

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  
October 6, 2014  
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, 9/2/14](#)
- D. DISCUSSION/ACTION ITEMS
  - 1. [Review and Accept 2013 City of Menasha Audit Report \(Dave Maccoux, Schenck\).](#)
  - 2. [Joint Powers Agreement Winnebago County Emergency 911 System, Dec. 1, 2014 - Nov. 30, 2015.](#)
  - 3. [Amendment to Listing Contract with Newmark Grumm Pfefferle for 901 Airport Road.](#)
- E. ADJOURNMENT

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

CITY OF MENASHA  
ADMINISTRATION COMMITTEE  
Third Floor Council Chambers  
140 Main Street, Menasha  
September 2, 2014  
MINUTES

A. CALL TO ORDER

Meeting called to order by Chairman Nichols at 8:00 p.m.

B. ROLL CALL/EXCUSED ABSENCES

PRESENT: Aldermen Zelinski, Benner, Nichols, Taylor, Sevenich, Langdon, Keehan

EXCUSED: Alderman Englebert

ALSO PRESENT: Mayor Merkes, CA/HRD Captain, PC Styka, DPW Radtke, CDD Keil, ASD Steeno, Clerk Galeazzi

C. MINUTES TO APPROVE

1. [Administration Committee, 8/18/14](#)

Moved by Ald. Zelinski, seconded by Ald. Keehan to approve minutes.

Motion carried on voice vote.

D. COMMUNICATIONS

1. [2014 Health Risk Assessment Results](#)

No action or discussion.

E. DISCUSSION/ACTION ITEMS

1. [O-24-14 An Ordinance Amending Title 2, Chapter 1 of the Code of Ordinances \(Polling Places\) \(Introduced by Alderman Nichols\)](#).

Clerk Galeazzi explained the polling place for Aldermanic Districts 1 & 2 for the November 4, 2014 election will need to be changed from the Senior Center to Trinity Lutheran School due to the renovation of the Senior Center.

Moved by Ald. Keehan, seconded by Ald. Langdon to recommend to Common Council O-24-14 An Ordinance Amending Title 2, Chapter 1 of the Code of Ordinances (Polling Places)

Motion carried on roll call 7-0.

2. [CVMIC Update \(CA/HRD Captain\)](#)

CA/HRD Captain gave an overview of the Cities & Villages Mutual Insurance Company (CVMIC) Professional Development and Training Program she attended. She is working with CVMIC staff to have someone speak at a future Administration Committee meeting.

General discussion ensued on 2015 insurance premium projections, volunteer policy, liability dividend payouts, changes in coverage, increase reserves for claims.

F. ADJOURNMENT

Moved by Ald. Langdon, seconded by Ald. Taylor to adjourn at 8:13 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, 2013**

**CITY OF MENASHA, WISCONSIN**  
December 31, 2013

Table of Contents

	<u>Page No.</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 9
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements	
Statement of Net Position	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 Position - Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	19
Statement of Cash Flows - Proprietary Funds	20 - 21
Statement of Net Position - Agency Fund	22
Notes to Basic Financial Statements	23 - 52
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Funding Progress	53
Schedule of Employer Contributions	54
<b>SUPPLEMENTARY INFORMATION</b>	
Combining Balance Sheet - Nonmajor Governmental Funds	55 - 58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	59 - 62
Combining Statement of Net Position - Internal Service Funds	63
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds	64
Combining Statement of Cash Flows - Internal Service Funds	65

CITY OF MENASHA, WISCONSIN  
December 31, 2013

Table of Contents (Continued)

	<u>Page No.</u>
ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	66 - 67
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE	
Independent Auditors' Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance	68 - 69
Schedule of Expenditures of Federal Awards	70
Schedule of State Financial Assistance	71
Schedule of Settlement of DHS Cost Reimbursement Award	72
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	73
Schedule of Findings and Questioned Costs	74 - 78
Schedule of Prior Year Audit Findings and Corrective Action Plan	79



## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Menasha, Wisconsin, ("the City") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



### ***Emphasis of Matters***

As described in Note D.12, on March 26, 2014, a settlement was reached in the Fox River clean up project. The City was responsible for \$262,500 of the settlement.

As also described in Note D.12, on June 5, 2014 the City entered into a purchase and development agreement to transfer to the buyer the former steam utility property.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

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

The supplementary information and 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, the schedules of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Certified Public Accountants  
Green Bay, Wisconsin  
September 30, 2014

## **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, 2013.

### Financial Highlights

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows as of December 31, 2013 by \$40.6 million (net position). Of this amount, \$3,990,918 in the governmental activities (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. The unrestricted net position of the business-type activities was a deficit \$7,206,793.
- The City's total net position increased by \$2.7 million (increase of \$.6 million in governmental activities and an increase of \$2.1 million in business-type activities) before an impairment loss of \$10.4 million related to the steam utility.
- Property taxes levied to finance general City operations totaled \$11,447,874, an increase of \$85,727 from the prior year. Tax increments generated by the City's eleven tax incremental districts totaled \$1,867,661.
- As of December 31, 2013, the City's governmental funds reported combined ending fund balances of \$5,413,668, an increase \$1,478,895 in comparison with the prior year.
- As of December 31, 2013, unassigned fund balance for the general fund was \$2.0 million, or approximately 12.7% of total general fund expenditures. The general fund balance increased \$62,824 during 2013. The City had a positive expenditure budget variance of \$639,054 for the current year.

### Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, health and human services, culture and recreation, and conservation and development. The business-type activities of the City include Menasha Utilities (provides electric, water, steam and telecommunication services to City residents), the sewage treatment services and storm water management.

The government-wide financial statements can be found on pages 10 - 12 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 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 and debt service fund, both of which are considered to be major funds. Data from the other 30 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. *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 23 - 52 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 position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$40.6 million at the close of 2013.

City of Menasha, Wisconsin's Net Position (in thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 24,948	\$ 25,489	\$ 16,710	\$ 15,081	\$ 41,658	\$ 40,570
Capital assets	33,525	33,787	54,339	65,608	87,864	99,395
<b>Total Assets</b>	<b>58,473</b>	<b>59,276</b>	<b>71,049</b>	<b>80,689</b>	<b>129,522</b>	<b>139,965</b>
Deferred outflows of resources						
Tower Painting	-	-	54	91	54	91
Long-term liabilities outstanding	22,455	23,618	47,115	48,503	69,570	72,121
Other liabilities	1,225	1,225	6,979	6,997	8,204	8,222
<b>Total Liabilities</b>	<b>23,680</b>	<b>24,843</b>	<b>54,094</b>	<b>55,500</b>	<b>77,774</b>	<b>80,343</b>
Deferred inflows of resources						
Property taxes	11,236	11,468	-	-	11,236	11,468
Net Position						
Net investment in capital assets	13,078	11,975	21,222	21,773	34,300	33,748
Restricted	6,488	5,717	2,994	3,294	9,482	9,011
Unrestricted	3,991	5,273	(7,207)	213	(3,216)	5,486
<b>Total Net Position</b>	<b>\$ 23,557</b>	<b>\$ 22,965</b>	<b>\$ 17,009</b>	<b>\$ 25,280</b>	<b>\$ 40,566</b>	<b>\$ 48,245</b>

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

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used and consist of \$1.8 million restricted for community development loans, \$2.2 million restricted for debt service, \$4.0 million restricted for capital projects, \$5.5 million restricted for special revenue purposes and \$0.9 million restricted for lease obligations. The remaining balance of unrestricted net position (\$4.0 million) may be used to meet the City's ongoing obligations to citizens and creditors.

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

City of Menasha, Wisconsin's Change in Net Position (In thousands of dollars)						
	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Charges for services	\$ 2,651	\$ 2,811	\$ 54,699	\$ 55,506	\$ 57,350	\$ 58,317
Operating grants and contributions	974	970	-	-	974	970
Capital grants and contributions	198	125	103	417	301	542
General Revenues						
Property taxes	11,448	11,362	-	-	11,448	11,362
Other taxes	197	186	-	-	197	186
Grants and contributions not restricted to specific programs	4,177	4,118	-	-	4,177	4,118
Other	367	684	71	77	438	761
Total Revenues	20,012	20,256	54,873	56,000	74,885	76,256
Expenses						
General government	1,230	1,249	-	-	1,230	1,249
Public safety	7,742	7,878	-	-	7,742	7,878
Public works and sanitation	3,774	4,100	-	-	3,774	4,100
Health and human services	863	855	-	-	863	855
Culture and recreation	3,179	3,208	-	-	3,179	3,208
Conservation and development	1,569	674	-	-	1,569	674
Interest on long-term debt	777	1,046	-	-	777	1,046
Electric	-	-	45,649	46,501	45,649	46,501
Steam	-	-	648	909	648	909
Water	-	-	3,890	3,767	3,890	3,767
Telecommunications	-	-	57	65	57	65
Sewage treatment	-	-	1,556	1,734	1,556	1,734
Stormwater Utility	-	-	1,220	1,057	1,220	1,057
Total Expenses	19,134	19,010	53,020	54,033	72,154	73,043
Change in Net Position Before Transfers	878	1,246	1,853	1,967	2,731	3,213
Transfers	(286)	(459)	286	459	-	-
Change in Net Position	592	787	2,139	2,426	2,731	3,213
Forgiveness of debt	-	-	-	5,428	-	5,428
Loss on impairment of assets	-	-	(10,410)	-	(10,410)	-
Prior period adjustment	-	(899)	-	-	-	(899)
Change in accounting principle	-	(168)	-	-	-	(168)
Net Position - January 1	22,965	23,245	25,280	17,426	48,245	40,671
Net Position - December 31	\$ 23,557	\$ 22,965	\$ 17,009	\$ 25,280	\$ 40,566	\$ 48,245

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

**Governmental activities.** The change in net position for 2013 was an increase of \$.6 million. The above transfer represents the payment in lieu of taxes that Menasha Utilities pays to the City, less a transfer to the Menasha Utilities for debt retirement.

**Business-type activities.** The change in net position for 2013 was an increase of \$2.1 million prior to an impairment loss of \$10.4 million. Menasha Utilities portion of the increase in net position was \$1.7 million, prior to the impairment loss of \$10.4 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, *unassigned fund balance* may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of December 31, 2013, the City's governmental funds reported combined ending fund balances of \$5.4 million, an increase of \$1.5 million in comparison with the prior year. \$5.2 million of the fund balance is *nonspendable or restricted* to indicate that it is not available for new spending. \$ .4 million is assigned, indicating there is a specific purpose for the revenues earned in these funds. The remaining fund balance is a deficit of \$.2 million.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$1,982,409, while total fund balance increased to \$2,426,542. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 12.7% of total general fund expenditures, while total fund balance represents 15.5% of that same amount.

The City's general fund balance increased \$62,824 during the current year as positive expenditure variances of \$639,054 helped overcome the anticipated budgeted variance of \$170,000.

The debt service fund is used to retire long-term debt related to governmental activities and annually levies sufficient taxes, special assessment collections or anticipated transfers from the City's tax incremental districts to retire all obligations as they come due. The debt service fund balance totals \$1,469,069, an increase of \$134,900 from the prior year.

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

Total net position of Menasha Utilities at the end of the year amounted to \$2,969,303 with \$9,033,849 recorded in net investment in capital assets, \$748,488 restricted for debt retirement, \$897,381 restricted for a lease obligation, \$1,348,039 restricted for plant replacement and a negative \$9,058,454 as unrestricted. The fund experienced an increase in net position of \$1,747,037, plus its loss on impairment of assets of \$10,409,598.

Total net position of the sewage treatment operation at the end of the year amounted to \$4,654,330. Included in net position is \$3,675,312 recorded in net investment in capital assets and \$979,018 as unrestricted. The fund experienced an increase in net position of \$495,555.

The City created a stormwater utility in 2009 by transferring assets from the governmental activities. Total net position of the stormwater utility operation at the end of the year amounted to \$9,385,634. Included in net position is \$8,512,991 recorded in net investment in capital assets and \$872,643 as unrestricted. The fund experienced a decrease in net position of \$104,217.

## General Fund Budgetary Highlights

During the year, actual revenues were less than budgeted revenues by \$126,387 with intergovernmental charges providing the major variation (\$140,147). Actual expenditures were less than budgeted expenditures by \$639,054 with significant savings in the public safety area (\$249,731).

**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, 2013 amounts to \$87.9 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 \$11.5 million or 11.6% 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 capital assets for the governmental activities.

**Business-Type Activities**

- During 2013, Menasha Utilities recorded a loss on impairment of assets of \$10,409,598 related to the steam utility assets.

City of Menasha, Wisconsin's Capital Assets (net of accumulated depreciation)						
	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 9,163,876	\$ 9,040,876	\$ 2,510,366	\$ 2,510,216	\$ 11,674,242	\$ 11,551,092
Buildings	12,029,633	12,000,676	8,660,533	8,641,927	20,690,166	20,642,603
Improvements other than buildings	-	-	49,702,938	47,979,711	49,702,938	47,979,711
Machinery and equipment	8,829,614	8,493,534	17,728,778	17,581,082	26,558,392	26,074,616
Infrastructure	28,661,805	28,349,936	-	-	28,661,805	28,349,936
Construction in progress	132,484	132,484	77,478	1,504,960	209,962	1,637,444
Other assets	-	-	288,795	284,314	288,795	284,314
Less: Impairment of assets	-	-	2,043,650	12,452,066	2,043,650	12,452,066
Less: Accumulated depreciation	(25,292,248)	(24,230,350)	(26,673,531)	(25,346,625)	(51,965,779)	(49,576,975)
<b>Total</b>	<b>\$ 33,525,164</b>	<b>\$ 33,787,156</b>	<b>\$ 54,339,007</b>	<b>\$ 65,607,651</b>	<b>\$ 87,864,171</b>	<b>\$ 99,394,807</b>

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$55,329,173. Of this amount, \$39,828,172 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	
	2013	2012	2013	2012	2013	2012
General Obligation Debt						
Bonds	\$ 3,600,000	\$ 4,365,000	\$ -	\$ -	\$ 3,600,000	\$ 4,365,000
Notes	16,989,841	17,405,672	18,684,230	19,906,329	35,674,071	37,312,001
Total General Obligation	20,589,841	21,770,672	18,684,230	19,906,329	39,274,071	41,677,001
Revenue bonds	-	-	15,501,001	15,266,092	15,501,001	15,266,092
Due to Town of Menasha	-	-	554,101	580,042	554,101	580,042
Total	\$ 20,589,841	\$ 21,770,672	\$ 34,739,332	\$ 35,752,463	\$ 55,329,173	\$ 57,523,135

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 \$48,744,700.

**Economic Factors and Next Year's Budgets and Rates**

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

All of these factors were considered in preparing the City's budget for the 2014 year.

