,620
Unrestricted	879,059	4,890,390	5,769,449
TOTAL NET ASSETS	$ 20,788,875	$ 13,291,581	$ 34,080,456

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, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	$ 1,752,722	$ 292,426	$ -	$ -
Public safety	7,663,172	437,619	47,477	391,477
Public works	3,890,862	559,549	907,794	193
Health and human services	903,126	337,076	182,869	-
Culture and recreation	3,412,217	905,840	5,336	-
Conservation and development	432,221	6,793	40,850	670,409
Interest on debt	1,678,951	-	-	-
Total Governmental Activities	19,733,271	2,539,303	1,184,326	1,062,079
Business-type Activities				
Electric utility	42,814,174	43,993,650	-	30,020
Steam utility	3,360,318	182,536	-	-
Water utility	3,667,701	4,485,968	-	-
Telecommunication utility	81,539	95,403	-	-
Sewerage system	1,313,976	1,808,918	-	-
Stormwater utility	958,628	1,068,678	-	675,922
Total Business-type Activities	52,196,336	51,635,153	-	705,942
Total	$ 71,929,607	$ 54,174,456	$ 1,184,326	$ 1,768,021
	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			
	Gain on sale of asset			
	Transfers			
	Total general revenues, special item and transfers			
	Change in net assets			
	Net assets - January 1			
	Net assets - December 31			

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

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Totals
$ (1,460,296)	$ -	$ (1,460,296)
(6,786,599)	-	(6,786,599)
(2,423,326)	-	(2,423,326)
(383,181)	-	(383,181)
(2,501,041)	-	(2,501,041)
285,831	-	285,831
(1,678,951)	-	(1,678,951)
(14,947,563)	-	(14,947,563)
-	1,209,496	1,209,496
-	(3,177,782)	(3,177,782)
-	818,267	818,267
-	13,864	13,864
-	494,942	494,942
-	785,972	785,972
-	144,759	144,759
(14,947,563)	144,759	(14,802,804)
7,415,769	-	7,415,769
1,608,840	-	1,608,840
1,651,557	-	1,651,557
196,223	-	196,223
4,345,387	-	4,345,387
151,248	417,108	568,356
177,618	3,559	181,177
24,315	-	24,315
(480,420)	480,420	-
15,090,537	901,087	15,991,624
142,974	1,045,846	1,188,820
20,645,901	12,245,735	32,891,636
$ 20,788,875	$ 13,291,581	$ 34,080,456

CITY OF MENASHA, WISCONSIN
Balance Sheet
Governmental Funds
December 31, 2010

	General	Debt Service	Steam Utility	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 4,136,940	$ 2,148,915	$ 42,050	$ 2,350,753	$ 8,678,658
Receivables					
Taxes	3,826,159	1,162,488	-	1,052,382	6,041,029
Delinquent personal property taxes	56,827	-	-	-	56,827
Accounts	701,141	-	-	9,188	710,329
Special assessments	1,656	5,360,286	-	-	5,361,942
Loans	-	-	-	3,085,423	3,085,423
Due from other funds	604,334	-		-	604,334
Due from other governments	242,622	-	-	-	242,622
Inventories and prepaid items	151,759	-	-	-	151,759
Other assets	-	-	-	147,224	147,224
Advance to other funds	-	806,999	-	-	806,999
TOTAL ASSETS	$ 9,721,438	$ 9,478,688	$ 42,050	$ 6,644,970	$ 25,887,146
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 508,062	$ -	$ 42,050	$ 27,492	$ 577,604
Accrued and other current liabilities	79,945	-	-	-	79,945
Due to other funds	-	-	-	604,334	604,334
Due to other governments	513	-	-	-	513
Deferred revenues	7,128,580	7,419,656	-	5,090,747	19,638,983
Total Liabilities	7,717,100	7,419,656	42,050	5,722,573	20,901,379
Fund Balances					
Reserved for					
Inventories and prepaid items	151,759	-	-	-	151,759
Delinquent personal property taxes	56,827	-	-	-	56,827
Long-term receivable	31,675	-	-	-	31,675
Retirement of long-term debt					
Subsequent year's budget	-	400,000	-	-	400,000
Future years	-	852,033	-	-	852,033
Long-term advance	-	806,999	-	-	806,999
Unreserved					
Designated, reported in					
General fund					
Subsequent year's expenditures	382,766	-	-	-	382,766
Subsequent year's budget	100,000	-	-	-	100,000
Special revenue funds					
Subsequent year's expenditures	-	-	-	919,831	919,831
Capital projects funds					
Subsequent year's expenditures	-	-	-	977,330	977,330
Undesignated, reported in					
General fund	1,281,311	-	-	-	1,281,311
Special revenue funds	-	-	-	(102,032)	(102,032)
Capital projects funds	-	-	-	(872,732)	(872,732)
Total Fund Balances	2,004,338	2,059,032	-	922,397	4,985,767
TOTAL LIABILITIES AND FUND BALANCES	$ 9,721,438	$ 9,478,688	$ 42,050	$ 6,644,970	$ 25,887,146

(Continued)

CITY OF MENASHA, WISCONSIN
Balance Sheet (Continued)
Governmental Funds
December 31, 2010

Reconciliation to the Statement of Net Assets

Total Fund Balances as shown on previous page		$ 4,985,767
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		31,005,498
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Special assessments		5,376,670
Loans receivable		3,085,423
Internal service funds reported in the statement of net assets as governmental activities (see page 18)		4,190,204
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	$(25,797,453)	
Debt premium	(99,699)	
Compensated absences	(1,709,305)	
OPEB liability	(95,256)	
Deferred charges - bond issues	226,477	
Accrued interest on long-term obligations	(379,451)	(27,854,687)
Net Assets of Governmental Activities as Reported on the Statement of Net Assets (see page 10)		$ 20,788,875

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

Year Ended December 31, 2010

	General	Debt Service	Steam Utility	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 7,345,479	$ 1,608,840	$ -	$ 1,918,070	$ 10,872,389
Special assessments	-	184,679	-	-	184,679
Intergovernmental	5,198,051	-	-	701,146	5,899,197
Licenses and permits	397,476	-	-	-	397,476
Fines and forfeits	147,911	-	-	-	147,911
Public charges for services	379,276	-	-	240,430	619,706
Intergovernmental charges for services	1,278,116	-	-	52,530	1,330,646
Miscellaneous	118,866	36,399	-	241,806	397,071
Total Revenues	14,865,175	1,829,918	-	3,153,982	19,849,075
Expenditures					
Current					
General government	1,627,101	-	-	-	1,627,101
Public safety	7,186,184	-	-	63,382	7,249,566
Public works	2,794,583	-	-	472,631	3,267,214
Health and human services	888,737	-	-	21,726	910,463
Culture and recreation	2,971,094	-	-	288,232	3,259,326
Conservation and development	293,697	-	-	72,348	366,045
Other	-	-	2,577,909	-	2,577,909
Debt service					
Principal	-	2,097,547	-	-	2,097,547
Interest and fiscal charges	-	1,647,148	-	-	1,647,148
Capital outlay	-	-	-	518,599	518,599
Total Expenditures	15,761,396	3,744,695	2,577,909	1,436,918	23,520,918
Excess of Revenues Over (Under) Expenditures	(896,221)	(1,914,777)	(2,577,909)	1,717,064	(3,671,843)
Other Financing Sources (Uses)					
Long-term debt issued	-	1,300,000	7,930,000	-	9,230,000
Long-term debt issued for Menasha Utilities	-	2,675,000	-	-	2,675,000
Principal paid to current noteholder	-	(11,005,000)	-	-	(11,005,000)
Transfers in	1,340,434	8,661,532	1,577,909	-	11,579,875
Transfers out	(1,202,909)	-	(6,930,000)	(2,349,477)	(10,482,386)
Total Other Financing Sources (Uses)	137,525	1,631,532	2,577,909	(2,349,477)	1,997,489
Net Change in Fund Balances	(758,696)	(283,245)	-	(632,413)	(1,674,354)
Fund Balances - January 1	2,763,034	2,342,277	-	1,554,810	6,660,121
Fund Balances - December 31	$ 2,004,338	$ 2,059,032	$ -	$ 922,397	$ 4,985,767

(Continued)

CITY OF MENASHA, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Year Ended December 31, 2010

Reconciliation to the Statement of Activities

Net Change in Fund Balances from previous page		$ (1,674,354)
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.		
Capital outlay reported in governmental fund statements	$ 314,406	
Depreciation expense reported in the statement of activities	(1,183,140)	
Amount by which capital outlays are greater than depreciation in current period		(868,734)
In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities, only the gain (or loss) on the disposal is reported.		(2,712)
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 increased by:		(84,536)
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 assets, however, debt constitutes a long-term liability. The amount of debt proceeds reported in the governmental fund statements is:		(1,300,000)
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 assets and does not affect the statement of activities. The amount of long-term obligation payments in the current year is:		3,397,547
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.		44,921
Governmental funds report the effect of issuance costs, premiums, and discounts when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The issuance costs paid in excess of the amortization is:		(35,275)
The net revenue of certain activities of internal service funds is reported with governmental activities.		180,194
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		485,923
Change in Net Assets of Governmental Activities as Reported in the Statement of Activities (see pages 11 - 12)		$ 142,974

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
Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Final Budget - Positive (Negative)
Revenues				
Taxes	$ 7,348,016	$ 7,348,016	$ 7,345,479	$ (2,537)
Intergovernmental	5,127,141	5,127,141	5,198,051	70,910
Licenses and permits	399,070	399,070	397,476	(1,594)
Fines and forfeits	165,000	165,000	147,911	(17,089)
Public charges for services	342,450	342,450	379,276	36,826
Intergovernmental charges for services	1,324,812	1,324,812	1,278,116	(46,696)
Miscellaneous	276,000	276,000	118,866	(157,134)
Total Revenues	14,982,489	14,982,489	14,865,175	(117,314)
Expenditures				
Current				
General government	1,646,451	1,646,451	1,627,101	19,350
Public safety	7,559,713	7,559,713	7,186,184	373,529
Public works and sanitation	2,928,302	2,928,302	2,794,583	133,719
Health and human services	836,403	836,403	888,737	(52,334)
Culture and recreation	3,046,563	3,046,563	2,971,094	75,469
Conservation and development	309,750	309,750	293,697	16,053
Total Expenditures	16,327,182	16,327,182	15,761,396	565,786
Excess of Revenues Over (Under) Expenditures	(1,344,693)	(1,344,693)	(896,221)	448,472
Other Financing Sources (Uses)				
Transfers in	1,439,870	1,439,870	1,340,434	(99,436)
Transfers out	-	-	(1,202,909)	(1,202,909)
Total Other Financing Sources (Uses)	1,439,870	1,439,870	137,525	(1,302,345)
Net Change in Fund Balance	95,177	95,177	(758,696)	(853,873)
Fund Balance - January 1	2,763,034	2,763,034	2,763,034	-
Fund Balance - December 31	$ 2,858,211	$ 2,858,211	$ 2,004,338	$ (853,873)