**Contacting the City's Financial Management**

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

## **BASIC FINANCIAL STATEMENTS**

**CITY OF MENASHA, WISCONSIN**  
Statement of Net Position  
December 31, 2013

	Governmental Activities	Business-type Activities	Totals	Component Unit Redevelopment Authority
<b>ASSETS</b>				
Cash and investments	\$ 9,574,390	\$ 2,409,589	\$ 11,983,979	\$ 241,233
Receivables				
Taxes	6,509,226	-	6,509,226	-
Accounts	480,378	5,355,555	5,835,933	-
Special assessments	661,734	-	661,734	-
Loans	5,488,053	-	5,488,053	-
Land contracts receivable	8,945	-	8,945	498,819
Due from other governments	553,932	178,357	732,289	-
Inventories and prepaid items	167,068	818,989	986,057	-
Restricted and other assets				
Cash and investments	473,428	7,943,089	8,416,517	-
Capitalization deposit with CVMIC	1,031,220	-	1,031,220	-
Interest receivable	-	4,536	4,536	-
Property held for sale	-	2,043,650	2,043,650	3,179,500
Capital assets, nondepreciable				
Land	9,163,876	2,510,366	11,674,242	-
Other assets	-	288,795	288,795	-
Construction in progress	132,484	77,478	209,962	-
Capital assets, depreciable				
Buildings and improvements	12,029,633	8,660,533	20,690,166	-
Improvements other than buildings	-	49,702,938	49,702,938	-
Machinery and equipment	8,829,614	17,728,778	26,558,392	-
Infrastructure	28,661,805	-	28,661,805	-
Less: Accumulated depreciation	(25,292,248)	(26,673,531)	(51,965,779)	-
<b>TOTAL ASSETS</b>	<b>58,473,538</b>	<b>71,049,122</b>	<b>129,522,660</b>	<b>3,919,552</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Tower painting	-	53,520	53,520	-
<b>LIABILITIES</b>				
Accounts payable	586,672	4,151,608	4,738,280	5,015
Accrued and other current liabilities	18,304	2,030,308	2,048,612	-
Accrued interest payable	399,941	683,454	1,083,395	-
Due to other governments	196	-	196	3,900,000
Unearned revenues	219,589	112,579	332,168	-
Long-term obligations				
Due within one year	7,099,300	2,365,760	9,465,060	-
Due in more than one year	15,355,813	44,749,666	60,105,479	-
<b>TOTAL LIABILITIES</b>	<b>23,679,815</b>	<b>54,093,375</b>	<b>77,773,190</b>	<b>3,905,015</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes	11,236,029	-	11,236,029	-
<b>NET POSITION</b>				
Net investment in capital assets	13,078,195	21,222,152	34,300,347	-
Restricted for				
Debt service	1,469,069	748,488	2,217,557	-
Capital projects	2,686,284	1,348,039	4,034,323	-
Lease obligation	-	897,381	897,381	-
Community development	1,763,678	-	1,763,678	-
Other purposes	569,550	-	569,550	-
Unrestricted	3,990,918	(7,206,793)	(3,215,875)	14,537
<b>TOTAL NET POSITION</b>	<b>\$ 23,557,694</b>	<b>\$ 17,009,267</b>	<b>\$ 40,566,961</b>	<b>\$ 14,537</b>

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, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental Activities				
General government	\$ 1,230,251	\$ 343,039	\$ -	\$ -
Public safety	7,741,703	579,571	85,180	7,426
Public works	3,774,265	479,574	706,346	159,741
Health and human services	863,091	232,827	118,792	-
Culture and recreation	3,178,744	1,008,962	41,271	30,049
Conservation and development	1,569,625	7,471	22,208	997
Interest on debt	777,065	-	-	-
<b>Total Governmental Activities</b>	<b>19,134,744</b>	<b>2,651,444</b>	<b>973,797</b>	<b>198,213</b>
Business-type Activities				
Electric utility	45,649,323	45,489,240	-	19,973
Steam utility	648,385	-	-	-
Water utility	3,889,817	5,732,434	-	75,763
Telecommunication utility	56,647	99,849	-	6,964
Sewerage system	1,555,689	2,264,372	-	-
Stormwater utility	1,219,845	1,113,744	-	-
<b>Total Business-type Activities</b>	<b>53,019,706</b>	<b>54,699,639</b>	<b>-</b>	<b>102,700</b>
<b>Total Primary Government</b>	<b>\$ 72,154,450</b>	<b>\$ 57,351,083</b>	<b>\$ 973,797</b>	<b>\$ 300,913</b>
<b>Component Unit</b>				
Redevelopment Authority	\$ 272,850	\$ 270,000	\$ -	\$ -

General revenues  
Taxes  
Property taxes levied for general purposes  
Property taxes levied for debt service  
Tax increments  
Other taxes  
Federal and state grants and other contributions not restricted to specific functions  
Interest and investment earnings  
Miscellaneous  
Transfers  
Total general revenues and transfers  
Change in net position  
Loss on impairment of assets  
Net position - January 1  
Net position - December 31

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

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Totals	Component Unit Redevelopment Authority
\$ (887,212)	\$ -	\$ (887,212)	\$ -
(7,069,526)	-	(7,069,526)	-
(2,428,604)	-	(2,428,604)	-
(511,472)	-	(511,472)	-
(2,098,462)	-	(2,098,462)	-
(1,538,949)	-	(1,538,949)	-
(777,065)	-	(777,065)	-
<u>(15,311,290)</u>	<u>-</u>	<u>(15,311,290)</u>	<u>-</u>
-	(140,110)	(140,110)	-
-	(648,385)	(648,385)	-
-	1,918,380	1,918,380	-
-	50,166	50,166	-
-	708,683	708,683	-
-	(106,101)	(106,101)	-
-	<u>1,782,633</u>	<u>1,782,633</u>	<u>-</u>
<u>(15,311,290)</u>	<u>1,782,633</u>	<u>(13,528,657)</u>	<u>-</u>
-	-	-	(2,850)
8,085,478	-	8,085,478	-
1,494,735	-	1,494,735	-
1,867,661	-	1,867,661	-
197,015	-	197,015	-
4,176,791	-	4,176,791	-
296,662	70,101	366,763	-
70,895	-	70,895	-
(285,641)	285,641	-	-
<u>15,903,596</u>	<u>355,742</u>	<u>16,259,338</u>	<u>-</u>
592,306	2,138,375	2,730,681	(2,850)
-	(10,409,598)	(10,409,598)	-
<u>22,965,388</u>	<u>25,280,490</u>	<u>48,245,878</u>	<u>17,387</u>
<u>\$ 23,557,694</u>	<u>\$ 17,009,267</u>	<u>\$ 40,566,961</u>	<u>\$ 14,537</u>

CITY OF MENASHA, WISCONSIN

Balance Sheet  
Governmental Funds  
December 31, 2013

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 5,201,159	\$ 1,953,284	\$ 2,061,515	\$ 9,215,958
Receivables				
Taxes	4,645,018	692,189	1,078,538	6,415,745
Delinquent personal property taxes	93,481	-	-	93,481
Accounts	468,344	-	12,034	480,378
Special assessments	1,997	659,737	-	661,734
Loans	-	3,900,000	1,588,053	5,488,053
Land contract receivable	-	8,945	-	8,945
Due from other funds	53,904	-	1,901,008	1,954,912
Due from other governments	553,932	-	-	553,932
Restricted cash and investments	-	-	473,428	473,428
Inventories and prepaid items	167,068	-	-	167,068
Advance to other funds	-	-	221,000	221,000
<b>TOTAL ASSETS</b>	<b>\$ 11,184,903</b>	<b>\$ 7,214,155</b>	<b>\$ 7,335,576</b>	<b>\$ 25,734,634</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 444,618	\$ -	\$ 69,583	\$ 514,201
Accrued and other current liabilities	18,304	-	-	18,304
Due to other funds	-	-	1,954,912	1,954,912
Due to other governments	196	-	-	196
Unearned revenues	191,101	20,395	8,093	219,589
Advance from other funds	-	-	221,000	221,000
<b>Total Liabilities</b>	<b>654,219</b>	<b>20,395</b>	<b>2,253,588</b>	<b>2,928,202</b>
<b>Deferred Inflows of Resources</b>				
Property taxes	8,104,142	1,156,009	1,975,878	11,236,029
Loans receivable	-	3,900,000	1,588,053	5,488,053
Special assessments	-	659,737	-	659,737
Land contract receivable	-	8,945	-	8,945
<b>Total Deferred Inflows of Resources</b>	<b>8,104,142</b>	<b>5,724,691</b>	<b>3,563,931</b>	<b>17,392,764</b>
<b>Fund Balances</b>				
<b>Nonspendable</b>				
Inventories and prepaid items	167,068	-	-	167,068
Long-term advance	-	-	2,122,008	2,122,008
<b>Restricted</b>				
Debt service	-	1,469,069	-	1,469,069
Library endowment	-	-	283,013	283,013
Community development	-	-	175,625	175,625
TID project plan	-	-	719,367	719,367
Park development	-	-	227,087	227,087
Hattie Minor Scholarship	-	-	33,235	33,235
Public safety	-	-	3,075	3,075
Heckrodt nature center	-	-	4,789	4,789
Senior center	-	-	18,351	18,351
Assigned	277,065	-	112,013	389,078
<b>Unassigned</b>				
General fund	1,982,409	-	-	1,982,409
Special revenue funds	-	-	(493,451)	(493,451)
Capital projects funds	-	-	(1,687,055)	(1,687,055)
<b>Total Fund Balances</b>	<b>2,426,542</b>	<b>1,469,069</b>	<b>1,518,057</b>	<b>5,413,668</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 11,184,903</b>	<b>\$ 7,214,155</b>	<b>\$ 7,335,576</b>	<b>\$ 25,734,634</b>

(Continued)

CITY OF MENASHA, WISCONSIN  
 Balance Sheet (Continued)  
 Governmental Funds  
 December 31, 2013

Reconciliation to the Statement of Net Position

Total Fund Balances as shown on previous page \$ 5,413,668

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. 30,501,376

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

Special assessments	659,737
Loans receivable	5,488,053
Land contract receivable	8,945

Internal service funds reported in the statement of net position as governmental activities (see page 18) 4,340,969

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

Bonds and notes payable	\$ (20,589,841)
Debt premium	(12,219)
Compensated absences	(1,534,719)
OPEB liability	(318,334)
Accrued interest on long-term obligations	(399,941)
	(22,855,054)

Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 10) \$ 23,557,694

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

**CITY OF MENASHA, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds  
For the Year Ended December 31, 2013

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 7,982,069	\$ 1,494,735	\$ 2,168,085	\$ 11,644,889
Special assessments	-	440,622	-	440,622
Intergovernmental	4,712,174	-	395,556	5,107,730
Licenses and permits	470,200	-	171,350	641,550
Fines and forfeits	145,358	-	-	145,358
Public charges for services	418,555	-	213,657	632,212
Intergovernmental charges for services	1,179,285	-	18,991	1,198,276
Miscellaneous	128,735	251,629	1,396,525	1,776,889
<b>Total Revenues</b>	<b>15,036,376</b>	<b>2,186,986</b>	<b>4,364,164</b>	<b>21,587,526</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	1,268,450	-	85,721	1,354,171
Public safety	7,583,272	-	30,969	7,614,241
Public works	2,935,108	-	377,327	3,312,435
Health and human services	845,150	-	-	845,150
Culture and recreation	2,712,881	-	262,254	2,975,135
Conservation and development	292,966	-	370,566	663,532
Other	-	-	52,481	52,481
<b>Debt service</b>				
Principal	-	1,967,647	-	1,967,647
Interest and fiscal charges	-	740,327	-	740,327
Capital outlay	-	-	1,084,687	1,084,687
<b>Total Expenditures</b>	<b>15,637,827</b>	<b>2,707,974</b>	<b>2,264,005</b>	<b>20,609,806</b>
<b>Excess of Revenues Over (Under)</b>				
Expenditures	(601,451)	(520,988)	2,100,159	977,720
<b>Other Financing Sources (Uses)</b>				
Long-term debt issued	-	-	786,816	786,816
Transfers in	739,086	2,131,724	90,669	2,961,479
Transfers out	(74,811)	(1,475,836)	(1,696,473)	(3,247,120)
<b>Total Other Financing Sources (Uses)</b>	<b>664,275</b>	<b>655,888</b>	<b>(818,988)</b>	<b>501,175</b>
<b>Net Change in Fund Balances</b>	<b>62,824</b>	<b>134,900</b>	<b>1,281,171</b>	<b>1,478,895</b>
<b>Fund Balances - January 1</b>	<b>2,363,718</b>	<b>1,334,169</b>	<b>236,886</b>	<b>3,934,773</b>
<b>Fund Balances - December 31</b>	<b>\$ 2,426,542</b>	<b>\$ 1,469,069</b>	<b>\$ 1,518,057</b>	<b>\$ 5,413,668</b>

(Continued)

**CITY OF MENASHA, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
Governmental Funds  
For the Year Ended December 31, 2013

Reconciliation to the Statement of Activities

Net Change in Fund Balances from previous page		\$ 1,478,895
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay reported in governmental fund statements	\$ 771,175	
Depreciation expense reported in the statement of activities	<u>(1,236,689)</u>	
Amount by which capital outlays are less than depreciation in current period		(465,514)
<p>Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits increased by:</p>		
		(46,794)
<p>Some capital assets acquired and other development expenditures incurred during the year were financed with debt. Debt issued is reported in the governmental funds as an other financing source. In the statement of net position; however, debt constitutes a long-term liability. The amount of debt proceeds reported in the governmental fund statements is:</p>		
		(786,816)
<p>Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term obligation payments in the current year is:</p>		
		1,967,647
<p>Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid; in the statement of activities interest is reported as it accrues.</p>		
		(95,694)
<p>Governmental funds report the effect of premiums and discounts when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The current year amortization is:</p>		
		29,160
<p>The net revenue of internal service funds is reported with governmental activities.</p>		
		225,425
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		<u>(1,714,003)</u>
<p>Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see pages 11 - 12)</p>		<u>\$ 592,306</u>

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

**CITY OF MENASHA, WISCONSIN**  
**Statement of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2013**

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 7,978,637	\$ 7,978,637	\$ 7,982,069	\$ 3,432
Intergovernmental	4,756,319	4,756,319	4,712,174	(44,145)
Licenses and permits	453,625	453,625	470,200	16,575
Fines and forfeits	150,000	150,000	145,358	(4,642)
Public charges for services	425,750	425,750	418,555	(7,195)
Intergovernmental charges for services	1,319,432	1,319,432	1,179,285	(140,147)
Miscellaneous	154,000	79,000	128,735	49,735
<b>Total Revenues</b>	<b>15,237,763</b>	<b>15,162,763</b>	<b>15,036,376</b>	<b>(126,387)</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	1,398,414	1,432,871	1,268,450	164,421
Public safety	7,791,532	7,833,003	7,583,272	249,731
Public works and sanitation	2,906,908	2,942,908	2,935,108	7,800
Health and human services	880,741	917,394	845,150	72,244
Culture and recreation	2,812,772	2,854,944	2,712,881	142,063
Conservation and development	282,810	295,761	292,966	2,795
Capital outlay	44,355	-	-	-
<b>Total Expenditures</b>	<b>16,117,532</b>	<b>16,276,881</b>	<b>15,637,827</b>	<b>639,054</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(879,769)</b>	<b>(1,114,118)</b>	<b>(601,451)</b>	<b>512,667</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	709,769	709,769	739,086	29,317
Transfers out	-	-	(74,811)	(74,811)
<b>Total Other Financing Sources (Uses)</b>	<b>709,769</b>	<b>709,769</b>	<b>664,275</b>	<b>(45,494)</b>
<b>Net Change in Fund Balance</b>	<b>(170,000)</b>	<b>(404,349)</b>	<b>62,824</b>	<b>467,173</b>
<b>Fund Balance - January 1</b>	<b>2,363,718</b>	<b>2,363,718</b>	<b>2,363,718</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 2,193,718</b>	<b>\$ 1,959,369</b>	<b>\$ 2,426,542</b>	<b>\$ 467,173</b>

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

CITY OF MENASHA, WISCONSIN  
Statement of Net Position  
Proprietary Funds  
December 31, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Menasha Utilities	Sewage Treatment	Stormwater Utility	Totals	
<b>ASSETS</b>					
Cash and investments	\$ 963,202	\$ 513,543	\$ 932,844	\$ 2,409,589	\$ 358,432
Receivables					
Accounts	5,053,381	302,174	-	5,355,555	-
Inventories and prepaid expenses	818,989	-	-	818,989	-
Due from other governments	-	177,956	401	178,357	-
Restricted and other assets					
Cash and investments	7,863,089	80,000	-	7,943,089	-
Capitalization deposit with CVMIC	-	-	-	-	1,031,220
Interest receivable	4,536	-	-	4,536	-
Property held for sale	2,043,650	-	-	2,043,650	-
Capital assets, nondepreciable					
Land	1,194,032	-	1,316,334	2,510,366	44,216
Other assets	288,795	-	-	288,795	-
Construction in progress	77,478	-	-	77,478	132,484
Capital assets, depreciable					
Buildings	8,660,533	-	-	8,660,533	1,000,642
Improvements other than buildings	31,664,282	8,669,127	9,369,529	49,702,938	-
Machinery and equipment	17,728,778	-	-	17,728,778	6,656,288
Less: Accumulated depreciation	(23,828,541)	(1,226,219)	(1,618,771)	(26,673,531)	(4,809,842)
<b>TOTAL ASSETS</b>	<b>52,532,204</b>	<b>8,516,581</b>	<b>10,000,337</b>	<b>71,049,122</b>	<b>4,413,440</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Tower painting	53,520	-	-	53,520	-
<b>LIABILITIES</b>					
Accounts payable	4,010,943	80,063	60,602	4,151,608	72,471
Accrued and other current liabilities	2,030,308	-	-	2,030,308	-
Accrued interest payable	668,862	14,592	-	683,454	-
Unearned revenue	112,579	-	-	112,579	-
Long-term obligations					
Due within one year	2,120,060	220,400	25,300	2,365,760	-
Due in more than one year	40,673,669	3,547,196	528,801	44,749,666	-
<b>TOTAL LIABILITIES</b>	<b>49,616,421</b>	<b>3,862,251</b>	<b>614,703</b>	<b>54,093,375</b>	<b>72,471</b>
<b>NET POSITION</b>					
Net investment in capital assets	9,033,849	3,675,312	8,512,991	21,222,152	3,023,788
Restricted for					
Debt service	748,488	-	-	748,488	-
Lease obligation	897,381	-	-	897,381	-
Plant replacement	1,348,039	-	-	1,348,039	-
Unrestricted	(9,058,454)	979,018	872,643	(7,206,793)	1,317,181
<b>TOTAL NET POSITION</b>	<b>\$ 2,969,303</b>	<b>\$ 4,654,330</b>	<b>\$ 9,385,634</b>	<b>\$ 17,009,267</b>	<b>\$ 4,340,969</b>

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

**CITY OF MENASHA, WISCONSIN**  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
="For the Year Ended "&TEXT(CYEDATE(),"m d, yyy")

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Menasha Utilities	Sewage Treatment	Stormwater Utility	Totals	
Operating Revenues					
Charges for services	\$ 51,025,358	\$ 2,264,372	\$ 1,113,744	\$ 54,403,474	\$ 2,126,668
Other	285,547	-	-	285,547	-
Total Operating Revenues	51,310,905	2,264,372	1,113,744	54,689,021	2,126,668
Operating Expenses					
Operation and maintenance	45,391,252	1,347,682	1,126,179	47,865,113	1,415,913
Insurance payments and claims	-	-	-	-	240,975
Depreciation and amortization	1,869,227	124,762	93,666	2,087,655	237,052
Taxes	224,703	-	-	224,703	-
Total Operating Expenses	47,485,182	1,472,444	1,219,845	50,177,471	1,893,940
Operating Income (Loss)	3,825,723	791,928	(106,101)	4,511,550	232,728
Nonoperating Revenues (Expenses)					
Investment income	68,187	30	1,884	70,101	286
Merchandising and jobbing	10,618	-	-	10,618	-
Interest and fiscal charges	(1,890,801)	(83,245)	-	(1,974,046)	-
Gain on disposal of capital assets	-	-	-	-	(7,589)
Miscellaneous	(868,189)	-	-	(868,189)	-
Total Nonoperating Revenues (Expenses)	(2,680,185)	(83,215)	1,884	(2,761,516)	(7,303)
Income (Loss) Before Contributions and Transfers	1,145,538	708,713	(104,217)	1,750,034	225,425
Capital contributions	102,700	-	-	102,700	-
Transfers in	1,475,836	-	-	1,475,836	-
Transfers out	(977,037)	(213,158)	-	(1,190,195)	-
Change in Net Position	1,747,037	495,555	(104,217)	2,138,375	225,425
Loss on Impairment of Assets	(10,409,598)	-	-	(10,409,598)	-
Net Position - January 1	11,631,864	4,158,775	9,489,851	25,280,490	4,115,544
Net Position - December 31	\$ 2,969,303	\$ 4,654,330	\$ 9,385,634	\$ 17,009,267	\$ 4,340,969

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

**CITY OF MENASHA, WISCONSIN**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2013**

	Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	Menasha Utilities	Sewage Treatment	Stormwater Utility		
<b>Cash Flows from Operating Activities</b>					
Cash received from customers	\$ 50,981,294	\$ 2,053,042	\$ 1,114,014	\$ 54,148,350	\$ 24,928
Cash received from City	-	-	-	-	2,121,740
Cash paid to suppliers	(43,701,976)	(1,244,652)	(538,270)	(45,484,898)	(1,111,549)
Cash paid to employees	(2,463,594)	(184,819)	(613,624)	(3,262,037)	(560,476)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>4,815,724</b>	<b>623,571</b>	<b>(37,880)</b>	<b>5,401,415</b>	<b>474,643</b>
<b>Cash Flows from Noncapital and Related Financing Activities</b>					
Transfers	(1,278,904)	(213,158)	-	(1,492,062)	-
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition of capital assets	(977,979)	(479,056)	-	(1,457,035)	(448,163)
Principal payments on capital debt	(2,351,795)	(199,037)	(25,941)	(2,576,773)	-
Transfers for debt payment	1,475,836	-	-	1,475,836	-
Proceeds from capital debt issued	760,172	429,275	-	1,189,447	-
Advances to (from) other funds	(253,842)	-	-	(253,842)	-
Interest payments on capital debt	(1,562,579)	(82,639)	-	(1,645,218)	-
Asset disposal costs and salvage	(23,860)	-	-	(23,860)	-
Contributions from property owners	102,700	-	-	102,700	-
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(2,831,347)</b>	<b>(331,457)</b>	<b>(25,941)</b>	<b>(3,188,745)</b>	<b>(448,163)</b>
<b>Cash Flows from Investing Activities</b>					
Interest received on investments	67,454	30	1,884	69,368	286
<b>Change in Cash and Cash Equivalents</b>	<b>772,927</b>	<b>78,986</b>	<b>(61,937)</b>	<b>789,976</b>	<b>26,766</b>
<b>Cash and Cash Equivalents - January 1</b>	<b>8,053,364</b>	<b>514,557</b>	<b>994,781</b>	<b>9,562,702</b>	<b>331,666</b>
<b>Cash and Cash Equivalents - December 31</b>	<b>\$ 8,826,291</b>	<b>\$ 593,543</b>	<b>\$ 932,844</b>	<b>\$ 10,352,678</b>	<b>\$ 358,432</b>

(Continued)

**CITY OF MENASHA, WISCONSIN**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended December 31, 2013**

	Enterprise Funds			Totals	Governmental Activities - Internal Service Funds
	Menasha Utilities	Sewage Treatment	Stormwater Utility		
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 3,825,723	\$ 791,928	\$ (106,101)	\$ 4,511,550	\$ 232,728
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	2,120,184	124,762	93,666	2,338,612	237,052
Merchandising and jobbing	10,618	-	-	10,618	-
Miscellaneous	(566,322)	-	-	(566,322)	-
Changes in assets and liabilities					
Accounts receivable	(188,083)	(314,578)	270	(502,391)	20,000
Notes receivable	(55,229)	-	-	(55,229)	-
Inventories and prepaid expenses	(26,269)	-	-	(26,269)	-
Accounts payable	(137,058)	21,459	(25,715)	(141,314)	(15,137)
Accrued and other liabilities	(70,923)	-	-	(70,923)	-
Deferred credits	(96,917)	-	-	(96,917)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 4,815,724</b>	<b>\$ 623,571</b>	<b>\$ (37,880)</b>	<b>\$ 5,401,415</b>	<b>\$ 474,643</b>
Reconciliation of cash and cash equivalents					
Cash and investments	\$ 963,202	\$ 513,543	\$ 932,844	\$ 2,409,589	\$ 358,432
Restricted and other cash and investments	7,863,089	80,000	-	7,943,089	-
<b>Total Cash and Cash Equivalents</b>	<b>\$ 8,826,291</b>	<b>\$ 593,543</b>	<b>\$ 932,844</b>	<b>\$ 10,352,678</b>	<b>\$ 358,432</b>

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

CITY OF MENASHA, WISCONSIN  
Statement of Net Position  
Agency Fund  
December 31, 2013

	Agency Fund
<b>ASSETS</b>	
Cash and investments	\$ 6,508,980
Receivables	
Taxes receivable	<u>9,797,403</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 16,306,383</u></u>
<b>LIABILITIES</b>	
Due to other governments	<u><u>\$ 16,306,383</u></u>

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

CITY OF MENASHA, WISCONSIN  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

1. Reporting Entity

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

2. Individual Component Unit Disclosure

DISCRETELY PRESENTED COMPONENT UNIT

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

JOINT VENTURE

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

3. Government-Wide and Fund Financial Statements

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

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

CITY OF MENASHA, WISCONSIN  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The City reports the following major governmental funds:

**GENERAL FUND**

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

**DEBT SERVICE FUND**

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

The City reports the following major enterprise funds:

**MENASHA UTILITIES FUND**

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

**SEWAGE TREATMENT FUND**

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

**STORMWATER UTILITY FUND**

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

Additionally, the government reports the following fund types:

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

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

4. Measurement Focus and Basis of Accounting

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

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

CITY OF MENASHA, WISCONSIN  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as *nonoperating revenues and expenses*.

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

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

a. Cash and Investments

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

b. Accounts Receivable

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

c. Interfund Receivables and Payables

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

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

**CITY OF MENASHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

d. Inventories

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

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

e. Prepaid Items

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

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

f. Capital Assets

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

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

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

Assets	Governmental	Business-type
	Activities	Activities
	Years	
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, 2013. 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, 2013.

**CITY OF MENASHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

h. Deferred Outflows/Inflows of Resources

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

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

i. Long-term Obligations

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

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

CITY OF MENASHA, WISCONSIN  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

j. Fund Equity

FUND FINANCIAL STATEMENTS

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

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

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

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, 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 position - Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - Net position that is neither classified as restricted nor as net investment in capital assets.

k. Estimates

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

**CITY OF MENASHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**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, 2013.

2. Deficit Fund Equity

The following funds had deficit fund equity as of December 31, 2013:

Funds	Deficit Fund Balance
Special Revenue Funds	
Tax incremental district no. 3	\$ 314,367
Recycling	124,703
Post-employment sick leave reserve	1,900
Steam Utility	52,481
Capital Projects Funds	
Capital facility	1,919
Tax incremental district no. 4	280,543
Tax incremental district no. 6	47,043
Tax incremental district no. 7	504,449
Tax incremental district no. 8	206,157
Tax incremental district no. 12	646,944

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

CITY OF MENASHA, WISCONSIN  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE C - DETAILED NOTES ON ALL FUNDS**

1. Cash and Investments

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

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

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

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

The carrying amount of the City's cash and investments, including the separate accounts noted above, totaled \$27,150,709 on December 31, 2013 as summarized below:

Petty cash and cash on hand	\$ 7,217
Deposits with financial institutions	25,102,590
Investments	
Common stock	100
U.S. Treasury stripped securities	152,592
Repurchase agreements	1,209,927
Wisconsin Local Government Investment Pool	464,949
Beneficial interest in Assets Held by the Community Foundation	213,334
	<u>\$ 27,150,709</u>

**CITY OF MENASHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Primary Government	
Cash and investments	\$ 963,202
Restricted and other cash and investments	7,863,089
Component Unit	
Cash and investments	-
Fiduciary Fund Statement of Net Position	
Agency Fund	-
	\$ 8,826,291

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

Custodial Credit Risk

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

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

As of December 31, 2013, \$1,902,608 of the City's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

On December 31, 2013, the City held repurchase agreement investments of \$1,209,927 of which the underlying securities are held by the investment's counterparty, not in the name of the City.

Beneficial Interest in Assets Held by the Community Foundation

The City entered into an agreement with the Community Foundation for the Fox Valley Region, Inc. (Foundation) to establish the General Trust Fund and the Memorial Trust Funds of the Elisha D. Smith Public Library Endowment. The Foundation retains these funds as its property in a corporate capacity, not a trust capacity, while the City reports its interest in the assets held by the Foundation at fair value. The funds are to be used for support of the City's library operations and the City makes advisory recommendations as to distribution of funds. The balance in these funds as of December 31, 2013 is \$213,334. Since the Foundation retains ultimate authority and control over the fund, additional disclosures of investment risks are not available.