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

CITY OF MENASHA, WISCONSIN
Statement of Net Assets
Proprietary Funds
December 31, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Menasha Utilities	Sewage Treatment	Stormwater Utility	Totals	
ASSETS					
Cash and investments	$ 685,534	$ 442,229	$ 414,185	$ 1,541,948	$ 685,783
Receivables					
Accounts	4,669,419	82,027	295	4,751,741	34,799
Inventories and prepaid expenses	682,848	-	-	682,848	-
Due from other governments	-	17,968	265,232	283,200	-
Restricted assets					
Cash and investments	6,481,721	60,000	-	6,541,721	-
Other assets	2,713,532	-	-	2,713,532	1,031,220
Interest receivable	55,824	-	-	55,824	-
Deferred charges	413,567	-	-	413,567	-
Capital assets, nondepreciable					
Land	1,256,506	-	1,116,754	2,373,260	44,216
Other assets	289,676	-	-	289,676	-
Impairment of capital assets	(23,554,874)	-	-	(23,554,874)	-
Construction in progress	693,884	-	-	693,884	132,484
Capital assets, depreciable					
Buildings	19,604,156	-	-	19,604,156	928,181
Improvements other than buildings	40,246,171	7,421,382	9,369,529	57,037,082	-
Machinery and equipment	40,691,972	-	-	40,691,972	5,833,688
Less: Accumulated depreciation	(30,663,170)	(883,843)	(1,337,773)	(32,884,786)	(4,463,540)
TOTAL ASSETS	64,266,766	7,139,763	9,828,222	81,234,751	4,226,831
LIABILITIES					
Accounts payable	3,952,852	64,006	189,534	4,206,392	36,627
Accrued and other current liabilities	1,216,112	-	-	1,216,112	-
Accrued interest payable	877,248	12,103	-	889,351	-
Unearned revenue	1,284,925	-	-	1,284,925	-
Advance from other funds	806,999	-	-	806,999	-
Long-term obligations					
Due within one year	25,348,576	158,306	-	25,506,882	-
Due in more than one year	30,691,037	2,912,250	429,222	34,032,509	-
TOTAL LIABILITIES	64,177,749	3,146,665	618,756	67,943,170	36,627
NET ASSETS					
Invested in capital assets, net of related debt	(7,475,292)	3,466,983	8,719,288	4,710,979	2,475,029
Restricted for					
Debt service	1,728,875	-	-	1,728,875	-
Plant replacement	1,961,337	-	-	1,961,337	-
Unrestricted	3,874,097	526,115	490,178	4,890,390	1,715,175
TOTAL NET ASSETS	$ 89,017	$ 3,993,098	$ 9,209,466	$ 13,291,581	$ 4,190,204

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 Assets
Proprietary Funds
Year Ended December 31, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Menasha Utilities	Sewage Treatment	Stormwater Utility	Totals	
Operating Revenues					
Charges for services	$ 48,316,688	$ 1,808,918	$ 1,068,678	$ 51,194,284	$ 1,545,585
Other	434,390	-	-	434,390	113
Total Operating Revenues	48,751,078	1,808,918	1,068,678	51,628,674	1,545,698
Operating Expenses					
Operation and maintenance	45,064,614	1,131,538	864,962	47,061,114	969,467
Insurance payments and claims	-	-	-	-	159,210
Depreciation and amortization	1,690,585	108,807	93,666	1,893,058	261,742
Taxes	231,911	-	-	231,911	-
Total Operating Expenses	46,987,110	1,240,345	958,628	49,186,083	1,390,419
Operating Income	1,763,968	568,573	110,050	2,442,591	155,279
Nonoperating Revenues (Expenses)					
Intergovernmental	-	-	675,922	675,922	-
Investment income	416,450	658	-	417,108	600
Merchandising and jobbing	6,479	-	-	6,479	-
Interest and fiscal charges	(1,311,452)	(73,631)	-	(1,385,083)	-
Gain (loss) on disposal of capital assets	-	-	-	-	24,315
Miscellaneous	(43,702)	-	-	(43,702)	-
Total Nonoperating Revenues (Expenses)	(932,225)	(72,973)	675,922	(329,276)	24,915
Income Before Contributions and Transfers	831,743	495,600	785,972	2,113,315	180,194
Capital contributions	30,020	-	-	30,020	-
Transfers out	(1,097,489)	-	-	(1,097,489)	-
Change in Net Assets	(235,726)	495,600	785,972	1,045,846	180,194
Net Assets - January 1	324,743	3,497,498	8,423,494	12,245,735	4,010,010
Net Assets - December 31	$ 89,017	$ 3,993,098	$ 9,209,466	$ 13,291,581	$ 4,190,204

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

CITY OF MENASHA, WISCONSIN
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2010

	Enterprise Funds				Governmental Activities - Internal Service Funds
	Menasha Utilities	Sewage Treatment	Stormwater Utility	Totals	
Cash Flows from Operating Activities					
Cash received from customers	$ 47,571,466	$ 1,796,848	$ 1,068,383	$ 50,436,697	$ 1,510,899
Cash paid to suppliers	(41,689,156)	(963,131)	(230,599)	(42,882,886)	(778,955)
Cash paid to employees	(2,685,437)	(187,180)	(448,241)	(3,320,858)	(445,436)
Net Cash Provided by Operating Activities	3,196,873	646,537	389,543	4,232,953	286,508
Cash Flows from Noncapital and Related Financing Activities					
Intergovernmental grants	-	-	675,922	675,922	-
Transfers to general fund	(399,601)	-	-	(399,601)	-
Advances to (from) other governments	-	(17,968)	(265,232)	(283,200)	-
Net Cash Provided (Used) by Noncapital and Related Financing Activities	(399,601)	(17,968)	410,690	(6,879)	-
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	(955,320)	(23,905)	(825,381)	(1,804,606)	(172,644)
Debt proceeds	10,666,009	25,710	429,222	11,120,941	-
Principal payments on capital debt	(11,089,514)	(153,430)	-	(11,242,944)	-
Advances to (from) other funds	(88,487)	-	-	(88,487)	-
Interest payments on capital debt	(668,025)	(74,135)	-	(742,160)	-
Proceeds from sale of capital asset	-	-	-	-	24,315
Asset disposal costs and salvage	(21,096)	-	-	(21,096)	13,064
Contributions from property owners	30,020	-	-	30,020	-
Net Cash Used by Capital and Related Financing Activities	(2,126,413)	(225,760)	(396,159)	(2,748,332)	(135,265)
Cash Flows from Investing Activities					
Interest received on investments	422,440	658	-	423,098	600
Cash paid to ATC LLC	(106,046)	-	-	(106,046)	-
Cash Provided by Investing Activities	316,394	658	-	317,052	600
Change in Cash and Cash Equivalents	987,253	403,467	404,074	1,794,794	151,843
Cash and Cash Equivalents - January 1	6,180,002	98,762	10,111	6,288,875	533,940
Cash and Cash Equivalents - December 31	$ 7,167,255	$ 502,229	$ 414,185	$ 8,083,669	$ 685,783
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating income	$ 1,763,968	$ 568,573	$ 110,050	$ 2,442,591	$ 155,279
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	1,919,472	108,807	93,666	2,121,945	261,742
Merchandising and jobbing	6,479	-	-	6,479	-
Miscellaneous	(741,590)	-	-	(741,590)	-
Changes in assets and liabilities					
Accounts receivable	(437,359)	(12,070)	(295)	(449,724)	(34,799)
Inventories and prepaid expenses	(15,371)	-	-	(15,371)	-
Deferred debits	10,231	-	-	10,231	-
Accounts payable	326,672	(18,773)	186,122	494,021	(95,714)
Accrued and other liabilities	191,483	-	-	191,483	-
Deferred credits	172,888	-	-	172,888	-
Net Cash Provided by Operating Activities	$ 3,196,873	$ 646,537	$ 389,543	$ 4,232,953	$ 286,508
Noncash Investing, Capital and Financing Activities					
None	$ -	$ -	$ -	$ -	$ -
Reconciliation of cash and cash equivalents					
Cash and investments	$ 685,534	$ 442,229	$ 414,185	$ 1,541,948	$ 685,783
Restricted and other cash and investments	6,481,721	60,000	-	6,541,721	-
Total Cash and Cash Equivalents	$ 7,167,255	$ 502,229	$ 414,185	$ 8,083,669	$ 685,783

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

CITY OF MENASHA, WISCONSIN
Statement of Net Assets
Agency Fund
December 31, 2010

	Agency Fund
ASSETS	
Cash and investments	$ 6,998,648
Taxes receivable	9,332,422
TOTAL ASSETS	$ 16,331,070
LIABILITIES	
Due to other governments	$ 16,331,070

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

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 not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement Nos. 14 and 39.

2. 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 assets 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*.

   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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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 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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following certain subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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 and Net Assets or Equity

   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 a reservation of 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 assets for internal balances represents the residual balance outstanding between the governmental activities and business-type activities.

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 fund balance reserve amounts 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 fund balance reserve amounts 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	
Assets		
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, 2010. Employees are not granted a specific number of sick days, rather they may use as many as needed in each particular instance. Employees are not allowed to accumulate sick leave. Therefore, no liability for accumulated sick leave is recorded at December 31, 2010.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Deferred Revenue
Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet recognizable.

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 assets. Bond premiums and discounts, as well as issuance costs, 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 are reported as deferred charges and amortized over the term of the related debt.

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.

j. Fund Equity

FUND FINANCIAL STATEMENTS
Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS
Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted net assets - Amount of net assets that are 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 assets - Net assets that are neither classified as restricted nor as invested 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.

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, 2010.

2. Deficit Fund Equity
The following funds had deficit fund equity as of December 31, 2010:

Funds	Deficit Fund Balance
Special Revenue Fund	
Recycling	$ 86,174
Lead paint reduction	15,858
Capital Projects Funds	
Tax incremental district #4	28,474
Tax incremental district #6	346,676
Tax incremental district #7	277,745
Tax incremental district #8	84,341
Tax incremental district #9	78,547
Tax incremental district #11	56,949
Internal Service Funds	
Dental Insurance	599

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

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, or the University of Wisconsin Hospitals and Clinics 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.

In addition to the foregoing, the City may have investments in shares of common stock and mutual funds held for specific endowment funds. The carrying amount of the City's cash and investments, including the separate accounts noted above, totaled $24,446,758 on December 31, 2010 as summarized below:

Petty cash and cash on hand	$	6,863
Deposits with financial institutions		23,811,136
Investments		628,759
	$	24,446,758

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Reconciliation to the basic financial statements:

Statement of Net Assets	
Cash and investments	$ 10,906,389
Restricted cash and investments	6,541,721
Fiduciary Fund	
Agency Fund	6,998,648
	$ 24,446,758

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 time and savings deposits and $250,000 for 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 per official custodian per depository institution. In addition, the City's non-interest bearing transaction accounts are fully insured through December 31, 2012. 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, 2010, none of the City's deposits with financial institutions were in excess of federal depository insurance limits and uncollateralized (or collateralized with securities held by the pledging financial institution or its trust department or agent but not in the City's name).

On December 31, 2010, the City held repurchase agreement investment of $204,614 of which the underlying securities are held by the investment's counterparty, not in the name of the City.

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. The City does not have an additional credit risk policy. Presented below is the actual rating as of year end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Common Stock	$ 978	$ -	$ -	$ -	$ 978
Wisconsin Local Government Investment Pool	423,167	-	-	-	423,167
Totals	$ 424,145	$ -	$ -	$ -	$ 424,145

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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:

		Remaining Maturity (in Months)			
Investment Type	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Repurchase Agreements	$ 204,614	$ 204,614	$ -	$ -	$ -
Wisconsin Local Government Investment Pool	423,167	423,167	-	-	-
Totals	$ 627,781	$ 627,781	$ -	$ -	$ -

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of $423,167 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, 2010, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

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.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

3. Restricted and Other Assets

Restricted assets on December 31, 2010 totaled $10,489,521 as detailed below:

Governmental Activities	
Capitalization deposit with CVMIC	$ 1,031,220
Beneficial interest in library endowment funds held by the Community Foundation	147,224
Total Governmental Activities	1,178,444
Business-type Activities	
Menasha Utilities	
Cash and investments	6,481,721
Investment in ATC LLC	2,713,532
Interest accrued	55,824
Total Menasha Utilities	9,251,077
Sewage System	
Equipment replacement	60,000
Total Restricted and Other Assets	$ 10,489,521

Restricted cash and investments of Menasha Utilities are held for the following purposes:

Debt reserve fund	$ 595,418
Bond redemption fund	1,133,457
Depreciation fund	1,969,306
Transmission reserve fund	446,934
Utility reserve fund	1,394,386
Chemical stabilization fund	105,428
Unfunded liability	270,049
Post Employment Health Benefits Fund	140,639
Energy conservation fund	425,126
Other investments	978
Total Cash and Investments	$ 6,481,721

Restricted assets of the Electric and Water Utilities enterprise fund consist of a debt reserve fund, a bond redemption fund, and a depreciation fund required by the City revenue bond ordinance. The debt reserve fund requires a balance of the lesser of $840,000 or the highest outstanding principal and interest requirements on all bond issues. The depreciation fund is required to have $1,000,000 set aside for additions to and betterments of the system.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 9,015,876	$ -	$ -	$ 9,015,876
Construction in progress	132,484	-	-	132,484
Total capital assets, not being depreciated	9,148,360	-	-	9,148,360
Capital assets, being depreciated:				
Buildings and improvements	10,538,215	-	-	10,538,215
Machinery and equipment	7,797,757	294,830	170,859	7,921,728
Infrastructure	28,920,952	192,220	-	29,113,172
Subtotals	47,256,924	487,050	170,859	47,573,115
Less accumulated depreciation for:				
Buildings and improvements	4,982,040	216,852	-	5,198,892
Machinery and equipment	5,091,784	383,937	155,083	5,320,638
Infrastructure	11,877,325	844,093	-	12,721,418
Subtotals	21,951,149	1,444,882	155,083	23,240,948
Total capital assets, being depreciated, net	25,305,775	(957,832)	15,776	24,332,167
Governmental activities capital assets, net	$ 34,454,135	$ (957,832)	$ 15,776	33,480,527
Less: related long-term debt outstanding related to capital assets net of unamortized premium of $99,699.				16,423,913
Invested in capital assets, net of related debt				$ 17,056,614

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 1,539,578	$ 833,682	$ -	$ 2,373,260
Other assets	339,749	-	50,073	289,676
Construction in progress	3,982,602	717,789	4,006,507	693,884
Total capital assets, not being depreciated	5,861,929	1,551,471	4,056,580	3,356,820
Capital assets, being depreciated:				
Buildings and improvements	19,567,080	54,589	17,513	19,604,156
Improvements other than buildings	53,902,585	3,365,512	231,015	57,037,082
Machinery and equipment	40,697,108	106,239	111,375	40,691,972
Subtotals	114,166,773	3,526,340	359,903	117,333,210
Less accumulated depreciation for:				
Steam utility	10,729,272	9,009	24,595	10,713,686
Electric distribution utility	12,278,327	1,082,506	320,934	13,039,899
Energy services utility	82,874	9,265	-	92,139
Telecommunications utility	307,187	41,396	-	348,583
Water utility	5,749,397	786,768	67,302	6,468,863
Sewage treatment utility	775,036	108,807	-	883,843
Stormwater utility	1,244,107	93,666	-	1,337,773
Subtotals	31,166,200	2,131,417	412,831	32,884,786
Total capital assets, being depreciated, net	83,000,573	1,394,923	(52,928)	84,448,424
Business-type activities capital assets, net	88,862,502	2,946,394	4,003,652	87,805,244
Less Impairment of steam utility	23,554,874	-	-	23,554,874
Business-type activities capital assets, net	$ 65,307,628	$ 2,946,394	$ 4,003,652	64,250,370
Less: related long-term debt outstanding related to capital assets				59,539,391
Invested in capital assets, net of related debt				$ 4,710,979

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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

Governmental activities	
General government	$ 47,791
Public safety	107,238
Public works	1,112,257
Health and human services	10,565
Culture and recreation	166,879
Conservation and development	152
Total depreciation expense - governmental activities	$ 1,444,882
Business-type activities	
Steam utility	$ 9,009
Electric distribution utility	1,082,506
Energy services utlity	9,265
Telecommunications utility	41,396
Water utility	786,768
Sewage treatment utility	108,807
Stormwater utility	93,666
Total depreciation expense - business-type activities	$ 2,131,417

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, 2010 are detailed below:

	Interfund Receivables	Interfund Payables
General fund	$ 604,334	$ -
Lead Paint Reduction	-	15,858
Tax Incremental District #6	-	248,402
Tax Incremental District #7	-	239,898
Tax Incremental District #8	-	59,486
Tax Incremental District #11	-	40,690
Totals	$ 604,334	$ 604,334

The above interfund receivables and payable were recorded to eliminate deficit cash balances in various non-major governmental funds. The city anticipates that future cash inflows will be sufficient to offset the current deficit cash balances.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

The Menasha Utilities portion of the City's unfunded pension obligation totaled $866,869. The Menasha Utilities' portion of the liability was retired in 2003 using available financial resources of the City and an advance to Menasha Utilities was recorded for this amount. This amount is reported in the Menasha Utilities Enterprise Fund as an advance due to municipality. Annual maturities of principal and interest for the portion assigned to Menasha Utilities are as follows:

Year Ended December 31	Principal	Interest	Total
2011	$ 106,184	$ 27,611	$ 133,795
2012	176,974	22,568	199,542
2013	523,841	9,691	533,532
	$ 806,999	$ 59,870	$ 866,869

Interfund transfers for the year ended December 31, 2010 were as follows:

	Transfer to:			
	General Fund	Debt Service Fund	Steam Utility	Total
Transfers from:				
Major Governmental Funds				
General Fund	$ -	$ -	$ 1,202,909	$ 1,202,909
Steam Utility	-	6,930,000	-	6,930,000
Nonmajor Government Funds	242,945	1,731,532	375,000	2,349,477
Enterprise Fund				
Menasha Utilities	1,097,489	-	-	1,097,489
Totals	$ 1,340,434	$ 8,661,532	$ 1,577,909	$ 11,579,875

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

6. Deferred Revenues

Governmental activities and governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for resources that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue were as follows:

	Unavailable	Unearned
Subsequent year tax levy receivable		
Major governmental funds		
General fund	$ -	$ 7,044,900
Debt service	-	2,042,984
Other governmental funds		
Special revenue funds		
Tax Incremental District No. 1	-	103,802
Tax Incremental District No. 2	-	59,358
Tax Incremental District No. 3	-	23,242
Recycling	-	194,354
Capital projects fund		
Tax Incremental District No. 4	-	84,484
Tax Incremental District No. 5	-	272,424
Tax Incremental District No. 6	-	348,538
Tax Incremental District No. 7	-	108,498
Tax Incremental District No. 8	-	75,010
Tax Incremental District No. 9	-	572,203
Tax Incremental District No. 10	-	70,538
Tax Incremental District No. 11	-	84,778
Postponed special assessments and developer receivables		
Major governmental funds		
Debt service	5,376,670	-
Loans receivable		
Other governmental funds		
Capital projects fund		
Tax Incremental District No. 5	1,271,778	-
Special revenue funds		
Housing rehab	33,568	-
Community development block grant	1,780,077	-
Revenues collected in advance		
General fund	-	83,081
Other governmental funds		
Marina	-	8,696
	$ 8,462,093	$ 11,176,890

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Postponed special assessments are generally collectible on annual installments from one to five years while certain others have been deferred up to ten years or until the property is sold or placed in service, whichever is earliest.

Developer receivables represent infrastructure and other costs incurred by the City based on agreements signed with the developer. The receivables are collectible as properties within the development are sold by the developer.

The loans receivable of $33,568 and $1,780,077 represents various loans to local homeowners and businesses that were originally financed from economic development grants received by the City from the Wisconsin Departments of Commerce and Development. Repayment of principal and interest on the loan is recorded as revenue in the economic development and housing rehabilitation loan program special revenue funds and is used to finance additional loans.