**CITY OF MENASHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Credit Risk

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

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
U.S. Treasury stripped securities	\$ 152,592	\$ 152,592	\$ -	\$ -	\$ -
Wisconsin Local Government Investment Pool	464,949	-	-	-	464,949
<b>Totals</b>	<b>\$ 617,541</b>	<b>\$ 152,592</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 464,949</b>

Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury stripped securities	\$ 152,592	\$ -	\$ -	\$ -	\$ 152,592
Repurchase Agreements	1,209,927	1,209,927	-	-	-
Wisconsin Local Government Investment Pool	464,949	464,949	-	-	-
<b>Totals</b>	<b>\$ 1,827,468</b>	<b>\$ 1,674,876</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 152,592</b>

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$464,949 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, 2013, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

CITY OF MENASHA, WISCONSIN  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

2. Property Taxes

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

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

3. Restricted and Other Cash and Investments

Restricted and other cash and investments on December 31, 2013 totaled \$8,416,517 as detailed below:

Governmental Activities

Restricted cash and investments		
Unspent bond proceeds	\$	190,415
Library endowment funds		283,013
Total Governmental Activities		473,428

Business-type Activities

Menasha Utilities		
Restricted cash and investments		
Bond redemption fund		748,488
Capital addition fund		1,348,039
Depreciation fund		1,571,694
Lease reserve fund		897,381
Utility reserve fund		233,391
Working capital reserve		2,234,887
Chemical stabilization fund		348,290
Post employment health benefits fund		241,831
Other cash and investments		
Energy conservation fund		86,396
Other investments		152,692
Total Menasha Utilities		7,863,089

Sewage Treatment		
Equipment replacement		80,000
Total Business-type Activities		7,943,089

Total Restricted and Other Cash and Investments	\$ 8,416,517
---	--------------

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

CITY OF MENASHA, WISCONSIN  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

4. Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 9,040,876	\$ 123,000	\$ -	\$ 9,163,876
Construction in progress	132,484	-	-	132,484
Total capital assets, not being depreciated	<u>9,173,360</u>	<u>123,000</u>	<u>-</u>	<u>9,296,360</u>
Capital assets, being depreciated:				
Buildings and improvements	12,000,676	28,957	-	12,029,633
Machinery and equipment	8,493,534	536,886	200,806	8,829,614
Infrastructure	28,349,936	530,495	218,626	28,661,805
Subtotals	<u>48,844,146</u>	<u>1,096,338</u>	<u>419,432</u>	<u>49,521,052</u>
Less accumulated depreciation for:				
Buildings and improvements	5,687,138	261,309	-	5,948,447
Machinery and equipment	5,720,353	380,027	193,217	5,907,163
Infrastructure	12,822,859	832,405	218,626	13,436,638
Subtotals	<u>24,230,350</u>	<u>1,473,741</u>	<u>411,843</u>	<u>25,292,248</u>
Total capital assets, being depreciated, net	<u>24,613,796</u>	<u>(377,403)</u>	<u>7,589</u>	<u>24,228,804</u>
Governmental activities capital assets, net	<u>\$ 33,787,156</u>	<u>\$ (254,403)</u>	<u>\$ 7,589</u>	<u>33,525,164</u>
Less: related long-term debt outstanding related to capital assets and unamortized premium of \$12,219				<u>20,446,969</u>
Net investment in capital assets				<u>\$ 13,078,195</u>

**CITY OF MENASHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,510,216	\$ 150	\$ -	\$ 2,510,366
Other assets	284,314	4,481	-	288,795
Construction in progress	1,504,960	556,533	1,984,015	77,478
Total capital assets, not being depreciated	<u>4,299,490</u>	<u>561,164</u>	<u>1,984,015</u>	<u>2,876,639</u>
Capital assets, being depreciated:				
Buildings and improvements	8,641,927	18,606	-	8,660,533
Improvements other than buildings	47,979,711	2,102,651	379,424	49,702,938
Machinery and equipment	17,581,082	755,833	608,137	17,728,778
Subtotals	<u>74,202,720</u>	<u>2,877,090</u>	<u>987,561</u>	<u>76,092,249</u>
Less accumulated depreciation for:				
Electric distribution utility	14,641,416	1,240,659	781,058	15,101,017
Energy services utility	110,668	9,265	-	119,933
Telecommunications utility	403,101	32,125	-	435,226
Water utility	7,564,878	838,765	231,278	8,172,365
Sewage treatment utility	1,102,038	124,762	581	1,226,219
Stormwater utility	1,525,105	93,666	-	1,618,771
Subtotals	<u>25,347,206</u>	<u>2,339,242</u>	<u>1,012,917</u>	<u>26,673,531</u>
Total capital assets, being depreciated, net	<u>48,855,514</u>	<u>537,848</u>	<u>(25,356)</u>	<u>49,418,718</u>
Business-type activities capital assets, net	<u>\$ 53,155,004</u>	<u>\$ 1,099,012</u>	<u>\$ 1,958,659</u>	<u>52,295,357</u>
Less: related long-term debt outstanding related to capital assets				<u>31,073,205</u>
Net investment in capital assets				<u>\$ 21,222,152</u>

CITY OF MENASHA, WISCONSIN  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

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

Governmental activities	
General government	\$ 52,456
Public safety	163,070
Public works	843,698
Health and human services	10,340
Culture and recreation	166,735
Conservation and development	390
Subtotal	1,236,689
Capital assets held by the City's internal service fund is charged to various functions based on their usage of the assets	237,052
Total depreciation expense - governmental activities	\$ 1,473,741

	Depreciation Expense	Allocated Depreciation	Accumulated Depreciation
Business-type activities			
Menasha Utilities			
Electric distribution utility	\$ 1,045,526	\$ 195,133	\$ 1,240,659
Energy services utility	9,265	-	9,265
Telecommunications utility	32,126	-	32,126
Water utility	782,310	56,454	838,764
Sewage treatment utility	124,762	-	124,762
Stormwater utility	93,666	-	93,666
Total	\$ 2,087,655	\$ 251,587	\$ 2,339,242

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, 2013 are detailed below:

	Interfund Receivables	Interfund Payables
General fund	\$ 53,904	\$ -
Special Revenue Funds		
Recycling	-	7,005
Steam Utility	-	44,980
Capital Project Fund		
Capital Facility	-	1,919
Special Revenue Fund		
Tax Incremental District No. 3	-	312,241
Capital Project Funds		
Tax Incremental District No. 4	-	260,173
Tax Incremental District No. 5	1,901,008	-
Tax Incremental District No. 7	-	471,751
Tax Incremental District No. 8	-	199,212
Tax Incremental District No. 11	-	10,687
Tax Incremental District No. 12	-	646,944
Totals	\$ 1,954,912	\$ 1,954,912

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. In addition, Tax Incremental District No. 5 has advanced Tax Incremental District No. 10 \$221,000 as of December 31, 2013.

**CITY OF MENASHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Interfund transfers for the year ended December 31, 2013 were as follows:

	Transfer to:				Total
	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Enterprise Menasha Utilities	
Transfers from:					
Major Governmental Fund					
General Fund	\$ -	\$ -	\$ 74,811	\$ -	\$ 74,811
Debt Service	-	-	-	1,475,836	1,475,836
Nonmajor Government Funds	156,395	1,524,220	15,858	-	1,696,473
Enterprise Fund					
Menasha Utilities	582,691	607,504	-	-	1,190,195
<b>Totals</b>	<u>\$ 739,086</u>	<u>\$ 2,131,724</u>	<u>\$ 90,669</u>	<u>\$ 1,475,836</u>	<u>\$ 4,437,315</u>

Transfers were made for the following purposes:

Payment in lieu of taxes received from Menasha Utilities	\$ 582,691
Post employment sick leave reserve	74,811
TID reimbursement of prior year advanced from the general fund	107,000
TID administrative reimbursement	44,395
Marina administrative reimbursement	5,000
TID debt service contribution	1,524,220
Utilities debt service contribution	607,504
Steam utility debt service	1,475,836
Community development block grant payment to finance lead paint reduction deficit	15,858
	<u>\$ 4,437,315</u>

**CITY OF MENASHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

6. Long-term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2013:

	Outstanding 1/1/13	Issued	Retired	Outstanding 12/31/13	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Debt					
Bonds	\$ 4,365,000	\$ -	\$ 765,000	\$ 3,600,000	\$ 800,000
Notes	17,405,672	786,816	1,202,647	16,989,841	6,299,300
<b>Total General Obligation Debt</b>	<b>21,770,672</b>	<b>786,816</b>	<b>1,967,647</b>	<b>20,589,841</b>	<b>7,099,300</b>
Debt premium	41,379	-	29,160	12,219	-
OPEB liability	224,086	94,248	-	318,334	-
Compensated absences	1,582,173	-	47,454	1,534,719	-
<b>Governmental activities Total long-term obligations</b>	<b>\$ 23,618,310</b>	<b>\$ 881,064</b>	<b>\$ 2,044,261</b>	<b>\$ 22,455,113</b>	<b>\$ 7,099,300</b>
<b>Business-type activities:</b>					
General Obligation Debt					
Notes	\$ 19,906,329	\$ -	\$ 1,222,099	\$ 18,684,230	\$ 937,211
Revenue bonds	15,266,092	1,189,447	954,538	15,501,001	1,003,993
Due to Town of Menasha	580,042	-	25,941	554,101	25,300
Capital leases	12,750,289	-	374,195	12,376,094	399,256
<b>Business-type activities Total long-term obligations</b>	<b>\$ 48,502,752</b>	<b>\$ 1,189,447</b>	<b>\$ 2,576,773</b>	<b>\$ 47,115,426</b>	<b>\$ 2,365,760</b>

Total interest paid during the year on long-term debt totaled \$2,404,146.

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, 2013 totaled \$39,274,071 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%	\$ 565,000
\$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%	1,155,000
\$1,160,000 issued 1/1/04; \$100,000 to \$115,000 due annually through 2018; interest 3.4% to 4.3%	515,000
\$2,565,000 issued 6/15/05; \$385,000 to \$475,000 due annually through 2016; interest 4.25% to 4.65%	1,365,000
<b>Total Bonds</b>	<b>3,600,000</b>

**CITY OF MENASHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Notes	
\$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; \$1,685,000 due in 2014; interest 4.25% to 5.00%	1,685,000
\$5,280,000 issued 8/1/08; \$175,000 to \$2,300,000 due annually through 2017; interest 4.25% to 4.40%	3,650,000
\$1,170,000 issued 8/8/12; a balloon payment due 8/8/14 of \$1,170,000; interest 2.75%	1,170,000
\$1,480,000 issued 8/15/12; \$131,364 to \$166,404 due annually through 2022; interest 3.00%	1,334,393
\$1,170,673 issued 8/15/12; \$117,252 to \$144,202 due annually through 2022; interest 3.00%	1,058,002
\$3,920,000 issued 8/15/12; \$200,371 to \$333,593 due annually through 2027; interest 4.00%	3,664,135
\$900,000 issued 8/15/12; \$90,142 to \$110,861 due annually through 2021; interest 3.00%	801,495
\$350,000 issued 10/9/12; \$30,502 to \$44,193 due annually through 2021; interest 3.00%	350,000
\$786,816 issued 11/22/13; \$18,182 to \$59,448 due annually from 2015 through 2033; interest 4.25%	<u>786,816</u>
Total Notes	<u>16,989,841</u>
Total Governmental Activities Outstanding General Obligation Debt	<u>20,589,841</u>
Business-type Activities:	
Notes	
\$2,786,026 issued 8/15/12; \$144,017 to \$200,716 due annually through 2031; interest 4.0%	2,642,009
\$3,656,754 issued 8/15/12; \$199,297 to \$273,321 due annually through 2030; interest 4.0%	3,457,457
\$13,463,549 issued 8/15/12; \$878,785 to \$1,145,752 due annually through 2027; interest 4.0%	<u>12,584,764</u>
	<u>18,684,230</u>
Total General Obligation Debt	<u>\$ 39,274,071</u>

**CITY OF MENASHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Annual principal and interest maturities of the outstanding general obligation debt of \$39,274,071 on December 31, 2013 are detailed below:

Year Ended December 31	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 7,099,300	\$ 547,500	\$ 937,200	\$ 747,400	\$ 8,036,500	\$ 1,294,900
2015	1,895,900	460,100	974,700	709,900	2,870,600	1,170,000
2016	1,981,200	377,400	1,011,900	672,700	2,993,100	1,050,100
2017	3,323,500	237,300	1,054,200	630,400	4,377,700	867,700
2018	936,000	202,800	1,096,300	588,300	2,032,300	791,100
2019-2023	3,598,400	574,900	6,174,100	2,248,900	9,772,500	2,823,800
2024-2028	1,481,600	156,000	6,320,500	910,800	7,802,100	1,066,800
2029-2033	273,941	21,700	1,115,330	79,300	1,389,271	101,000
	<u>\$ 20,589,841</u>	<u>\$ 2,577,700</u>	<u>\$ 18,684,230</u>	<u>\$ 6,587,700</u>	<u>\$ 39,274,071</u>	<u>\$ 9,165,400</u>

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

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2013 was \$10,939,698 as follows:

Equalized valuation of the City		\$ 974,894,000
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		48,744,700
Total outstanding general obligation debt applicable to debt limitation	\$ 39,274,071	
Less: Amounts available for financing general obligation debt		
Debt service fund	1,469,069	
Net outstanding general obligation debt applicable to debt limitation		37,805,002
Legal Margin for New Debt		<u>\$ 10,939,698</u>

**CITY OF MENASHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**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, 2013 totaled \$15,501,001 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%	\$ 609,634
\$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%	8,597,385
\$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%	594,066
\$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%	1,974,716
\$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%	534,055
\$872,956 Clean Water Fund Loan dated 11/9/11; \$681,027 received; \$31,938 to \$49,830 due annually through 2031; interest 2.4%	753,972
\$233,307 issued 2011 - 2012; \$9,809 to \$14,512 due annually through 2031; interest 2.20%	218,490
\$639,000 Clean Water Fund Loan dated 6/13/12; \$617,200 received \$25,539 to \$37,786 due annually through 2032; interest 2.2%	594,432
\$1,276,480 Clean Water Fund Loan dated 7/25/12; \$1,237,435 received; \$51,341 to \$75,960 due annually through 2032; interest 2.2%	1,194,976
\$504,200 Clean Water Fund Loan dated 7/24/13; \$429,308 received; \$16,596 to \$27,152 due annually through 2033; interest 2.63%	<u>429,275</u>
<b>Total Revenue Bonds</b>	<u><u>\$ 15,501,001</u></u>

Annual principal and interest maturities of the above outstanding enterprise fund revenue bonds of \$15,501,001 on December 31, 2013 are shown below:

Year Ended December 31	Business-type Activities		
	Principal	Interest	Total
2014	\$ 1,003,993	\$ 354,449	\$ 1,358,442
2015	1,027,800	330,973	1,358,773
2016	1,052,100	306,331	1,358,431
2017	1,077,000	281,105	1,358,105
2018	1,102,600	255,281	1,357,881
2019-2023	5,917,300	867,088	6,784,388
2024-2028	3,559,100	231,653	3,790,753
2029-2033	761,108	35,128	796,236
	<u>\$ 15,501,001</u>	<u>\$ 2,662,008</u>	<u>\$ 18,163,009</u>

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

**CITY OF MENASHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

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, 2013:

Year Ended December 31	Business-type Activities
	Principal
2014	\$ 1,191,946
2015	1,191,946
2016	1,191,946
2017	1,191,946
2018	1,191,946
2019-2023	5,959,732
2024-2028	5,959,732
2029-2031	2,780,673
Total Payments	20,659,867
Amount representing interest	8,283,773
Principal amount outstanding	<u>\$ 12,376,094</u>

Leased plant, included in electric capital assets, consists of the following:

Land	\$ 522,728
Buildings	2,379,697
Improvements other than buildings	17,450,704
Equipment	5,094,266
Accumulated depreciation	(13,101,090)
Net leased plant	<u>\$ 12,346,305</u>

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

Loss on Impairment of Assets

During 2013, the City of Menasha along with Menasha Utilities solicited proposals from outside parties to determine potential interest in the acquisition or use of the former steam plant property, which Menasha Utilities reports on its Statement of Net Position as property held for sale. Based on the proposals received, it was determined that the carrying value of the property held for sale should be reduced to a more realizable amount. As a result, it was determined that the fair value of the asset would be decreased by \$10,409,598 to a carrying amount of \$2,044,832.