7. Long-term Obligations
The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2010:

	Outstanding 1/1/10	Issued	Retired	Outstanding 12/31/10	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	$ 5,865,000	$ -	$ 155,000	$ 5,710,000	$ 605,000
Notes	22,030,000	1,300,000	3,242,547	20,087,453	2,009,123
Total General Obligation Debt	27,895,000	1,300,000	3,397,547	25,797,453	2,614,123
Debt premium	128,859	-	29,160	99,699	-
Loss on advance refunding	(5,884)	-	(5,884)	-	-
OPEB liability	47,628	47,628	-	95,256	-
Compensated absences	1,672,397	36,908	-	1,709,305	-
Governmental activities					
Total long-term obligations	$ 29,738,000	$ 1,384,536	$ 3,420,823	$ 27,701,713	$ 2,614,123
Business-type activities:					
General Obligation Debt					
Notes	$ 14,030,000	$ 10,605,000	$ 7,030,000	$ 17,605,000	$ 1,143,770
General obligation note anticipation note	2,675,000	-	2,675,000	-	-
Revenue bonds	20,156,543	86,719	1,521,786	18,721,476	1,579,419
Revenue bond anticipation notes	22,777,166	-	-	22,777,166	22,777,166
Due to Town of Menasha	-	429,222	-	429,222	-
Capital leases	22,685	-	16,158	6,527	6,527
Business-type activities					
Total long-term obligations	$ 59,661,394	$ 11,120,941	$ 11,242,944	$ 59,539,391	$ 25,506,882

Total interest paid during the year on long-term debt totaled $1,647,148.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Debt

The City has issued general obligation debt to provide funds for the acquisition and construction of major capital facilities and capitalization deposit with CVMIC. 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, 2010 totaled $43,402,453 and was comprised of the following issues:

Governmental Activities:	
Bonds	
$1,305,000 issued 12/15/01; $120,000 to $150,000 due annually through 2017; interest 4.6% to 4.875%	$ 940,000
$1,390,000 issued 12/1/03; $115,000 to $165,000 due annually beginning in 2012 through 2021; interest 3.9% to 4.6%	1,390,000
$1,160,000 issued 1/1/04; $100,000 to $115,000 due annually through 2018; interest 3.4% to 4.3%	815,000
$2,565,000 issued 6/15/05; $385,000 to $475,000 due annually through 2016; interest 4.25% to 4.65%	2,565,000
Total Bonds	5,710,000
Notes	
$2,225,000 issued 9/1/01; $275,000 due in 2011; interest 4.15%	275,000
$575,000 issued 12/15/01; $110,000 due in 2011; interest 6.0%	110,000
$4,800,000 issued 5/1/02; $175,000 due in 2011; interest 4.25%	175,000
$4,530,000 issued 3/1/03; $400,000 to $1,480,000 due annually through 2013; interest 3.5% to 3.7%	3,280,000
$2,770,000 issued 7/1/03; $700,000 due in 2013; interest 2.9%	700,000
$200,000 issued 9/1/03; $200,000 due in 2012; interest 4.0%	200,000
$2,490,000 issued 6/15/05; $2,490,000 due in 2014; interest 4.0%	2,490,000
$2,345,000 issued 8/1/06; $125,000 due in 2011 and $1,685,000 due in 2014; interest 4.25% to 5.00%	1,810,000
$1,455,000 issued 8/1/06; $375,000 due in 2011; interest 5.80%	375,000
$4,715,000 issued 8/1/08; $175,000 to $4,000,000 due annually beginning in 2009 through 2013; interest 5.35%-6.40%	4,390,000
$5,280,000 issued 8/1/08; $175,000 to $2,300,000 due annually beginning in 2009 through 2017; interest 4.25%-4.40%	5,005,000
$1,300,000 issued 8/10/10; monthly payments of $9,135 through July, 2012 with a final payment due of 1,170,121 in August, 2012; interest of 3.25%	1,277,453
Total Notes	20,087,453
Total Governmental Activities Outstanding General Obligation Debt	25,797,453

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Business-type Activities:	
Notes	
$7,000,000 issued 12/1/09; $55,301 to $653,658 due annually through 2027; interest 5.5%	7,000,000
$6,930,000 issued 3/29/10; $88,469 to $645,310 due annually through 2027; interest 5.5%	6,930,000
$1,000,000 issued 9/10/10; $1,000,000 due in 2011; interest 3.55%	1,000,000
$2,675,000 issued 9/7/10; $18,246 to $220,226 due annually 2012 through 2030; interest 5.25%	2,675,000
	17,605,000
Total General Oblgation Debt	$ 43,402,453

Annual principal and interest maturities of the outstanding general obligation debt of $43,402,453 on December 31, 2010 are detailed below:

Year Ended	Governmental Activities		Business-type Activities		Totals	
December 31	Principal	Interest	Principal	Interest	Principal	Interest
2011	$ 2,614,123	$ 1,164,892	$ 1,143,770	$ 896,729	3,757,893	2,061,621
2012	4,223,330	1,016,750	340,926	973,862	4,564,256	1,990,612
2013	7,535,000	845,961	511,813	879,975	8,046,813	1,725,936
2014	5,370,000	504,074	739,732	852,056	6,109,732	1,356,130
2015	1,295,000	267,951	780,175	811,613	2,075,175	1,079,564
2016-2020	4,595,000	430,355	4,585,112	3,373,829	9,180,112	3,804,184
2021-2025	165,000	7,590	5,986,576	1,972,365	6,151,576	1,979,955
2026-2030	-	-	3,516,896	372,457	3,516,896	372,457
	$25,797,453	$ 4,237,573	$17,605,000	$10,132,886	$43,402,453	$14,370,459

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, 2010 was $8,887,695 as follows:

Equalized valuation of the City		$1,020,762,300
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		51,038,115
Total outstanding general obligation debt applicable to debt limitation	$43,402,453	
Less: Amounts available for financing general obligation debt		
Debt service fund	1,252,033	
Net outstanding general obligation debt applicable to debt limitation		42,150,420
Legal Margin for New Debt		$ 8,887,695

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Revenue Bonds

Revenue bond debt service requirements are financed from operations of the City's enterprise fund. Revenue bonds outstanding on December 31, 2010 totaled $18,721,476 and were composed of the following issues:

Revenue Bonds	
$1,076,097 Clean Water Fund Loan dated 11/24/04; $991,397 received; $45,844 to $62,122 due annually through 2024; interest 2.365%	$ 750,443
$7,015,000 issued 12/28/05; $160,000 to $820,000 due annually through 2025; interest 3.75% to 4.2%	4,280,000
$12,061,890 Clean Water Fund Loan dated 4/26/06; $12,061,890 received; $585,443 to $812,092 due annually through 2025; interest 2.365%	10,395,578
$779,363 Clean Water Fund Loan dated 4/11/07; $394,158 received; $18,485 to $26,673 due annually through 2026; interest 2.475%	357,535
$2,733,387 Clean Water Fund Loan dated 3/8/08; $2,530,286 received; $112,462 to $163,466 due annually through 2027; interest 2.365%	2,320,113
$678,908 Clean Water Fund Loan dated 4/22/09; $644,286 received; $27,185 to $42,534 due annually through 2028; interest 2.668%	617,807
Total Revenue Bonds	$ 18,721,476

Annual principal and interest maturities of the above outstanding enterprise fund revenue bonds of $18,721,476 on December 31, 2010 are shown below:

Year Ended December 31	Principal	Interest	Total
2011	$ 1,579,419	$ 491,179	$ 2,070,598
2012	1,628,190	439,982	2,068,172
2013	987,410	400,934	1,388,344
2014	1,012,086	374,523	1,386,609
2015	1,042,231	347,339	1,389,570
2016-2020	5,630,505	1,301,544	6,932,049
2021-2025	6,367,492	496,744	6,864,236
2026-2028	474,143	13,050	487,193
	$ 18,721,476	$ 3,865,295	$ 22,586,771

There are a number of compliance requirements associated with these debt issues. The Utilities are in compliance with those requirements.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

The Utilities have pledged future water, electric and sewer customer revenues, net of specified operating expenses, to repay the revenue bonds. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used by the Utilities. The bonds are payable solely from water, electric and sewer customer net revenues and are payable through 2027. The total principal and interest remaining to be paid on the bonds is $22,586,771. Principal and interest paid for the current year and total customer net revenues were $2,060,711 and $4,943,458, respectively.

Revenue Bond Anticipation Notes	
$12,600,000 issued 2005; $11,935,386 due in 2009; interest 4.35%	$ 11,935,386
$11,500,000 issued 2006; $10,841,780 due in 2009; interest 5.7%	10,841,780
Total Revenue Bond Anticipation Notes	$ 22,777,166

Annual principal and interest maturities of the above outstanding enterprise fund revenue bond anticipation notes of $22,777,166 on December 31, 2010 are as shown below:

Year Ended December 31	Principal	Interest	Total
2009	$ 22,777,166	$ 1,206,210	$ 23,983,376

The Steam Utility has defaulted on the 2005 and 2006 revenue bond anticipation notes.

Capital Leases

The City is obligated under various leases accounted for as capital leases that were used to finance the acquisition of capital assets. Presented below is a schedule of future minimum lease payments required under the capital leases, and the present value of the net minimum lease payments at December 31, 2010:

Year Ended December 31	Principal	Interest	Total
2011	$ 6,527	$ 113	$ 6,640

NOTE D - OTHER INFORMATION

1. Menasha Utilities Segment Information

Menasha Utilities has three operations that require segment information to be reported. Segment information for Steam Production, Electric Distribution, and Water Distribution follows:

	Steam	Electric Distribution	Water
Assets			
Current	$ 122,319	$ 5,232,906	$ 640,599
Due from other funds	-	-	434,757
Restricted	-	7,907,417	1,323,548
Noncurrent			
Net Capital Assets	12,481,091	15,299,621	20,222,048
Advance to other funds	-	1,237,208	-
Other	89,172	91,778	103,724
Total Assets	12,692,582	29,768,930	22,724,676
Liabilities			
Current	839,600	4,318,804	1,148,233
Due to other funds	-	2,151,678	-
Noncurrent			
City advance	-	36,017	309,403
Advance from other funds	-	-	599,675
Long-term	40,382,166	2,513,009	14,355,920
Total Liabilities	41,221,766	9,019,508	16,413,231
Net Assets			
Invested in capital assets net of related debt	(27,901,075)	14,004,621	5,266,453
Restricted			
Debt service	-	814,874	914,001
Plant replacement	-	1,961,337	-
Unrestricted	(628,109)	3,968,590	130,991
Total Net Assets	$ (28,529,184)	$ 20,749,422	$ 6,311,445
Operating Revenues			
Charges for services	$ -	$ 43,819,153	$ 4,385,516
Other	182,536	152,014	99,840
Total Operating Revenues	182,536	43,971,167	4,485,356
Operating Expenses			
Operating	1,089,049	41,722,254	2,468,849
Depreciation		862,742	737,931
Total Operating Expenses	1,089,049	42,584,996	3,206,780
Operating Income (Loss)	(906,513)	1,386,171	1,278,576
Nonoperating Income (Expenses)			
Interest revenue	1,481,267	408,500	7,884
Merchandising and jobbing	-	5,867	612
Interest and fiscal charges	(767,596)	(77,857)	(437,554)
Miscellaneous	(1,407,031)	(67,139)	(23,367)
Total Nonoperating Income (Expenses)	(693,360)	269,371	(452,425)
Income Before Contributions, Extraordinary Losses and Transfers	(1,599,873)	1,655,542	826,151
Customer contributions	-	30,020	-
Transfers out	-	(577,190)	(535,410)
Change in Net Assets	(1,599,873)	1,108,372	290,741
Net Assets - January 1	(26,929,311)	19,641,050	6,020,704
Net Assets - December 31	$ (28,529,184)	$ 20,749,422	$ 6,311,445

NOTE D - OTHER INFORMATION (Continued)

2. 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 permanent employees expected to work over 600 hours a year (440 hours for teachers) are eligible to participate in the WRS. Covered employees in the General category are required by statute to contribute 6.2% of their salary (3.2% for Executives and Elected Officials, 5.5% for Protective Occupations with Social Security, and 3.9% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for City employees covered by the WRS for the year ended December 31, 2010 was $11,512,879; the employer's total payroll was $9,879,349. The total required contribution for the year ended December 31, 2010 was $1,404,746, which consisted of $747,739, or 6.5% of covered payroll from the employer and $657,007, or 5.7% of covered payroll from employees. The required contribution for employees for the year ended December 31, 2010 was financed by the City. Total contributions for the years ending December 31, 2009 and 2008 were $1,401,394 and $1,449,770 respectively, equal to the required contributions for each year. The payroll covered by the WRS for the year ended December 31, 2010 of $11,512,879 includes $1,757,920 of covered wages for the City of Menasha's share of the Neenah/Menasha Fire Department. The fire department employees are not employed or paid by the City but, are part of the City's retirement plan.

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. 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 or after April 24, 1998 are immediately 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 which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

3. 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.

NOTE D - OTHER INFORMATION (Continued)

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 $38.9 million in 2010.

4. 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

During 1987, the City, together with certain other units of government within the State of Wisconsin, created the Cities and Villages Mutual Insurance Company (CVMIC), a joint venture, to provide liability insurance services to its members. 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.

NOTE D - OTHER INFORMATION (Continued)

The claims liability of $8,202 reported in the fund at December 31, 2010 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, 2010, the property and liability insurance internal service fund has available $1,212,909 for future unreported claims. Changes in the fund's claim liability amount for 2009 and 2010 follow:

	Liability January 1	Current Claims and Changes in Estimates	Claim Payments	Liability December 31
2009	$ 33,293	$ 76,997	$ 100,447	$ 9,843
2010	9,843	35,752	37,393	8,202

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 $6,427 reported in the fund at December 31, 2010, 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, 2010, the dental insurance internal service fund has available $5,828 for future unreported claims. Changes in the fund's claims liability amount for 2009 and 2010 follow:

	Liability January 1	Current Claims and Changes in Estimates	Claim Payments	Liability December 31
2009	$ 4,023	$ 94,019	$ 94,233	$ 3,809
2010	3,809	116,350	113,732	6,427

NOTE D - OTHER INFORMATION (Continued)

5. 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 194 active and 14 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	$ 85,104
Interest on net OPEB	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	85,104
Contributions made	37,476
Change in net OPEB obligation	47,628
OPEB obligation - beginning of year	47,628
OPEB obligation - end of year	$ 95,256

The annual required contribution for the current year was determined as part of the January 1, 2009 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 5.0% discount rate, and (b) projected salary increases at 4%.

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, 2010 is 28 years, and the remaining amount is $589,406.

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 and 2010 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	$ 85,104	44.04%	$ 47,628
12/31/2010	85,104	44.04%	95,256

Funded Status and Funding Progress - As of January 1, 2009, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was $759,614. The annual payroll for active employees covered by the plan for the 2007 fiscal year was $10,554,866 for a ratio of the UAAL to covered payroll of 7.2%.

NOTE D - OTHER INFORMATION (Continued)

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, 2009 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a rate of 5% 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. The remaining amortization period at December 31, 2010 was 28 years.

6. 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, TID No. 2 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 and No. 11 were created in 1997, 1998, 1998, 2002, 2004, 2004, 2006 and 2008 respectively, and therefore are still eligible to incur project costs. Accordingly, TID No. 4, 5, 6, 7, 8, 9, 10 and 11 are accounted for as capital projects funds.

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, 2010 from future excess tax increment revenues follows:

Net Unreimbursed Project Costs	
Tax Incremental District No. 1	$ 462,043
Tax Incremental District No. 2	(80,266)
Tax Incremental District No. 3	(16,798)
Tax Incremental District No. 4	963,853
Tax Incremental District No. 5	2,875,856
Tax Incremental District No. 6	3,136,677
Tax Incremental District No. 7	1,937,745
Tax Incremental District No. 8	984,341
Tax Incremental District No. 9	4,643,547
Tax Incremental District No. 10	259,530
Tax Incremental District No. 11	56,949
	$15,223,477

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. 3 to include transfers to Districts No. 1 and 2.

7. Major Customer
During 2010, the electric utility billed SCA Tissue $17,561,548. This represents 41% of electric utility operating revenue. No other utility customer accounted for more than 20% of operating revenue.

8. Property Tax Levy Limit
Wisconsin Act 25, imposed a limit on the property tax levies for all Wisconsin cities, villages, towns and counties for a two-year period effective July 27, 2005. Subsequent legislation extended the levy limit through 2010. The current law limits the increase in the maximum allowable tax levy to the greater of the percentage change in the City's January 1 equalized value as a result of net new construction or 3.0% in both the 2009 and 2010 budget years. The actual limit for the City for the 2010 budget was 3.0%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, the Act allows the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

9. Contingencies
   a. The City contracts with Neenah-Menasha Sewerage Commission (the "Commission") for sewage treatment services and is contingently liable for costs incurred by the Commission. The following item has been identified by the Commission and the City as a potential liability not recorded on the financial statements:

      The U.S. Fish & Wildlife Service and the Wisconsin Department of Natural Resources ("WDNR") acting on behalf of the Natural Resource Trustees have prepared Natural Resource Damage Assessments to determine the level of such damages to the Lower Fox River and Green Bay resulting from PCB contamination. The U.S. Environmental Protection Agency ("EPA") and the WDNR have conducted a Feasibility Study and issued two Records of Decision ("RODs") (which have been subsequently modified) selecting dredging and capping of PCB contaminated sediments in the Fox River together with long-term monitoring in the Fox River and Green Bay as remedies to

NOTE D - OTHER INFORMATION (Continued)

eliminate, reduce, or control risks to human health and the environment associated with the PCB contaminated sediments in the Lower Fox River and Green Bay. Representatives of the federal and state agencies have stated that at this time the total net present value of the past and future remediation costs including agency oversight costs, operation and maintenance costs and natural resources damages, is $1.5 billion dollars (collectively "Estimated Remediation Costs"). Appleton Paper, Inc. and NCR commenced CERCLA contribution actions for past and future remediation and oversight costs and natural resource damages against thirty-three defendants including the Commission. On December 16, 2009, a U.S. District Court Decision and Order held that Appleton Paper, Inc. and NCR were not entitled to recover any contribution from the defendants. The Court has denied Appleton Paper, Inc. and NCR's motion to enter judgment against them to permit an interlocutory appeal and there are various motions yet pending in the action. The Commission and City continue to vigorously defend the action.

On October 14, 2010, the United States of America and the State of Wisconsin filed suit in the federal district court in Green Bay against various defendants including the Neenah-Menasha Sewerage Commission (Commission). The complaint alleges the Commission received PCB–containing wastewater from several facilities – including the WTM Facility, the John Strange Facility, and the Kimberly Clark Neenah and Badger Globe Facilities and in turn is charged partially treated PCB–containing wastewater from those facilities to the Lower Fox River. In their claim for relief they seek, among other things, judgment for unreimbursed response costs and damages resulting from releases of hazardous substances. The City has put its insurance carriers on notice but they have denied a duty to defend or indemnify. Some of the carriers have accepted the tender of defense but have asserted a claim that they may seek to recover defense costs which they pay, a claim the Commission/City vigorously disputes. The City may seek to recover any judgment from its insurance carriers and/or other responsible entities. The Commission and City, along with other various parties are currently involved in court-ordered mediation in an attempt to reach a compromise settlement to end all litigation relative to these environmental claims. The Commission and City are vigorously defending the action.

b. The City's valuation and taxing power secure a portion of the outstanding long-term debt of the Neenah-Menasha Sewerage Commission, a joint venture created by the City and six other municipalities. The City would be liable in the unlikely event that the Commission defaulted on the debt.

c. 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.

NOTE D - OTHER INFORMATION (Continued)

d. 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.

1) In November 2008, the Wisconsin Department of Natural Resources issued a Notice of Violation to Menasha Utilities alleging that certain activities performed at the steam utility were undertaken without proper authorizations under the Clean Air Act (CAA). In June 2009, the United States Environmental Protection Agency also served Menasha Utilities with a Notice of Violation and Finding of Violation alleging that certain activities performed at the steam utility facility were undertaken without proper authorizations under the Clean Air Act. On February 6, 2009 the Sierra Club filed a civil action against the City of Menasha and Menasha Utilities seeking penalties, declaratory and injunctive relief relating to alleged violations of the Clean Air Act associated with activities performed at the steam utility facility. The penalties prescribed for violations of air pollution control laws range from $10 to $37,500 per violation per day. Intentional violations and repeat violations are subject to forfeitures of not more than $50,000 per day per violation. The City of Menasha and Menasha Utilities have contested the alleged violations and are communicating with WDNR and EPA in an attempt to work out a resolution to these environmental issues in a cooperative fashion. On February 15, 2011, the suit filed by the Sierra Club against the City of Menasha and Menasha Utilities was resolved by Consent Decree.

2) Due to the discontinuance of the City's Steam Utility operations and the losses generated, the Steam Utility was unable to pay in full or refinance the outstanding revenue bond anticipation notes that had come due in 2009. As a result, the Utility was unable to pay the $12,660,000 2005 Revenue Bond Anticipation Notes and the $11,500,000 2006 Revenue Bond Anticipation Notes. With respect to the above mentioned revenue bond anticipation notes, the City made payment in full of interest due on September 1, 2009, but only partial payment of principal due on such date ($1,382,834). On September 18, 2009, three holders of bond anticipation notes ("Notes") filed a class action complaint in United States District Court-Northern District of Indiana, Case No. 4:09CV0064, against the City, Menasha Utilities and the Menasha Steam Utility with respect to the Notes (the "Class Action Complaint"). This action was resolved through a Settlement Agreement that was approved by the court with final judgment entered on December 1, 2011.

10. Subsequent Events
The City has identified the following subsequent events:

The City sold its electric utility assets on April 6, 2011 for $17.3 million as part of a sale-leaseback transaction. The proceeds of the sale will be used to resolve steam utility matters including funding for the Settlement Agreement referred to above, reference Cast No. 4:09CV0064. The City will continue to operate its electric utility.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF MENASHA, WISCONSIN
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFIT PLAN
December 31, 2010

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%

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
December 31, 2010

Year Ended December 31,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2009	$ 37,476	$ 85,104	44.04%
2010	37,476	85,104	44.04%

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

SUPPLEMENTAL 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, No. 2 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.

Lead Paint Reduction
To account for grants received to be used for housing rehabilitation.

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.

Heckrodt Nature Center
To account for donations received by the City.

Senior Center Memorials
To account for donations received by the City.

Senior Center Fund Raising
To account for collections and disbursements relating to activities offered by the senior center.