As discuss in note D.12, the City subsequently sold the former steam utility property for \$400,000, which approximated the cost to remediate environmental liabilities within the property. A loss between the net realizable value, as determined in March, 2014 and the subsequent sale will be recognized as a loss on disposal of property in the City's 2014 financial statements.

**CITY OF MENASHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**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
<b>Assets</b>			
Current	\$ 204,800	\$ 5,712,661	\$ 939,584
Due from other funds	9,456	-	499,143
Restricted	-	4,954,654	2,892,927
Noncurrent			
Net Capital Assets	-	14,176,507	21,161,007
Property held for sale	2,043,650	-	-
Advance to other funds	-	1,032,121	-
<b>Total Assets</b>	<b>2,257,906</b>	<b>25,875,943</b>	<b>25,492,661</b>
<b>Deferred Outflows of Resources</b>			
Tower painting	-	-	53,520
<b>Liabilities</b>			
Current	536,745	4,895,844	1,371,973
Due to other funds	-	529,968	-
Noncurrent			
Advance from other funds	-	-	506,188
Due within one year	834,147	399,256	886,657
Due in more than one year	15,208,074	11,976,838	13,488,757
<b>Total Liabilities</b>	<b>16,578,966</b>	<b>17,801,906</b>	<b>16,253,575</b>
<b>Net Position</b>			
Net investment in capital assets	-	1,800,413	6,785,593
Restricted			
Debt service	-	-	748,488
Lease obligation	-	897,381	-
Plant replacement	-	1,348,039	-
Unrestricted	(14,321,060)	4,028,204	1,758,525
<b>Total Net Position</b>	<b>\$ (14,321,060)</b>	<b>\$ 8,074,037</b>	<b>\$ 9,292,606</b>

(Continued)

**CITY OF MENASHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE D - OTHER INFORMATION (Continued)**

	Steam	Electric Distribution	Water
Operating Revenues			
Charges for services	\$ -	\$ 45,280,086	\$ 5,628,807
Other	-	185,620	99,927
Total Operating Revenues	-	45,465,706	5,728,734
Operating Expenses			
Operating	-	42,631,834	2,673,161
Depreciation	-	1,045,526	782,310
Total Operating Expenses	-	43,677,360	3,455,471
Operating Income (Loss)	-	1,788,346	2,273,263
Nonoperating Income (Expenses)			
Interest revenue	-	59,548	8,606
Merchandising and jobbing	-	6,918	3,700
Interest and fiscal charges	(648,385)	(819,170)	(406,388)
Miscellaneous	1,463,307	(827,702)	(27,958)
Total Nonoperating Income (Expenses)	814,922	(1,580,406)	(422,040)
Income Before Contributions, Extraordinary			
Losses and Transfers	814,922	207,940	1,851,223
Customer contributions	-	19,973	75,763
Transfers out	-	(616,080)	(646,227)
Change in Net Position	814,922	(388,167)	1,280,759
Forgiveness of Debt	-	-	-
Loss on Impairment of Assets	(10,409,598)	-	-
Net Position - January 1	(4,726,384)	8,462,204	8,011,847
Net Position - December 31	\$ (14,321,060)	\$ 8,074,037	\$ 9,292,606

2. Component Unit

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

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

- a) Cash and Investments: At year end, the carrying amount of the RDA's deposits and investments was \$241,233. This amount is included in the totals presented in Note C1.

**CITY OF MENASHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE D - OTHER INFORMATION (Continued)**

3. Joint Ventures

***Menasha-Neenah Municipal Court***

The City of Neenah and the City of Menasha have enacted joint ordinances creating the Menasha-Neenah Municipal Court. Each City's proportionate share in the annual operations is equal to the percentage share of citations issued by that city compared to the total citations issued by both cities since the inception of the municipal court. The breakdown as of December 31, 2013 was as follows:

City	Number of 2013 Citations	Number of Citations Since Inception	% of Total
City of Menasha	1,956	23,583	40.7%
City of Neenah	3,125	34,424	59.3%
Totals	5,081	58,007	100.0%

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

As of December 31, 2013, the court had a deficit of \$230,937. The allocation of this deficit is as follows:

City of Menasha	\$ 95,838
City of Neenah	135,099
Total	\$ 230,937

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

Financial information of the court as of December 31, 2013 is included in the City of Neenah's financial statements as supplementary information. Separate financial statements are not available. The City of Menasha does not have an equity interest in this organization.

***Neenah-Menasha Fire Rescue***

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

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

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

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

CITY OF MENASHA, WISCONSIN  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE D - OTHER INFORMATION (Continued)**

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

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

The City accounts for its share of the operations in the general fund. The City of Menasha does not have an equity interest in this organization. Financial information related to the Neenah-Menasha Fire Rescue as of December 31, 2013 is included in the City of Neenah's financial statements as supplementary information. Separate financial statements are not available.

4. Retirement Commitments

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

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

	2013	
	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.65%	6.65%
Executives & Elected Officials	7.0%	7.0%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

The payroll for City employees covered by the WRS for the year ended December 31, 2013 was \$10,190,253; the employer's total payroll was \$8,819,699. The total required contribution for the year ended December 31, 2013 was \$1,746,881, which consisted of \$1,116,356 or 10.96% of covered payroll from the employer, and \$630,525, or 6.19% of covered payroll from employees. Total contributions for the years ended December 31, 2012 and 2011 were \$1,487,497 and \$1,467,058, respectively, equal to the required contributions for each year.

**CITY OF MENASHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE D - OTHER INFORMATION (Continued)**

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

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

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

5. Wisconsin Public Power Incorporated Contract (WPPI)

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

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

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

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

The electric operation purchases power through Wisconsin Public Power, Inc. for distribution to its customers. Total purchases under this arrangement amounted to approximately \$40.0 million in 2013.

**CITY OF MENASHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE D - OTHER INFORMATION (Continued)**

6. Risk Management

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

Property and Liability Insurance

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.

The claims reported in the fund at December 31, 2013 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, 2013, the property and liability insurance internal service fund has available \$180,327 for future unreported claims. Changes in the fund's claim liability amount for 2012 and 2013 follow:

	Liability January 1	Current Claims and Changes in Estimates	Claim Payments	Liability December 31
2012	\$ 32,966	\$ (1,569)	\$ 28,141	\$ 3,256
2013	3,256	26,935	30,191	-

**CITY OF MENASHA, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2013**

**NOTE D - OTHER INFORMATION (Continued)**

Dental Insurance

City employees, COBRA employees, retirees and employee dependents are eligible for dental benefits from a dental insurance internal service fund. Funding is provided by charges to City departments, employees and retirees. Fund expenses consist of payments to a third-party administrator for dental claims and administrative fees. The claims liability of \$7,049 reported in the fund at December 31, 2013, 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, 2013, the dental insurance internal service fund has available \$12,181 for future unreported claims. Changes in the fund's claims liability amount for 2012 and 2013 follow:

	Liability January 1	Current Claims and Changes in Estimates	Claim Payments	Liability December 31
2012	\$ 5,816	\$ 117,899	\$ 119,646	\$ 4,069
2013	4,069	109,986	107,006	7,049

7. Other Post-Employment Benefits

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

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

Component	Amount
Annual required contribution	\$ 99,787
Interest on net OPEB	10,219
Adjustment to annual required contribution	(13,858)
Annual OPEB cost (expense)	96,148
Contributions made	1,900
Change in net OPEB obligation	94,248
OPEB obligation - beginning of year	224,086
OPEB obligation - end of year	\$ 318,334

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

**CITY OF MENASHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE D - OTHER INFORMATION (Continued)**

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, 2013 is 30 years, and the remaining amount is \$771,308.

*Trend Information* - The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 through 2013 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2011	\$ 76,616	48.91%	\$ 134,396
12/31/2012	91,970	2.48%	224,086
12/31/2013	96,148	1.98%	318,334

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

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

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

In the January 1, 2012 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a rate of 4.56% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 10% for medical, reduced by decrements to an ultimate rate of 5% for medical after six years. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2013 was 30 years.

**CITY OF MENASHA, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE D - OTHER INFORMATION (Continued)**

8. Tax Incremental Districts

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

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, 2013 from future excess tax increment revenues follows:

Net Unreimbursed Project Costs	
Tax Incremental District No. 1	\$ 134,576
Tax Incremental District No. 3	7,416
Tax Incremental District No. 4	840,922
Tax Incremental District No. 5	278,917
Tax Incremental District No. 6	2,174,995
Tax Incremental District No. 7	1,867,652
Tax Incremental District No. 8	938,078
Tax Incremental District No. 9	3,686,401
Tax Incremental District No. 10	153,554
Tax Incremental District No. 11	631,724
Tax Incremental District No. 12	916,944
	\$ 11,631,179

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.

9. Major Customer

During 2013, the City's electric utility billed SCA Tissue \$19,525,237. This represents 43% of electric utility operating revenue. No other utility customer accounted for more than 10% of operating revenue.

10. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2013 and 2014 budget years, the increase in the maximum allowable tax levy is limited to the greater of the percentage change in the City's January 1 equalized value as a result of net new construction. The actual limit for the City for the 2013 budget was 0.47%. The actual limit for the City for the 2014 budget was 0.42%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

CITY OF MENASHA, WISCONSIN  
Notes to Basic Financial Statements  
December 31, 2013

**NOTE D - OTHER INFORMATION (Continued)**

11. Contingencies

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

12. Subsequent Events

- 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. In prior years, the Commission and the City have been named as a responsible party in the Fox River clean up project.

On March 26, 2014, the United States lodged with the Court a consent decree between it and the Commission, Menasha Corporation, WTM Company, City of Appleton, CBC Coating, Inc., U.S. Paper Mills Corp. (Settling Defendants) resolving all claims asserted against the Settling Defendants in the United States case by the United States, Wisconsin and natural resources trustees of the site for a combined cash payment of \$54 million. The Commission's share of the settlement is \$5.2 million. The Commission entered into a settlement agreement with its primary and excess insurance carriers whereby its insurers are paying \$4,675,000 of the Commission's share. The Commission's remaining share of the settlement totaling \$525,000 was paid by the Cities of Neenah and Menasha, with City of Menasha responsible for \$262,500 of the \$525,000 payment

- b. The City entered into a Purchase and Development Agreement dated June 5, 2014 for the transfer, repurposing and reuse of the former steam utility property. The property was sold for \$1 with a \$400 thousand personal guarantee to remediate the property of environmental liabilities which the City was responsible. In transferring the facility to the buyer, the City of Menasha realized the following benefits:
  - The ongoing costs for maintaining the facility in a mothballed state will be eliminated.
  - The costs for environmental cleanup and building demolition costs will be avoided.
  - The Buyer assumed the environmental risk.
  - The Menasha Power Plant has been identified as a historically significant structure whose historical and architectural integrity will be preserved.
  - The transfer will enable the adaptive reuse of the facility for food processing creating jobs and income opportunities for Menasha residents.
  - The sales, income and employment associated with this business is estimated to have a \$25.7 million economic impact on the local economy.
  - The transfer will bring formerly tax exempt property onto the tax role helping to finance city facilities and services.
  - The electric power and water consumption associated with this business will increase revenues to the Menasha Electric and Water Utilities.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MENASHA, WISCONSIN**  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POST-EMPLOYMENT BENEFIT PLAN**  
For the Year Ended December 31, 2013

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

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

**CITY OF MENASHA, WISCONSIN**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**OTHER POST-EMPLOYMENT BENEFIT PLAN**  
 For the Year Ended December 31, 2013

Year Ended December 31,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2011	\$ 37,476	\$ 85,104	44.04%
2012	2,280	94,153	2.42%
2013	1,900	99,787	1.90%

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

## **SUPPLEMENTARY INFORMATION**

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

#### Housing Rehab

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

#### Community Development Block Grant

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

#### Marina Operations

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

#### Tax Incremental Districts (TIDs)

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

#### Park Development

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

#### Recycling

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

#### Post-Employment Sick Leave Reserve

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

#### Lead Paint Reduction

To account for grants received in prior years for lead paint rehabilitation work, closed with a transfer from the Community Development Block Grant.