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, and No. 11 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, 2010

	Special Revenue Funds								
	Housing Rehab	Community Development Block Grant	Marina Operations	Tax Incremental District #1	Tax Incremental District #2	Tax Incremental District #3	Park Development	Recycling	Post Employment Sick Leave Reserve
ASSETS									
Cash and investments	$ 25,425	$ 141,550	$ 15,184	$ 179,632	$ 104,243	$ 120,322	$ 145,197	$ 1,927	$ 105,923
Receivables									
Taxes	-	-	-	40,037	35,385	2,767	-	110,590	-
Accounts	-	-	20	-	-	-	-	33	-
Loans	33,568	1,780,077	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	$ 58,993	$ 1,921,627	$ 15,204	$ 219,669	$ 139,628	$ 123,089	$ 145,197	$ 112,550	$ 105,923
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts payable	$ -	$ -	$ 6,163	$ -	$ -	$ -	$ -	$ 4,370	$ -
Due to other funds	-	-	-	-	-	-	-	-	-
Deferred revenues	33,568	1,780,077	8,095	103,802	59,358	23,242	-	194,354	-
Total Liabilities	33,568	1,780,077	14,258	103,802	59,358	23,242	-	198,724	-
Fund Balances									
Unreserved									
Designated for									
Subsequent year's expenditures									
Special revenue funds	25,425	141,550	946	115,867	80,270	99,847	145,197	-	105,923
Capital projects funds	-	-	-	-	-	-	-	-	-
Undesignated, reported in									
Special revenue funds	-	-	-	-	-	-	-	(86,174)	-
Capital projects funds	-	-	-	-	-	-	-	-	-
Total Fund Balances	25,425	141,550	946	115,867	80,270	99,847	145,197	(86,174)	105,923
TOTAL LIABILITIES AND FUND BALANCES	$ 58,993	$ 1,921,627	$ 15,204	$ 219,669	$ 139,628	$ 123,089	$ 145,197	$ 112,550	$ 105,923

(Continued)

CITY OF MENASHA, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

	Special Revenue Funds (Continued)							
	Lead Paint Reduction	Library Endowment	Hattie Minor Scholarship	Public Safety Donations	Heckrodt Nature Center	Senior Center Memorials	Senior Center Fund Raising	Total Special Revenue Funds
ASSETS								
Cash and investments	$ -	$ -	$ 41,752	$ 2,261	$ 8,358	$ 4,750	$ 1,450	$ 897,974
Receivables								
Taxes	-	-	-	-	-	-	-	188,779
Accounts	-	-	-	-	-	-	-	53
Loans	-	-	-	-	-	-	-	1,813,645
Other assets	-	147,224	-	-	-	-	-	147,224
TOTAL ASSETS	$ -	$ 147,224	$ 41,752	$ 2,261	$ 8,358	$ 4,750	$ 1,450	$ 3,047,675
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	$ -	$ -	$ -	$ 156	$ 833	$ -	$ -	$ 11,522
Due to other funds	15,858	-	-	-	-	-	-	15,858
Deferred revenues	-	-	-	-	-	-	-	2,202,496
Total Liabilities	15,858	-	-	156	833	-	-	2,229,876
Fund Balances								
Unreserved								
Designated for								
Subsequent year's expenditures								
Special revenue funds	-	147,224	41,752	2,105	7,525	4,750	1,450	919,831
Capital projects funds	-	-	-	-	-	-	-	-
Undesignated, reported in								
Special revenue funds	(15,858)	-	-	-	-	-	-	(102,032)
Capital projects funds	-	-	-	-	-	-	-	-
Total Fund Balances	(15,858)	147,224	41,752	2,105	7,525	4,750	1,450	817,799
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ 147,224	$ 41,752	$ 2,261	$ 8,358	$ 4,750	$ 1,450	$ 3,047,675

(Continued)

CITY OF MENASHA, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

	Capital Projects Fund						
	2008 Capital Projects	Capital Facility	Capital Improvements	Tax Incremental District #4	Tax Incremental District #5	Tax Incremental District #6	Tax Incremental District #7
ASSETS							
Cash and investments	$ 280,715	$ 137,487	$ 10,396	$ 31,771	$ 529,398	$ -	$ -
Receivables							
Taxes	-	-	-	24,239	179,941	250,264	70,651
Accounts	-	-	-	-	9,135	-	-
Loans	-	-	-	-	1,271,778	-	-
Other assets	-	-	-	-	-	-	-
TOTAL ASSETS	$ 280,715	$ 137,487	$ 10,396	$ 56,010	$ 1,990,252	$ 250,264	$ 70,651
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	$ -	$ 15,970	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-	-	248,402	239,898
Deferred revenues	-	-	-	84,484	1,544,202	348,538	108,498
Total Liabilities	-	15,970	-	84,484	1,544,202	596,940	348,396
Fund Balances							
Unreserved							
Designated for							
Subsequent year's expenditures							
Special revenue funds	-	-	-	-	-	-	-
Capital projects funds	280,715	121,517	10,396	-	446,050	-	-
Undesignated, reported in							
Special revenue funds	-	-	-	-	-	-	-
Capital projects funds	-	-	-	(28,474)	-	(346,676)	(277,745)
Total Fund Balances	280,715	121,517	10,396	(28,474)	446,050	(346,676)	(277,745)
TOTAL LIABILITIES AND FUND BALANCES	$ 280,715	$ 137,487	$ 10,396	$ 56,010	$ 1,990,252	$ 250,264	$ 70,651

(Continued)

CITY OF MENASHA, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

	Capital Projects Fund (Continued)						
	Tax Incremental District #8	Tax Incremental District #9	Tax Incremental District #10	Tax Incremental District #11	Roadways at River's Edge	Total Capital Project Funds	Total Governmental Funds
ASSETS							
Cash and investments	$ -	$ 318,083	$ 141,746	$ -	$ 3,183	$ 1,452,779	$ 2,350,753
Receivables							
Taxes	50,155	175,573	44,261	68,519	-	863,603	1,052,382
Accounts	-	-	-	-	-	9,135	9,188
Loans	-	-	-	-	-	1,271,778	3,085,423
Other assets	-	-	-	-	-	-	147,224
TOTAL ASSETS	$ 50,155	$ 493,656	$ 186,007	$ 68,519	$ 3,183	$ 3,597,295	$ 6,644,970
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ 15,970	$ 27,492
Due to other funds	59,486	-	-	40,690	-	588,476	604,334
Deferred revenues	75,010	572,203	70,538	84,778	-	2,888,251	5,090,747
Total Liabilities	134,496	572,203	70,538	125,468	-	3,492,697	5,722,573
Fund Balances							
Unreserved							
Designated for							
Subsequent year's expenditures							
Special revenue funds	-	-	-	-	-	-	919,831
Capital projects funds	-	-	115,469	-	3,183	977,330	977,330
Undesignated, reported in							
Special revenue funds	-	-	-	-	-	-	(102,032)
Capital projects funds	(84,341)	(78,547)	-	(56,949)	-	(872,732)	(872,732)
Total Fund Balances	(84,341)	(78,547)	115,469	(56,949)	3,183	104,598	922,397
TOTAL LIABILITIES AND FUND BALANCES	$ 50,155	$ 493,656	$ 186,007	$ 68,519	$ 3,183	$ 3,597,295	$ 6,644,970

CITY OF MENASHA, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2010

	Special Revenue Funds								
	Housing Rehab	Community Development Block Grant	Marina Operations	Tax Incremental District #1	Tax Incremental District #2	Tax Incremental District #3	Park Development	Recycling	Post Employment Sick Leave Reserve
Revenues									
Taxes	$ -	$ -	$ -	$ 177,134	$ 66,597	$ 56,879	$ -	$ 266,513	$ -
Intergovernmental	-	-	4,193	1,093	425	171	-	101,641	-
Public charges for services	-	-	219,932	-	-	-	11,000	6,933	-
Intergovernmental charges for services	-	-	-	-	-	-	-	52,530	-
Miscellaneous	6,968	63,445	-	-	-	1,297	-	32,567	2,045
Total Revenues	6,968	63,445	224,125	178,227	67,022	58,347	11,000	460,184	2,045
Expenditures									
Current									
Public safety	-	-	-	-	-	-	-	-	46,216
Public works	-	-	-	-	-	-	-	472,631	-
Health and human services	-	-	-	-	-	-	-	-	16,074
Culture and recreation	-	-	277,301	-	-	-	-	-	-
Conservation and development	2,676	39,916	-	150	150	150	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	2,676	39,916	277,301	150	150	150	-	472,631	62,290
Excess of Revenues Over (Under) Expenditures	4,292	23,529	(53,176)	178,077	66,872	58,197	11,000	(12,447)	(60,245)
Other Financing Sources (Uses)									
Transfers out	-	-	(5,000)	(178,075)	-	(193,440)	-	-	(250,000)
Net Change in Fund Balances	4,292	23,529	(58,176)	2	66,872	(135,243)	11,000	(12,447)	(310,245)
Fund Balances (Deficits) - January 1	21,133	118,021	59,122	115,865	13,398	235,090	134,197	(73,727)	416,168
Fund Balances (Deficits) - December 31	$ 25,425	$ 141,550	$ 946	$ 115,867	$ 80,270	$ 99,847	$ 145,197	$ (86,174)	$ 105,923

(Continued)

CITY OF MENASHA, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2010

	Special Revenue Funds (Continued)							
	Lead Paint Reduction	Library Endowment	Hattie Minor Scholarship	Public Safety Donations	Heckrodt Nature Center	Senior Center Memorials	Senior Center Fund Raising	Total Special Revenue Funds
Revenues								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 567,123
Intergovernmental	-	-	-	-	-	-	-	107,523
Public charges for services	-	-	-	-	-	475	2,090	240,430
Intergovernmental charges for services	-	-	-	-	-	-	-	52,530
Miscellaneous	-	17,804	462	56	20,850	87	-	145,581
Total Revenues	-	17,804	462	56	20,850	562	2,090	1,113,187
Expenditures								
Current								
Public safety	15,858	-	-	1,308	-	-	-	63,382
Public works	-	-	-	-	-	-	-	472,631
Health and human services	-	-	-	-	-	-	5,652	21,726
Culture and recreation	-	7,681	3,250	-	-	-	-	288,232
Conservation and development	-	-	-	-	28,107	-	-	71,149
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	15,858	7,681	3,250	1,308	28,107	-	5,652	917,120
Excess of Revenues Over (Under) Expenditures	(15,858)	10,123	(2,788)	(1,252)	(7,257)	562	(3,562)	196,067
Other Financing Sources (Uses)								
Transfers out	-	-	-	-	-	-	-	(626,515)
Net Change in Fund Balances	(15,858)	10,123	(2,788)	(1,252)	(7,257)	562	(3,562)	(430,448)
Fund Balances (Deficits) - January 1	-	137,101	44,540	3,357	14,782	4,188	5,012	1,248,247
Fund Balances (Deficits) - December 31	$ (15,858)	$ 147,224	$ 41,752	$ 2,105	$ 7,525	$ 4,750	$ 1,450	$ 817,799

(Continued)