#### 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.

Storm Utility

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

### CAPITAL PROJECTS FUNDS

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

Capital Projects

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

Capital Facility

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

Capital Improvements

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

Tax Incremental Districts (TID's)

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

Roadways at River's Edge

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

CITY OF MENASHA, WISCONSIN  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2013

	Special Revenue Funds							Post Employment Sick Leave Reserve
	Housing Rehab	Community Development Block Grant	Marina Operations	Tax Incremental District No. 1	Tax Incremental District No. 3	Park Development	Recycling	
ASSETS								
Cash and investments	\$ 41,347	\$ 144,368	\$ 36,274	\$ 28,159	\$ -	\$ 227,087	\$ -	\$ 14,149
Receivables	-	-	-	-	-	-	-	-
Taxes	-	-	-	41,180	4,094	-	152,942	23,951
Accounts	-	-	27	-	-	-	38	-
Loans	18,107	1,569,946	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Advance to other funds	-	-	-	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 59,454	\$ 1,714,314	\$ 36,301	\$ 69,339	\$ 4,094	\$ 227,087	\$ 152,980	\$ 38,100
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)								
Liabilities								
Accounts payable	\$ 7,500	\$ 2,590	\$ 3,252	\$ -	\$ -	\$ -	\$ 15,254	\$ -
Due to other funds	-	-	-	-	312,241	-	7,005	-
Unearned revenues	-	-	8,093	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-	-	-
Total Liabilities	7,500	2,590	11,345	-	312,241	-	22,259	-
Deferred Inflows of Resources								
Taxes receivable	-	-	-	62,563	6,220	-	255,424	40,000
Loans receivable	18,107	1,569,946	-	-	-	-	-	-
Total Deferred Inflows of Resources	18,107	1,569,946	-	62,563	6,220	-	255,424	40,000
Fund Balances (Deficits)								
Nonspendable	-	-	-	-	-	-	-	-
Long-term advance	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Library endowment	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
TID project plan	33,847	141,778	-	6,776	-	227,087	-	-
Park development	-	-	-	-	-	-	-	-
Hattie Minor Scholarship	-	-	-	-	-	-	-	-
Public safety donations	-	-	-	-	-	-	-	-
Heckrodt nature center	-	-	-	-	-	-	-	-
Senior center	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Marina	-	-	24,956	-	-	-	-	-
Capital improvements	-	-	-	-	-	-	-	-
Unassigned, reported in	-	-	-	-	(314,367)	-	(124,703)	(1,900)
Special revenue funds	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-
Total Fund Balances (Deficits)	33,847	141,778	24,956	6,776	(314,367)	227,087	(124,703)	(1,900)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	\$ 59,454	\$ 1,714,314	\$ 36,301	\$ 69,339	\$ 4,094	\$ 227,087	\$ 152,980	\$ 38,100

(Continued)

CITY OF MENASHA, WISCONSIN  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2013

		Special Revenue Funds (Continued)							Total Special Revenue Funds
		Hattie Minor Scholarship	Public Safety Donations	Heckrodt Nature Center	Senior Center Memorials	Senior Center Fund Raising	Steam Utility		
ASSETS									
Cash and investments		\$ 33,235	\$ 3,075	\$ 4,789	\$ 16,901	\$ 1,450	\$ -	\$ 550,834	
Receivables		-	-	-	-	-	-	222,167	
Taxes		-	-	-	-	-	-	65	
Accounts		-	-	-	-	-	-	1,588,053	
Loans		-	-	-	-	-	-	-	
Due from other funds		-	-	-	-	-	-	-	
Advance to other funds		-	-	-	-	-	-	-	
Restricted cash and investments		-	-	-	-	-	-	-	
TOTAL ASSETS		\$ 283,013	\$ 3,075	\$ 4,789	\$ 16,901	\$ 1,450	\$ -	\$ 2,644,132	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)									
Liabilities									
Accounts payable		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,501	\$ 36,097	
Due to other funds		-	-	-	-	-	44,980	364,226	
Unearned revenues		-	-	-	-	-	-	8,093	
Advance from other funds		-	-	-	-	-	-	-	
Total Liabilities		-	-	-	-	-	52,481	408,416	
Deferred Inflows of Resources									
Taxes receivable		-	-	-	-	-	-	364,207	
Loans receivable		-	-	-	-	-	-	1,588,053	
Total Deferred Inflows of Resources		-	-	-	-	-	-	1,952,260	
Fund Balances (Deficits)									
Nonspendable		-	-	-	-	-	-	-	
Long-term advance		-	-	-	-	-	-	-	
Restricted									
Library endowment		283,013	-	-	-	-	-	283,013	
Community development		-	-	-	-	-	-	175,625	
TID project plan		-	-	-	-	-	-	6,776	
Park development		-	-	-	-	-	-	227,087	
Hattie Minor Scholarship		-	-	-	-	-	-	33,235	
Public safety donations		-	3,075	-	-	-	-	3,075	
Heckrodt nature center		-	-	4,789	-	-	-	4,789	
Senior center		-	-	-	16,901	1,450	-	18,351	
Assigned									
Marina		-	-	-	-	-	-	24,956	
Capital improvements		-	-	-	-	-	-	-	
Unassigned, reported in		-	-	-	-	-	(52,481)	(493,451)	
Special revenue funds		-	-	-	-	-	-	-	
Capital projects funds		-	-	-	-	-	-	-	
Total Fund Balances (Deficits)		\$ 283,013	\$ 3,075	\$ 4,789	\$ 16,901	\$ 1,450	\$ (52,481)	\$ 283,456	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)		\$ 283,013	\$ 3,075	\$ 4,789	\$ 16,901	\$ 1,450	\$ -	\$ 2,644,132	

(Continued)

CITY OF MENASHA, WISCONSIN  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2013

	Capital Projects Funds							
	2008 Capital Projects	Capital Facility	Capital Improvements	Tax Incremental District No. 4	Tax Incremental District No. 5	Tax Incremental District No. 6	Tax Incremental District No. 7	Tax Incremental District No. 8
\$ 94,862	\$ -	\$ 17,305	\$ -	\$ 113,823	\$ 93,760	\$ -	\$ -	\$ -
-	-	10,313	39,226	195,144	271,148	-	62,969	13,375
11,969	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	1,901,008	-	-	-	-
-	-	-	-	221,000	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ 106,831	\$ -	\$ 27,618	\$ 39,226	\$ 2,430,975	\$ 364,908	\$ 62,969	\$ 13,375	
\$ 33,353	\$ -	\$ -	\$ -	\$ 42	\$ -	\$ -	\$ -	\$ -
-	1,919	-	260,173	-	-	-	471,751	199,212
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
33,353	1,919	-	260,173	42	-	-	471,751	199,212
-	-	17,222	59,596	296,479	411,951	-	95,667	20,320
-	-	17,222	59,596	296,479	411,951	-	95,667	20,320
-	-	-	-	2,122,008	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	12,446	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
73,478	-	10,396	-	-	-	-	-	-
-	(1,919)	-	(280,543)	-	(47,043)	-	(504,449)	(206,157)
73,478	(1,919)	10,396	(280,543)	2,134,454	(47,043)	(504,449)	(206,157)	
\$ 106,831	\$ -	\$ 27,618	\$ 39,226	\$ 2,430,975	\$ 364,908	\$ 62,969	\$ 13,375	

(Continued)

ASSETS  
 Cash and investments  
 Receivables  
 Taxes  
 Accounts  
 Loans  
 Due from other funds  
 Advance to other funds  
 Restricted cash and investments  
 TOTAL ASSETS

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)  
 Liabilities  
 Accounts payable  
 Due to other funds  
 Unearned revenues  
 Advance from other funds  
 Total Liabilities  
 Deferred Inflows of Resources  
 Taxes receivable  
 Loans receivable  
 Total Deferred Inflows of Resources

Fund Balances (Deficits)  
 Nonspendable  
 Long-term advance  
 Restricted  
 Library endowment  
 Community development  
 TID project plan  
 Park development  
 Hattie Minor Scholarship  
 Public safety donations  
 Heckrodt nature center  
 Senior center  
 Assigned  
 Marina  
 Capital improvements  
 Unassigned, reported in  
 Special revenue funds  
 Capital projects funds  
 Total Fund Balances (Deficits)

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)

CITY OF MENASHA, WISCONSIN  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2013

Capital Projects Funds (Continued)							Total Governmental Funds
Tax Incremental District No. 9	Tax Incremental District No. 10	Tax Incremental District No. 11	Tax Incremental District No. 12	Roadways at River's Edge	Total Capital Project Funds		
\$ 885,830	\$ 301,918	\$ -	\$ -	\$ 3,183	\$ 1,510,681	\$ 2,061,515	
190,806	25,946	47,444	-	-	856,371	1,078,538	
-	-	-	-	-	11,969	12,034	
-	-	-	-	-	-	1,588,053	
-	-	-	-	-	1,901,008	1,901,008	
-	-	-	-	-	221,000	221,000	
-	-	190,415	-	-	190,415	473,428	
\$ 1,076,636	\$ 327,864	\$ 237,859	\$ -	\$ 3,183	\$ 4,691,444	\$ 7,335,576	
\$ 91	\$ -	\$ -	\$ 646,944	\$ -	\$ 33,486	\$ 69,583	
-	-	10,687	-	-	1,590,686	1,954,912	
-	-	-	-	-	-	8,093	
-	221,000	-	-	-	221,000	221,000	
91	221,000	10,687	646,944	-	1,845,172	2,253,588	
598,935	39,420	72,081	-	-	1,611,671	1,975,878	
598,935	39,420	72,081	-	-	1,611,671	1,975,878	
-	-	-	-	-	2,122,008	2,122,008	
-	-	-	-	-	-	283,013	
-	-	-	-	-	-	175,625	
477,610	67,444	155,091	-	-	712,591	719,367	
-	-	-	-	-	-	227,087	
-	-	-	-	-	-	33,235	
-	-	-	-	-	-	3,075	
-	-	-	-	-	-	4,789	
-	-	-	-	-	-	18,351	
-	-	-	-	-	-	24,956	
-	-	-	-	3,183	87,057	87,057	
-	-	-	-	-	-	(493,451)	
-	-	-	(646,944)	-	(1,687,055)	(1,687,055)	
477,610	67,444	155,091	(646,944)	3,183	1,234,601	1,518,057	
\$ 1,076,636	\$ 327,864	\$ 237,859	\$ -	\$ 3,183	\$ 4,691,444	\$ 7,335,576	

ASSETS

Cash and investments  
 Receivables  
 Taxes  
 Accounts  
 Loans  
 Due from other funds  
 Advance to other funds  
 Restricted cash and investments

TOTAL ASSETS

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)

Liabilities  
 Accounts payable  
 Due to other funds  
 Unearned revenues  
 Advance from other funds  
 Total Liabilities

Deferred Inflows of Resources

Taxes receivable  
 Loans receivable  
 Total Deferred Inflows of Resources

Fund Balances (Deficits)

Nonspendable  
 Long-term advance  
 Restricted  
 Library endowment  
 Community development  
 TID project plan  
 Park development  
 Hattie Minor Scholarship  
 Public safety donations  
 Heckrodt nature center  
 Senior center  
 Assigned  
 Marina  
 Capital improvements  
 Unassigned, reported in  
 Special revenue funds  
 Capital projects funds  
 Total Fund Balances (Deficits)

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)

**CITY OF MENASHA, WISCONSIN**  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended December 31, 2013

	Special Revenue Funds							Post Employment Sick Leave Reserve
	Housing Rehab	Community Development Block Grant	Marina Operations	Tax Incremental District No. 1	Tax Incremental District No. 3	Park Development	Recycling	
Revenues								
Taxes	\$ -	\$ -	\$ -	\$ 112,195	\$ 17,766	\$ -	\$ 260,424	\$ 40,000
Intergovernmental	-	-	-	1,094	3,365	30,049	70,429	-
Licenses and permits	-	-	-	-	-	171,350	-	-
Public charges for services	-	-	209,276	-	-	-	4,359	-
Intergovernmental charges for services	-	-	-	-	-	-	18,991	-
Miscellaneous	8,218	88,973	-	-	-	400	19,636	-
<b>Total Revenues</b>	<b>8,218</b>	<b>88,973</b>	<b>209,276</b>	<b>113,289</b>	<b>21,131</b>	<b>201,799</b>	<b>373,839</b>	<b>40,000</b>
Expenditures								
Current								
General government	-	-	-	-	-	-	-	85,721
Public safety	-	-	-	-	-	-	-	20,044
Public works	-	-	-	-	-	-	364,746	-
Culture and recreation	-	-	189,480	-	-	29,472	-	10,946
Conservation and development	7,500	56,381	-	150	150	-	-	-
Other	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	123,000	-	-
<b>Total Expenditures</b>	<b>7,500</b>	<b>56,381</b>	<b>189,480</b>	<b>150</b>	<b>150</b>	<b>152,472</b>	<b>364,746</b>	<b>116,711</b>
Excess of Revenues Over (Under) Expenditures	718	32,592	19,796	113,139	20,981	49,327	9,093	(76,711)
Other Financing Sources (Uses)								
Long-term debt issued	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	74,811
Transfers out	-	(15,858)	(5,000)	(107,000)	(166,315)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(15,858)</b>	<b>(5,000)</b>	<b>(107,000)</b>	<b>(166,315)</b>	<b>-</b>	<b>-</b>	<b>74,811</b>
Net Change in Fund Balances	718	16,734	14,796	6,139	(145,334)	49,327	9,093	(1,900)
Fund Balances (Deficits) - January 1	33,129	125,044	10,160	637	(169,033)	177,760	(133,796)	-
Fund Balances (Deficits) - December 31	\$ 33,847	\$ 141,778	\$ 24,956	\$ 6,776	\$ (314,367)	\$ 227,087	\$ (124,703)	\$ (1,900)

(Continued)