CITY OF MENASHA, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2010

	Capital Projects Funds							
	2002 Capital Projects	2008 Capital Projects	Capital Facility	Capital Improvements	Tax Incremental District #4	Tax Incremental District #5	Tax Incremental District #6	Tax Incremental District #7
Revenues								
Taxes	$ -	$ -	$ -	$ -	$ 167,358	$ 256,913	$ 273,001	$ 105,137
Intergovernmental	-	-	391,477	-	1,800	162,040	5,518	-
Public charges for services	-	-	-	-	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-	-	-	-
Miscellaneous	-	1,810	1,205	-	134	89,576	-	3,500
Total Revenues	-	1,810	392,682	-	169,292	508,529	278,519	108,637
Expenditures								
Current								
Public safety	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	150	150	150	149
Capital outlay	-	-	408,286	-	-	20,822	5,354	-
Total Expenditures	-	-	408,286	-	150	20,972	5,504	149
Excess of Revenues Over (Under) Expenditures	-	1,810	(15,604)	-	169,142	487,557	273,015	108,488
Other Financing Sources (Uses)								
Transfers out	(655)	-	(125,000)	-	(171,254)	(390,801)	(390,875)	(184,128)
Net Change in Fund Balances	(655)	1,810	(140,604)	-	(2,112)	96,756	(117,860)	(75,640)
Fund Balances (Deficits) - January 1	655	278,905	262,121	10,396	(26,362)	349,294	(228,816)	(202,105)
Fund Balances (Deficits) - December 31	$ -	$ 280,715	$ 121,517	$ 10,396	$ (28,474)	$ 446,050	$ (346,676)	$ (277,745)

(Continued)

CITY OF MENASHA, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2010

	Capital Projects Funds (Continued)						
	Tax Incremental District #8	Tax Incremental District #9	Tax Incremental District #10	Tax Incremental District #11	Roadways at River's Edge	Total Capital Projects Funds	Total Governmental Funds
Revenues							
Taxes	$ 69,046	$ 361,330	$ 72,996	$ 45,166	$ -	$ 1,350,947	$ 1,918,070
Intergovernmental	-	2,234	10,554	20,000	-	593,623	701,146
Public charges for services	-	-	-	-	-	-	240,430
Intergovernmental charges for services	-	-	-	-	-	-	52,530
Miscellaneous	-	-	-	-	-	96,225	241,806
Total Revenues	69,046	363,564	83,550	65,166	-	2,040,795	3,153,982
Expenditures							
Current							
Public safety	-	-	-	-	-	-	63,382
Public works	-	-	-	-	-	-	472,631
Health and human services	-	-	-	-	-	-	21,726
Culture and recreation	-	-	-	-	-	-	288,232
Conservation and development	150	150	150	150	-	1,199	72,348
Capital outlay	-	10,688	5,356	68,093	-	518,599	518,599
Total Expenditures	150	10,838	5,506	68,243	-	519,798	1,436,918
Excess of Revenues Over (Under) Expenditures	68,896	352,726	78,044	(3,077)	-	1,520,997	1,717,064
Other Financing Sources (Uses)							
Transfers out	(109,111)	(317,028)	(34,110)	-	-	(1,722,962)	(2,349,477)
Net Change in Fund Balances	(40,215)	35,698	43,934	(3,077)	-	(201,965)	(632,413)
Fund Balances (Deficits) - January 1	(44,126)	(114,245)	71,535	(53,872)	3,183	306,563	1,554,810
Fund Balances (Deficits) - December 31	$ (84,341)	$ (78,547)	$ 115,469	$ (56,949)	$ 3,183	$ 104,598	$ 922,397

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.

CITY OF MENASHA, WISCONSIN
Combining Statement of Net Assets
Internal Service Funds
December 31, 2010

	City Garage	Property and Liability Insurance	Dental Insurance	Totals
ASSETS				
Cash and investments	$ 523,770	$ 156,185	$ 5,828	$ 685,783
Accounts receivable	90	34,709	-	34,799
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	928,181	-	-	928,181
Machinery and equipment	5,833,688	-	-	5,833,688
Less: Accumulated depreciation	(4,463,540)	-	-	(4,463,540)
TOTAL ASSETS	2,998,889	1,222,114	5,828	4,226,831
LIABILITIES				
Accounts payable	20,995	9,205	6,427	36,627
TOTAL LIABILITIES	20,995	9,205	6,427	36,627
NET ASSETS				
Invested in capital assets	2,475,029	-	-	2,475,029
Unrestricted	502,865	1,212,909	(599)	1,715,175
TOTAL NET ASSETS	$ 2,977,894	$ 1,212,909	$ (599)	$ 4,190,204

CITY OF MENASHA, WISCONSIN
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
Year Ended December 31, 2010

	City Garage	Property and Liability Insurance	Dental Insurance	Totals
Operating Revenues				
Charges for services	$ 1,262,107	$ 166,316	$ 117,162	$ 1,545,585
Other	-	113	-	113
Total Operating Revenues	1,262,107	166,429	117,162	1,545,698
Operating Expenses				
Operation and maintenance	969,467	-	-	969,467
Insurance payments and claims	-	35,752	123,458	159,210
Depreciation	261,742	-	-	261,742
Total Operating Expenses	1,231,209	35,752	123,458	1,390,419
Operating Income (loss)	30,898	130,677	(6,296)	155,279
Nonoperating Revenues				
Investment income	600	-	-	600
Gain on disposal of capital assets	24,315	-	-	24,315
Total Nonoperating Revenues	24,915	-	-	24,915
Change in Net Assets	55,813	130,677	(6,296)	180,194
Net Assets (Deficit) - January 1	2,922,081	1,082,232	5,697	4,010,010
Net Assets (Deficit) - December 31	$ 2,977,894	$ 1,212,909	$ (599)	$ 4,190,204

CITY OF MENASHA, WISCONSIN
Combining Statement of Cash Flows
Internal Service Funds
Year Ended December 31, 2010

	City Garage	Property and Liability Insurance	Dental Insurance	Totals
Cash Flows from Operating Activities				
Cash received from customers	$ 1,262,017	$ 131,720	$ 117,162	$ 1,510,899
Cash paid to suppliers	(615,647)	(42,468)	(120,840)	(778,955)
Cash paid to employees	(445,436)	-	-	(445,436)
Net Cash Provided (Used) by Operating Activities	200,934	89,252	(3,678)	286,508
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(172,644)	-	-	(172,644)
Proceeds from sale of capital asset	24,315	-	-	24,315
Asset disposal costs and salvage	13,064	-	-	13,064
Net Cash Used by Capital and Related Financing Activities	(135,265)	-	-	(135,265)
Cash Flows from Investing Activities				
Interest received	600	-	-	600
Change in Cash and Cash Equivalents	66,269	89,252	(3,678)	151,843
Cash and Cash Equivalents - January 1	457,501	66,933	9,506	533,940
Cash and Cash Equivalents - December 31	$ 523,770	$ 156,185	$ 5,828	$ 685,783
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	$ 30,898	$ 130,677	$ (6,296)	$ 155,279
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	261,742	-	-	261,742
Changes in assets and liabilities				
Receivables	(90)	(34,709)	-	(34,799)
Accounts payable	(91,616)	(6,716)	2,618	(95,714)
Net Cash Provided (Used) by Operating Activities	$ 200,934	$ 89,252	$ (3,678)	$ 286,508

ADDITIONAL INDEPENDENT AUDITORS REPORT FOR BASIC FINANCIAL STATEMENTS

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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 the basic financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Menasha, Wisconsin ("the City"), Wisconsin, as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 9, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items 2010-01 and 2010-02 that we consider to be significant deficiencies in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of 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 basic 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*.

The City's responses to the findings identified in our audit are described in the accompanying schedule of prior year audit findings and corrective action plan. We did not audit the City of Menasha, Wisconsin's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor and the City Council, management and federal and state awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

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Certified Public Accountants
Green Bay, Wisconsin
December 9, 2011

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES

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

Compliance

We have audited the compliance of the City of Menasha, Wisconsin, Wisconsin (the "City") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that are applicable to each of its major federal and state programs for the year ended December 31, 2010. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The City's major state programs are identified on the Schedule of State Financial Assistance. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, guidelines and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended December 31, 2010.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-03. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City's response to the finding identified in our audit is described in the accompanying schedule of prior year audit findings and corrective action plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Mayor and the City Council, others within the City, and federal and state awarding agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

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Certified Public Accountants
Green Bay, Wisconsin
December 9, 2011

CITY OF MENASHA, WISCONSIN
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

Grantor Agency/Federal Program Title	Pass-through Agency	Federal CFDA Number	Revenues: (Accrued) or Deferred Revenue 1/1/10	Revenues: Cash Received	Revenues: Accrued or (Deferred) Revenue 12/31/10	Revenues: Total Revenues	Total Expenditures
U.S. DEPARTMENT OF COMMERCE							
Economic Adjustment Assistance	WI Department of Commerce	11.307	$ -	$ 20,000	$ -	$ 20,000	$ 20,000
U.S. DEPARTMENT OF TRANSPORTATION							
State and Community Highway Safety	WI Department of Transportation	20.600	-	4,000	-	4,000	4,000
ENVIRONMENTAL PROTECTION AGENCY- OFFICE OF WATER							
State Indoor Radon Grants	WI Department of Health Services	66.032	-	3,500	-	3,500	3,500
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Grants for Supportive Services and Senior Centers (Title III-B)	Greater Wisconsin Agency on Aging Resources	93.044	-	48,605	-	48,605	48,605
Public Health Emergency Preparedness	WI Department of Health Services	93.069	20,067	75,379	37,315	92,627	92,627
Immunization Cluster							
Immunization Grants	WI Department of Health Services	93.268	-	8,719	-	8,719	8,719
ARRA - Immunization Grants	WI Department of Health Services	93.712	-	4,428	2,866	7,294	7,294
Total Immunization Cluster			-	13,147	2,866	16,013	16,013
Medical Assistance Program	WI Department of Health Services	93.778	-	904	-	904	904
Preventative Health and Health Services Block Grant	WI Department of Health Services	93.991	-	5,104	-	5,104	5,104
Maternal and Child Health Services Block Grant	WI Department of Health Services	93.994	-	12,319	-	12,319	12,319
Total U.S. Department of Health and Human Services			20,067	155,458	40,181	175,572	175,572
U.S. DEPARTMENT OF HOMELAND SECURITY							
ARRA - Assistance to Firefighters	Direct Program	97.044	-	391,477	-	391,477	391,477
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 20,067	$ 574,435	$ 40,181	$ 594,549	$ 594,549

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

CITY OF MENASHA, WISCONSIN
Schedule of State Financial Assistance
For the Year Ended December 31, 2010

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number	Revenues: (Accrued) or Deferred Revenue 1/1/10	Revenues: Cash Received	Revenues: Accrued or (Deferred) Revenue 12/31/10	Revenues: Total Revenues	Total Expenditures
DEPARTMENT OF HEALTH SERVICES							
GPR Lead Poison	Direct Program	435.157720	$ -	$ 2,890	$ -	$ 2,890	$ 2,890
Maternal & Child Health Service Block Grant	Direct Program	435.159320	-	904	-	904	904
Total Department of Health Services			-	3,794	-	3,794	3,794
DEPARTMENT OF JUSTICE							
Law Enforcement Training	Direct Program	456.377	-	5,860	5,400	11,260	11,260
TOTAL STATE PROGRAMS			$ -	$ 9,654	$ 5,400	$ 15,054	$ 15,054

The notes to the schedule of state financial assistance are an integral part of this schedule.

CITY OF MENASHA, WISCONSIN
Menasha, Wisconsin
Notes to the Schedule of Expenditures of Federal Awards and the Schedule of State Financial Assistance
Year Ended December 31, 2010

NOTE A - BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the City of Menasha, Wisconsin and are presented on the modified accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Guidelines.* Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - OVERSIGHT AGENCIES

The U.S. Department of Homeland Security is the federal oversight agency for the City. The Wisconsin Department of Health Services is the state oversight agency for the City.

CITY OF MENASHA, WISCONSIN
Menasha, Wisconsin
Schedule of Findings and Questioned Costs
Year Ended December 31, 2010

Section I - Summary of Auditors' Results

Basic Financial Statements	
Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
Noncompliance material to basic financial statements noted?	No
Federal Awards and State Financial Assistance	
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies identified?	Yes
Type of auditors' report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	Yes
Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*?	Yes
Identification of major federal and programs:	

CFDA Number	Name of Federal Program
97.044	ARRA - Assistance to Firefighters

State ID Number	Name of State Program
456.377	Law Enforcement Training

Audit threshold used to determine between Type A and Type B programs:	
Federal	$300,000
State	$100,000
Auditee qualified as a low-risk auditee:	No

Section II - Basic Financial Statement Findings

Finding No.	Control Deficiencies

2010-01 **Year End Closing and Financial Reporting**

Condition: While the current staff of the City maintain financial records which report revenues and expenditures throughout the year, preparing year end adjusting, closing and GASB 34 conversion entries necessary to prepare financial statements, including related notes, and state financial reports require additional expertise that would entail additional training and staff time to develop. The City contracts with Schenck and their knowledge of current accounting principles and regulatory requirements of the Wisconsin Department of Revenue to prepare required journal entries and financial reports for the City in an efficient manner.

Criteria: The review of financial statements by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential misstatement in the financial statements or notes.

Cause: The additional costs associated with hiring staff experienced in preparing year end adjusting, closing, and GASB 34 conversion entries and financial reports, including additional training time outweigh the derived benefits.

Effect: The financial statements of the City could be misstated and not detected and corrected in a timely manner without our review and posting of adjusting and closing entries.

Recommendation: We recommend the City continue reviewing the adjusting, closing and GASB 34 conversion entries along with the financial reports prepared by Schenck. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the City is necessary to obtain an adequate understanding of the City's financial report.

CITY OF MENASHA, WISCONSIN
Menasha, Wisconsin
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2010

Section II - Basic Financial Statement Findings (Continued\)

Finding No.	Control Deficiencies

2010-02 **Assistance with Capital Assets Records**

Condition: The City's accounting personnel provides us with the current year asset additions and disposals, the method and rate of depreciation and the salvage value of the assets. From this information, we assist the City in recording the capital asset additions and disposals and calculating the annual depreciation.

Criteria: The maintenance of detailed capital assets records is an internal control intended to safeguard assets and to prevent a potential misstatement in the financial records.

Cause: Our audit engagement includes calculating depreciation and assisting the City in maintaining its capital asset records as the City does not employ staff with the expertise or experience to maintain these records in accordance with generally accepted accounting principles.

Effect: The City could have capital assets transactions which are not reflected in the detailed capital records.

Recommendation: We recommend the accounting personnel and the City Council continue to review the capital assets records of the City. We believe the costs of employing staff with the relevant expertise would outweigh the benefits to be received.

Section III - Federal Award and State Financial Assistance Findings

Finding No.	Internal Control Deficiencies

2010-03 **Financial Reporting for Federal and State Financial Assistance**

Condition: OMB Circular A-133 and the *State Single Audit Guidelines* requires the City to prepare appropriate financial statements, including the schedules of expenditures of federal awards and state financial assistance. While the current staff of the City maintain financial records supporting amounts reported in the schedules of expenditures of federal awards and state financial assistance, the City contracts with Schenck to compile the data from these records and prepare the single audit report for the City.

Criteria: Having staff with expertise in federal and state financial reporting prepare the City's single audit report is an internal control intended to prevent, detect and correct a potential misstatement in the schedules of expenditures of federal wards and state financial assistance, or accompanying notes to the schedule.

Cause: The additional costs associated with hiring staff sufficiently experienced to prepare the District's single audit report, including the additional training time, outweigh the derived benefits.

Effect: The District could receive federal or state grant awards which are not included in the accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance.

Recommendation: We recommend City personnel continue reviewing the City's single audit report prepared by Schenck. While it may not be cost beneficial to hire additional staff to prepare these items, a thorough review of this information by appropriate staff of the City is necessary to ensure all federal and state financial assistance programs are properly reported in the City's single audit report.

CITY OF MENASHA, WISCONSIN
Menasha, Wisconsin
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2010

Section IV - Other Issues

Does the auditor's report of the notes to the financial statement include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?	_____	Yes	X	No
Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:				
Department of Health Services	X	Yes	_____	No
Department of Justice	X	Yes	_____	No
Was a Management Letter or other document conveying audit comments issued as a result of this audit?	X	Yes	_____	No

Name and signature of shareholder

David L. Maccoux, CPA

Date of report

December 9, 2011

CITY OF MENASHA, WISCONSIN
Menasha, Wisconsin
Schedule of Prior Year Audit Findings and Corrective Action Plan
Year Ended December 31, 2010

Status of Prior Year Audit Findings

The findings noted in the 2009 Schedule of Findings and Responses has been reported to the proper state agencies. Management continues to believe the cost to hire additional staff to eliminate the control deficiency identified as 2009-01 and 2009-02 outweigh the benefits to be received. Management reviews the financial report prepared by Schenck.

Corrective Action Plan for Audit Findings

Finding No.	Corrective Action Plan
2010-01	**Year End Closing and Financial Reporting** Management believes that the cost of hiring additional staff to prepare year end adjusting and closing entries and to prepare financial reports outweighs the benefits to be received. Management will continue to review financial statements and other information prepared by Schenck.
2010-02	**Assistance with Capital Asset Records** Management believes the cost for additional staff time to maintain the capital asset records outweigh the benefits to be received.
2010-03	**Financial Reporting for Federal and State Financial Assistance** Management believes the cost of additional staff time and training to prepare these items outweigh the benefits to be received. Management will continue to review financial statements and other information prepared by Schenck.

PAROCHIAL SCHOOL FEES

	Current	Proposed 2012-13 school yr
Vision/Hearing Screenings (Initial Screenings)	$9.25/hr	$9.30/hr
Public Health Nurse (Education, consultation, screening follow-up)	$37/hr	$42/hr
Public Health Aide (Immunization records)	$30/hr	$32/hr
Dental Hygienist (Screening, education)	$37/hr	$39/hr
Registered Sanitarian (Food service inspections)	$40/hr	$42/hr

DRIFKA GROUP INC.

Brokerage
Management
Development
Design-Build

N9601 Crystal Drive • Appleton, Wisconsin 54915 • (920) 993-9065 • FAX (920) 993-9065

January 12, 2012

Greg Keil
City of Menasha
140 Main Street
Menasha, WI 54952

Re: Listing Contract – Midway Business Park & Province Terrace Lots.

Dear Greg, Administrative Committee & Common Council:

I have attached an Amendment to the Listing Contract for the Midway Business Park / Province Terrace Lots. If this is satisfactory to the City of Menasha please sign and return a copy of the executed Amendment to my office.

Marketing Summary:

The year of 2011 remained challenging in commercial real estate. On the positive, 2011 was more active than the previous two years. Although we still have economic and political concerns going forward, I feel that 2012 will be slightly better that 2011.

Marketing efforts are as follows:

1. I market the "area" because I have 14 acres remaining in Midway Crossing also. As per previous discussions, Midway Crossing, Province Terrace and Midway Business Park are distinctively different properties and will most likely serve different types of users.

2. I continue work within my network of area professionals and to cold-call looking for businesses that want to expand or relocate. If so, do they want to be in one of these areas?

3. The commercial real estate brokers and our web-based property listing services, Loop-Net and Co-Star, remain our best marketing tools and allies.

4. I have brought on Sara Investment Real Estate, a Madison based real estate investment and development firm to partner in the marketing of Midway Crossing. They have been informed of the City's properties as additional development sites for buyers or for build-to-suit opportunities.

2011 In Review:

Appanasha Pet Clinic inquired on Midway Crossing; I also brought Province Terrace and Midway Business Park to them. After comparing site alternatives (location and pricing) they bought Lot 12 in the Midway Business Park.

I was working on forming a partnership and constructing a 3-4 tenant office building in Midway Crossing. The Fox Cities current office vacancy and the lower lease rates made the new construction numbers difficult to cash flow and finance. Therefore we assisted the partnering tenant with the acquisition of the Alternative Resolution building located at 1151 Oneida Street. I am bringing this up because (a) it evidences that we are working the area and (b) this sale takes away an alternative property; the next business in this area will have to buy and develop the City's land.

I negotiated an accepted offer for Lot 1 in the Midway Business Park, which is privately owned. The offer was accepted very recently. The buyer has requested to remain anonymous until such time they release their identity. This leaves two remaining City owned lots available in the Park.

I am working with a buyer that may relocate on one of the Province Terrace lots. I will know more in the spring.

I have a few smaller retail tenants that have interest in a Midway Crossing. I need one or two more (dependent on size) to start such a building.

If you have any questions, please feel free to call. I will attend the January 16th Common Council meeting to address any questions, comments, or concerns you may have.

Sincerely,

DRIFKA GROUP INC.

Robert E. Drifka

RED

Enclosure

WB-42 AMENDMENT TO LISTING CONTRACT

It is agreed that the Listing Contract dated January 19, 2010, between the undersigned, for sale of the property known as (Street Address/Description) See lines 11 - 12 below in the City of Menasha, County of Calumet, Wisconsin is amended as follows:

☐ The list price is changed from $ _____ to $ _____.

☒ The expiration date of the contract is changed from midnight January 19, 2012 to midnight January 19, 2013.

☐ The following items are (added to)(deleted from) STRIKE ONE the list of property to be included in the list price: _____.

☒ Other: Properties Midway Business Park - Lots 3, 5, 7. Province Terrace - Lots 1, 2, 4, 10, 11, 12

ALL OTHER TERMS OF THIS CONTRACT AND ANY PRIOR AMENDMENTS REMAIN UNCHANGED.

CAUTION: Agents (salespersons) for Broker (firm) do not have the authority to enter into a mutual agreement to terminate a listing contract, amend the commission amount or shorten the term of a listing contract, without the written consent of the Agent(s)' supervising broker.

Drifka Group Inc.
Broker/Firm ▲

(x) REDrifka 1-12-12
By ▲ Date ▲
Print name ▶ Robert E. Drifka

(x) _____
Seller's Signature ▲ Date ▲
Print name ▶ City of Menasha

(x) _____
Seller's Signature ▲ Date ▲
Print name ▶