**CITY OF MENASHA, WISCONSIN**  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended December 31, 2013

	Special Revenue Funds (Continued)								Total Special Revenue Funds
	Lead Paint Reduction	Library Endowment	Hattie Minor Scholarship	Public Safety Donations	Heckrodt Nature Center	Senior Center Memorials	Senior Center Fund Raising	Steam Utility	
<b>Revenues</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 430,385
Intergovernmental	-	-	-	-	-	-	-	-	104,937
Licenses and permits	-	-	-	-	-	-	-	-	171,350
Public charges for services	-	-	-	-	-	22	-	-	213,657
Intergovernmental charges for services	-	-	-	-	-	-	-	-	18,991
Miscellaneous	54,054	99	17,129	22,208	9,589	-	-	-	220,306
<b>Total Revenues</b>	<b>54,054</b>	<b>99</b>	<b>17,129</b>	<b>22,208</b>	<b>9,611</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,159,626</b>
<b>Expenditures</b>									
Current									
General government	-	-	-	-	-	-	-	-	85,721
Public safety	-	-	10,925	-	-	-	-	-	30,969
Public works	-	-	-	-	-	-	-	-	364,746
Culture and recreation	28,606	3,750	-	-	-	-	-	-	262,254
Conservation and development	-	-	-	24,979	-	-	-	-	89,160
Other	-	-	-	-	-	-	52,481	-	52,481
Capital outlay	-	-	-	-	-	-	-	-	123,000
<b>Total Expenditures</b>	<b>28,606</b>	<b>3,750</b>	<b>10,925</b>	<b>24,979</b>	<b>-</b>	<b>-</b>	<b>52,481</b>	<b>-</b>	<b>1,008,331</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>25,448</b>	<b>(3,651)</b>	<b>6,204</b>	<b>(2,771)</b>	<b>9,611</b>	<b>-</b>	<b>(52,481)</b>	<b>-</b>	<b>151,295</b>
<b>Other Financing Sources (Uses)</b>									
Long-term debt issued	-	-	-	-	-	-	-	-	-
Transfers in	15,858	-	-	-	-	-	-	-	90,669
Transfers out	-	-	-	-	-	-	-	-	(294,173)
<b>Total Other Financing Sources (Uses)</b>	<b>15,858</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(203,504)</b>
<b>Net Change in Fund Balances</b>	<b>15,858</b>	<b>25,448</b>	<b>(3,651)</b>	<b>6,204</b>	<b>(2,771)</b>	<b>9,611</b>	<b>(52,481)</b>	<b>-</b>	<b>(52,209)</b>
<b>Fund Balances (Deficits) - January 1</b>	<b>(15,858)</b>	<b>257,565</b>	<b>36,886</b>	<b>(3,129)</b>	<b>7,560</b>	<b>7,290</b>	<b>1,450</b>	<b>-</b>	<b>335,665</b>
<b>Fund Balances (Deficits) - December 31</b>	<b>\$ -</b>	<b>\$ 283,013</b>	<b>\$ 33,235</b>	<b>\$ 3,075</b>	<b>\$ 4,789</b>	<b>\$ 16,901</b>	<b>\$ 1,450</b>	<b>\$ (52,481)</b>	<b>\$ 283,456</b>

(Continued)

**CITY OF MENASHA, WISCONSIN**  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended December 31, 2013

	Capital Projects Funds						
	2008 Capital Projects	Capital Facility	Capital Improvements	Tax Incremental District No. 4	Tax Incremental District No. 5	Tax Incremental District No. 6	Tax Incremental District No. 7
Revenues							
Taxes	\$ -	\$ -	\$ -	\$ 80,758	\$ 288,809	\$ 449,744	\$ 102,329
Intergovernmental	-	7,426	-	2,690	263,953	4,000	-
Licenses and permits	-	-	-	-	-	-	-
Public charges for services	-	-	-	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-	-	-
Miscellaneous	653	-	-	107	1,171,958	-	3,501
Total Revenues	653	7,426	-	83,555	1,724,720	453,744	105,830
Expenditures							
Current							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Conservation and development	-	-	-	150	421	8,900	150
Other	-	-	-	-	-	-	-
Capital outlay	206,147	7,427	-	-	9,725	5,397	-
Total Expenditures	206,147	7,427	-	150	10,146	14,297	150
Excess of Revenues Over (Under) Expenditures	(205,494)	(1)	-	83,405	1,714,574	439,447	105,680
Other Financing Sources (Uses)							
Long-term debt issued	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(165,530)	(235,591)	(345,160)	(191,971)
Total Other Financing Sources (Uses)	-	-	-	(165,530)	(235,591)	(345,160)	(191,971)
Net Change in Fund Balances	(205,494)	(1)	-	(82,125)	1,478,983	94,287	(86,291)
Fund Balances (Deficits) - January 1	278,972	(1,918)	10,396	(198,418)	655,471	(141,330)	(418,158)
Fund Balances (Deficits) - December 31	\$ 73,478	\$ (1,919)	\$ 10,396	\$ (280,543)	\$ 2,134,454	\$ (47,043)	\$ (504,449)

(Continued)

**CITY OF MENASHA, WISCONSIN**  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended December 31, 2013

	Capital Projects Funds (Continued)						Total Governmental Funds
	Tax Incremental District No. 8	Tax Incremental District No. 9	Tax Incremental District No. 10	Tax Incremental District No. 11	Tax Incremental District No. 12	Roadways at River's Edge	
<b>Revenues</b>							
Taxes	\$ 50,020	\$ 626,402	\$ 63,109	\$ 76,529	\$ -	\$ -	\$ 1,737,700
Intergovernmental	-	1,328	11,072	-	150	-	290,619
Licenses and permits	-	-	-	-	-	-	-
Public charges for services	-	-	-	-	-	-	-
Intergovernmental charges for services	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total Revenues	50,020	627,730	74,181	76,529	150	-	3,204,538
<b>Expenditures</b>							
Current							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	12,581	-	-	-	-	12,581
Culture and recreation	-	-	-	-	-	-	-
Conservation and development	874	150	400	150	270,211	-	281,406
Other	-	-	-	-	-	-	-
Capital outlay	-	69,298	-	663,693	-	-	961,687
Total Expenditures	874	82,029	400	663,843	270,211	-	1,255,674
Excess of Revenues Over (Under) Expenditures	49,146	545,701	73,781	(587,314)	(270,061)	-	1,948,864
Other Financing Sources (Uses)							
Long-term debt issued	-	-	-	786,816	-	-	786,816
Transfers in	-	-	-	-	-	-	-
Transfers out	(91,336)	(356,536)	(7,164)	(4,502)	(4,510)	-	(1,402,300)
Total Other Financing Sources (Uses)	(91,336)	(356,536)	(7,164)	782,314	(4,510)	-	(615,484)
Net Change in Fund Balances	(42,190)	189,165	66,617	195,000	(274,571)	-	1,333,380
Fund Balances (Deficits) - January 1	(163,967)	288,445	827	(39,909)	(372,373)	3,183	(98,779)
Fund Balances (Deficits) - December 31	\$ (206,157)	\$ 477,610	\$ 67,444	\$ 155,091	\$ (646,944)	\$ 3,183	\$ 1,234,601
							\$ 1,518,057

## INTERNAL SERVICE FUNDS

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

### City Garage

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

### Property and Liability Insurance

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

### Dental Insurance

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

### Information Technology

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

**CITY OF MENASHA, WISCONSIN**  
 Combining Statement of Net Position  
 Internal Service Funds  
 December 31, 2013

	City Garage	Property and Liability Insurance	Dental Insurance	Information Technology	Totals
<b>ASSETS</b>					
Cash and investments	\$ 100,483	\$ 180,327	\$ 19,230	\$ 58,392	\$ 358,432
Other assets	-	1,031,220	-	-	1,031,220
Capital assets, nondepreciable					
Land	44,216	-	-	-	44,216
Construction in progress	132,484	-	-	-	132,484
Capital assets, depreciable					
Buildings	1,000,642	-	-	-	1,000,642
Machinery and equipment	6,656,288	-	-	-	6,656,288
Less: Accumulated depreciation	(4,809,842)	-	-	-	(4,809,842)
<b>TOTAL ASSETS</b>	<b>3,124,271</b>	<b>1,211,547</b>	<b>19,230</b>	<b>58,392</b>	<b>4,413,440</b>
<b>LIABILITIES</b>					
Accounts payable	26,016	-	7,049	39,406	72,471
<b>TOTAL LIABILITIES</b>	<b>26,016</b>	<b>-</b>	<b>7,049</b>	<b>39,406</b>	<b>72,471</b>
<b>NET POSITION</b>					
Net investment in capital assets	3,023,788	-	-	-	3,023,788
Unrestricted	74,467	1,211,547	12,181	18,986	1,317,181
<b>TOTAL NET POSITION</b>	<b>\$ 3,098,255</b>	<b>\$ 1,211,547</b>	<b>\$ 12,181</b>	<b>\$ 18,986</b>	<b>\$ 4,340,969</b>

**CITY OF MENASHA, WISCONSIN**  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Internal Service Funds  
For the Year Ended December 31, 2013

	City Garage	Property and Liability Insurance	Dental Insurance	Information Technology	Totals
Operating Revenues					
Charges for services	\$ 1,455,778	\$ 138,168	\$ 128,416	\$ 404,306	\$ 2,126,668
Operating Expenses					
Operation and maintenance	1,024,506	560	6,795	384,052	1,415,913
Insurance payments and claims	-	130,989	109,986	-	240,975
Depreciation	237,052	-	-	-	237,052
Total Operating Expenses	1,261,558	131,549	116,781	384,052	1,893,940
Operating Income	194,220	6,619	11,635	20,254	232,728
Nonoperating Revenues (Expenses)					
Investment income	286	-	-	-	286
Loss on disposal of capital assets	(7,589)	-	-	-	(7,589)
Total Nonoperating Revenues (Expenses)	(7,303)	-	-	-	(7,303)
Change in Net Position	186,917	6,619	11,635	20,254	225,425
Net Position (Deficit) - January 1	2,911,338	1,204,928	546	(1,268)	4,115,544
Net Position - December 31	\$ 3,098,255	\$ 1,211,547	\$ 12,181	\$ 18,986	\$ 4,340,969

**CITY OF MENASHA, WISCONSIN**  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2013

	City Garage	Property and Liability Insurance	Dental Insurance	Information Technology	Totals
<b>Cash Flows from Operating Activities</b>					
Cash received from customers	\$ 7,043	\$ -	\$ 17,885	\$ -	\$ 24,928
Cash received from City	1,468,735	138,168	110,531	404,306	2,121,740
Cash paid to suppliers	(652,202)	(134,791)	(113,801)	(210,755)	(1,111,549)
Cash paid to employees	(411,101)	(38)	-	(149,337)	(560,476)
Net Cash Provided by Operating Activities	412,475	3,339	14,615	44,214	474,643
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition of capital assets	(448,163)	-	-	-	(448,163)
<b>Cash Flows from Investing Activities</b>					
Interest and dividends received	286	-	-	-	286
Change in Cash and Cash Equivalents	(35,402)	3,339	14,615	44,214	26,766
Cash and Cash Equivalents - January 1	135,885	176,988	4,615	14,178	331,666
Cash and Cash Equivalents - December 31	\$ 100,483	\$ 180,327	\$ 19,230	\$ 58,392	\$ 358,432
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>					
Operating income	\$ 194,220	\$ 6,619	\$ 11,635	\$ 20,254	\$ 232,728
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	237,052	-	-	-	237,052
Changes in assets and liabilities:					
Accounts receivable	20,000	-	-	-	20,000
Accounts payable	(38,797)	(3,280)	2,980	23,960	(15,137)
Accrued and other liabilities					
Net Cash Provided by Operating Activities	\$ 412,475	\$ 3,339	\$ 14,615	\$ 44,214	\$ 474,643

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Menasha, Wisconsin, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Menasha, Wisconsin's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated September 30, 2014.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2013-001 and 2013-002, that we consider to be significant deficiencies.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Menasha, Wisconsin's financial statements are free 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### City of Menasha, Wisconsin's Response to Findings

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

### Purpose of this Report

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



Certified Public Accountants  
Green Bay, Wisconsin  
September 30, 2014

**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**



## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

### **Report on Compliance for Each Major Federal and State Program**

We have audited City of Menasha, Wisconsin's compliance 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 could have a direct and material effect on each of City of Menasha, Wisconsin's major federal and state programs for the year ended December 31, 2013. City of Menasha, Wisconsin's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of City of Menasha, Wisconsin's major federal and state programs based on our audit of the types of compliance requirements referred to above. 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; 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, OMB Circular A-133 and the *State Single Audit Guidelines* 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 or state program occurred. An audit includes examining, on a test basis, evidence about City of Menasha, Wisconsin'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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of City of Menasha, Wisconsin's compliance.

### **Opinion on Each Major Federal and State Program**

In our opinion, City of Menasha, Wisconsin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2013.



## Report on Internal Control Over Compliance

Management of City of Menasha, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Menasha, Wisconsin's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program 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 of Menasha, Wisconsin's internal control over compliance.

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. 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.

Our consideration of 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-003 that we consider to be a significant deficiency.

City of Menasha, Wisconsin's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of prior year audit findings and corrective action plan. City of Menasha, Wisconsin's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants  
Green Bay, Wisconsin  
September 30, 2014

**CITY OF MENASHA, WISCONSIN**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2013

Grantor Agency/Federal Program Title	Pass-through Agency	Federal CFDA Number	Revenues				Total Expenditures
			(Accrued) or Deferred Revenue 1/1/13	Cash Received	Accrued or (Deferred) Revenue 12/31/13	Total Revenues	
<b>U.S. DEPARTMENT OF JUSTICE</b>							
Bulletproof Vest Partnership Program	WI Department of Justice Assistance	16.607	\$ -	\$ 2,018	\$ -	\$ 2,018	\$ 2,018
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>							
<i>Highway Safety Cluster</i>							
State and Community Highway Safety	WI Department of Transportation	20.600	-	20,995	-	20,995	20,995
Alcohol Impaired Driving Countermeasures	WI Department of Transportation	20.601	-	-	204	204	204
Alcohol Impaired Driving Countermeasures	Winnebago County, Wisconsin	20.601	-	3,260	-	3,260	3,260
Total Highway Safety Cluster and U.S. Department of Transportation			-	24,255	204	24,459	24,459
<b>ENVIRONMENTAL PROTECTION AGENCY</b>							
State Indoor Radon Grants	WI Department of Health Services	66.032	(764)	764	-	-	-
Capitalization Grants for Drinking Water State Revolving Funds	WI Department of Administration	66.468	-	819,161	-	819,161	819,161
Total Environmental Protection Agency			(764)	819,925	-	819,161	819,161
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
<i>Aging Cluster</i>							
Grants for Supportive Services and Senior Centers	Winnebago County, Wisconsin	93.044	-	49,292	-	49,292	49,292
Public Health Emergency Preparedness	WI Department of Health Services	93.069	-	44,726	-	44,726	44,726
Immunization Grants	WI Department of Health Services	93.268	(1,269)	8,725	1,002	8,458	8,458
Medical Assistance Program	WI Department of Health Services	93.778	-	601	129	730	730
Preventative Health and Health Services Block Grant	WI Department of Health Services	93.991	-	3,546	-	3,546	3,546
Maternal and Child Health Services Block Grant	WI Department of Health Services	93.994	-	9,884	2,133	12,017	12,017
Total U.S. Department of Health and Human Services			(1,269)	116,774	3,264	118,769	118,769
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>							
Assistance to Firefighters	Direct Program	97.044	-	7,426	-	7,426	7,426
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ (2,033)	\$ 970,398	\$ 3,468	\$ 971,833	\$ 971,833

The notes to the schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

CITY OF MENASHA, WISCONSIN  
 Schedule of State Financial Assistance  
 For the Year Ended December 31, 2013

Grantor Agency/State Program Title	Pass-through Agency	State I.D. Number	Revenues				Total Expenditures
			(Accrued) or Deferred Revenue 1/1/13	Cash Received	Accrued or (Deferred) Revenue 12/31/13	Total Revenues	
<b>DEPARTMENT OF NATURAL RESOURCES</b>							
Urban Green Space UGS 3-13-18r	Direct Program	370 095	\$ -	\$ 60,098	\$ (30,049)	\$ 30,049	\$ 30,049
Urban Forestry Grant	Direct Program	370 572	(12,650)	12,650	-	-	-
Total Department of Natural Resources			(12,650)	72,748	(30,049)	30,049	30,049
<b>DEPARTMENT OF HEALTH SERVICES</b>							
GPR Lead Poison	Direct Program	435 157720	-	2,648	61	2,709	2,709
Maternal & Child Health Service Block Grant	Direct Program	435 159320	-	601	130	731	731
Total Department of Health Services			-	3,249	191	3,440	3,440
<b>DEPARTMENT OF JUSTICE</b>							
Law Enforcement Training	Direct Program	456 337	-	4,569	-	4,569	4,569
TOTAL STATE FINANCIAL ASSISTANCE			\$ (12,650)	\$ 80,566	\$ (29,858)	\$ 38,058	\$ 38,058

The notes to the schedules of expenditures of federal awards and state financial assistance are an integral part of this schedule.

**CITY OF MENASHA, WISCONSIN**  
 Schedule of Settlement of DHS Cost Reimbursement Award  
 Public Health Department  
 For the Year Ended December 31, 2013

DHS identification number	155015	155015	155020	155050	157720	159220	159320
Grant Award	\$ 32,702	\$ 32,702	\$ 8,458	\$ 6,040	\$ 2,709	\$ 3,546	\$ 13,478
Award period	08/01/12-06/30/13	07/01/13-06/30/14	01/01/13 - 12/31/13	08/01/12-06/30/13	01/01/13-12/31/13	01/01/12-08/31/13	01/01/13-12/31/13
Period of award within audit period	01/01/13-06/30/13	07/01/13-12/31/13	01/01/13 - 12/31/13	01/01/13-06/30/13	01/01/13-12/31/13	01/01/13-08/31/13	01/01/13-12/31/13
Expenditures reported to DHS for payment	\$ 32,702	\$ 5,984	\$ 8,458	\$ 6,040	\$ 2,709	\$ 3,546	\$ 13,478
Actual allowable costs of award							
Program expenses							
Other salaries and wages	\$ 22,273	\$ 4,430	\$ 5,856	\$ 495	\$ 2,309	\$ 2,483	\$ 9,772
Pension plan contributions	1,462	295	372	33	153	159	655
Other employee benefits	8,890	1,207	2,219	157	247	904	3,051
Other costs	77	52	11	5,355	-	-	-
Total program expenses	32,702	5,984	8,458	6,040	2,709	3,546	13,478
Total allowable costs	\$ 32,702	\$ 5,984	\$ 8,458	\$ 6,040	\$ 2,709	\$ 3,546	\$ 13,478

(1) Allocated based on actual time spent.

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

**CITY OF MENASHA, WISCONSIN**  
Menasha, Wisconsin  
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Year Ended December 31, 2013

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards and state financial assistance and the schedule of settlement of DHS Cost Reimbursement Award includes 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 Natural Resources is the state oversight agency for the City.

**CITY OF MENASHA, WISCONSIN**  
 Menasha, Wisconsin  
 Schedule of Findings and Questioned Costs  
 For the Year Ended December 31, 2013

**Section I - Summary of Auditors' Results**

Basic Financial Statements

Type of auditors' report issued:	Unmodified
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	Unmodified
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 <i>State Single Audit Guidelines</i> ?	Yes

Identification of major federal and state programs:

CFDA Number	Name of Federal Program
66.468	Capitalization Grants for Clean Water State Revolving Funds

State ID Number	Name of State Program
370.095	Park Development Grant

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

CITY OF MENASHA, WISCONSIN  
 Menasha, Wisconsin  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2013

**Section II - Basic Financial Statement Findings**

Finding No.	Control Deficiencies
-------------	----------------------

**2013-001      Preparation of Annual Financial Report**

**Condition:** Current City staff maintains accounting records which reflect the City's financial transactions; however, preparing the City's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The City contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to assist in the preparation of the annual financial report in an efficient manner.

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

**Cause:** City management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

**Effect:** Without our involvement, the City may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

**Recommendation:** We recommend the City continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the City is necessary to obtain a complete and adequate understanding of the City's annual financial report.

**CITY OF MENASHA, WISCONSIN**  
 Menasha, Wisconsin  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2013

**Section II - Basic Financial Statement Findings (Continued)**

Finding No.	Control Deficiencies
-------------	----------------------

**2013-002 Capital Asset Additions**

**Condition:** City staff 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 expense.

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

**Cause:** The City does not have a system in place to identify capital asset transactions throughout the year.

**Effect:** The City could have capital assets transactions which are not reflected in the detailed capital records and the annual financial report.

**Recommendation:** We recommend the City develop a system to identify capital asset additions and disposals throughout the year. Many governments of your size identify new additions at the time the related invoice is paid and maintain a copy of the invoice for us.

CITY OF MENASHA, WISCONSIN  
 Menasha, Wisconsin  
 Schedule of Findings and Questioned Costs (Continued)  
 For the Year Ended December 31, 2013

**Section III - Federal Award and State Financial Assistance Findings**

Finding No.	Internal Control Deficiencies
-------------	-------------------------------

**2013-003      Financial Reporting for Federal and State Financial Assistance**

Federal CFDA #: All federal programs.  
 State IDs: All state programs.

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 assist in the preparation of 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 awards and state financial assistance, or accompanying notes to the schedule.

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

Effect: The City 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. 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)  
 For the Year Ended December 31, 2013

**Section IV - Other Issues**

Does the auditors' report or 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	<u>      X      </u>	Yes	_____	No
Department of Justice	<u>      X      </u>	Yes	_____	No
Department of Natural Resources	<u>      X      </u>	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 September 30, 2014

**CITY OF MENASHA, WISCONSIN**  
 Menasha, Wisconsin  
 Schedule of Prior Year Audit Findings and Corrective Action Plan  
 For the Year Ended December 31, 2013

**Status of Prior Year Audit Findings**

The findings noted in the 2012 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 2012-01, 2012-02 and 2012-03 outweigh the benefits to be received. Management reviews the financial report prior to issuance.

**Corrective Action Plan for Audit Findings**

Finding No.	Corrective Action Plan
<b>2013-001</b>	<p><b>Preparation of Annual Financial Report</b></p> <p>Management believes that the cost of hiring additional staff to prepare year end GASB 34 conversion entries and to prepare financial reports outweighs the benefits to be received. Management has reviewed financial statements and other information prior to issuance of the report.</p>
<b>2013-002</b>	<p><b>Capital Asset Additions</b></p> <p>Management believes the cost for additional staff time to maintain the capital asset records outweigh the benefits to be received. Management has reviewed capital asset records prior to issuance of the report.</p>
<b>2013-003</b>	<p><b>Financial Reporting for Federal and State Financial Assistance</b></p> <p>Management believes the cost of additional staff time and training to prepare these items outweigh the benefits to be received. Management has reviewed single audit reports and other information prior to the issuance of the report.</p>

**JOINT POWERS AGREEMENT  
WINNEBAGO COUNTY 911 EMERGENCY SYSTEM**

WHEREAS, Winnebago County and the municipalities located within the boundaries of Winnebago County have implemented an Emergency 911 System for the purposes of providing emergency services to residents and visitors of these municipalities, including fire fighting, law enforcement, ambulance, medical and other emergency services; and

WHEREAS, Sec. 256.35(9), Wis. Stats. "Joint Powers Agreement", requires that in implementing a 911 system as has been done in Winnebago County, municipalities shall annually enter into a Joint Powers Agreement, which Agreement shall be applicable on a daily basis and which shall provide that if an emergency services vehicle is dispatched in response to a request through the Winnebago County 911 System, such vehicle shall render its services to the persons needing the services, regardless of whether the vehicle is operating outside the vehicle's normal jurisdictional boundaries.

THEREFORE, in consideration of the mutual promises, agreements, and conditions contained herein, it is hereby jointly agreed between Winnebago County and the **City of Menasha**, municipality", as follows:

1. That effective **December 1, 2014**, this Agreement shall, thereafter, be applicable on a daily basis from said date through **November 30, 2015**.
2. That if an emergency services vehicle operated by the municipality, or operated by an agency with which the municipality contracts for that particular emergency service, is dispatched in response to a request through the Winnebago County Emergency 911 System, such vehicle (whether owned and operated by the municipality or by the agency) shall render its services to the persons needing the services, regardless of whether the vehicle is operating outside the vehicle's normal jurisdictional (or as defined by contract) boundaries.
3. That a Winnebago County Communications and Information System Advisory Committee shall be established to develop and recommend policy and procedures for emergency services communications and public safety records management issues in Winnebago County. A User's Guide that was developed in 1994 has been updated as necessary, and includes directives and guidelines for the proper use of E911 communication devices (which may include, but not be limited to, radios, computers, mobile data devices and pagers). Violation of User Guide directives could result in disciplinary action being imposed by the employing agency. The committee will be charged to effectively recommend equipment/software purchases and resource allocation with the authority to develop sub-committees as needed to accomplish that task. The committee may develop special ad-hoc, advisory task forces to research regional communication

network(s) with neighboring public safety departments or other County E911 Systems. The Advisory Committee will report to the County Executive and service that position in an advisory nature. Membership on the Advisory Committee shall consist of 9 representatives (appointed by the County Executive) from the following:

4 – Police Agency (separate departments) Representatives (normally the Police Chief or his/her designee).

4 – Fire Agency (separate departments) Representatives (normally the Fire Chief or his/her designee).

1 – Emergency Government Representative.

The Advisory Committee shall elect one Chair and Vice-Chair each year commencing in January.

4. That a copy of this Agreement shall be filed with the State Department of Justice, as required by Sec. 146.70 (9)(c), Wis. Stats.

**WINNEBAGO COUNTY**

By: Mark L. Harris  
Winnebago County Executive  
Mark L. Harris

Date: 9/12/14

By: Susan T. Ertmer  
County Clerk  
Susan T. Ertmer

Date: 9/5/14

**CITY OF MENASHA**

By: \_\_\_\_\_  
Mayor

Date: \_\_\_\_\_

By: \_\_\_\_\_  
City Clerk

Date: \_\_\_\_\_

**WB-42 AMENDMENT TO LISTING CONTRACT**

1 It is agreed that the Listing Contract dated April 19, 2013, between the undersigned,  
2 for sale of the property known as (Street Address/Description) 901 Airport Rd.  
3 in the City of Menasha, County of  
4 Winnebago, Wisconsin is amended as follows:

5  The list price is changed from \$ \_\_\_\_\_ to \$ \_\_\_\_\_.

6  The expiration date of the contract is changed from midnight September 25, 2014 to  
7 midnight September 25, 2015.

8  The following items are (added to)(deleted from) STRIKE ONE the list of property to be included in the list  
9 price: \_\_\_\_\_

10 \_\_\_\_\_

11  Other: \_\_\_\_\_

12 \_\_\_\_\_

13 \_\_\_\_\_

14 \_\_\_\_\_

15 \_\_\_\_\_

16 \_\_\_\_\_

17 \_\_\_\_\_

18 \_\_\_\_\_

19 \_\_\_\_\_

20 \_\_\_\_\_

21 \_\_\_\_\_

22 \_\_\_\_\_

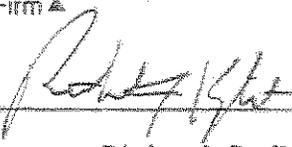
23 ALL OTHER TERMS OF THIS CONTRACT AND ANY PRIOR AMENDMENTS REMAIN UNCHANGED.

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

27 Newmark Grubb Pfefferle

28 Broker/Firm ▲

29

30 (x)  9-19-14

31 By ▲ Date ▲

32 Print name ▶ Richard J. Knight, EVP Secy.

(x) \_\_\_\_\_

Seller's Signature ▲ Date ▲

Print name ▶ City of Menasha

(x) \_\_\_\_\_

Seller's Signature ▲ Date ▲

Print name ▶ Greg Keil, Director

**WB-3 VACANT LAND LISTING CONTRACT - EXCLUSIVE RIGHT TO SELL****1 SELLER GIVES BROKER THE EXCLUSIVE RIGHT TO SELL THE PROPERTY ON THE FOLLOWING TERMS:**

2 ■ **PROPERTY DESCRIPTION:** Street address is: 901 Airport Road  
 3 in Section \_\_\_\_\_ in the City of Menasha, County of Winnebago,  
 4 Wisconsin. Insert additional description, if any, at lines 254-261 or attach as an addendum per lines 262-264.  
 5 ■ **LIST PRICE:** One Hundred Twelve Thousand Dollars (\$ 112,000.00 ).  
 6 ■ **INCLUDED IN LIST PRICE:** Seller is including in the list price the Property, all Fixtures not excluded on lines 10-11,  
 7 and the following items: None

8  
 9 ■ **NOT INCLUDED IN LIST PRICE: CAUTION:** Identify Fixtures to be excluded by Seller or which are rented and will  
 10 continue to be owned by the lessor. (See lines 212-217): None

11  
 12 ■ **GOVERNMENTAL AND CONSERVATION PROGRAMS:** Seller represents that all or some of the Property is  
 13 enrolled in the following governmental conservation, farmland, environmental, land use or use restricting programs,  
 14 agreements or conservation easements, (county, state or federal): N/A

15  
 16 ■ **USE VALUE ASSESSMENT:** Seller represents that ~~(all or some of the Property)~~ (none of the Property) **STRIKE**  
 17 ONE has been assessed as agricultural property under use value law.

18 ■ **SPECIAL ASSESSMENTS:** Seller represents that the Property is subject to the following special assessments:  
 19 None

20 ■ **SPECIAL ZONING, LAND USE OR DEVELOPMENT RESTRICTIONS:** Seller represents that the Property is  
 21 subject to the following special zoning, land use, development restrictions or other conditions affecting the Property:  
 22 N/A

23 ■ **MARKETING:** Seller authorizes and Broker agrees to use reasonable efforts to procure a buyer for the Property.  
 24 Seller agrees that Broker may market Seller's personal property identified on lines 7-8 during the term of this Listing.  
 25 Broker's marketing may include: Signs, LoopNet, websites, direct or e-mailings, broker networking

26  
 27 Broker may advertise the following special financing and incentives offered by Seller: N/A

28  
 29 Seller has a duty to cooperate with Broker's marketing  
 30 efforts. See lines 84-90 regarding Broker's role as marketing agent and Seller's duty to notify Broker of any potential  
 31 buyer known to Seller. Seller agrees that Broker may market other properties during the term of this Listing.

32 ■ **OCCUPANCY:** Unless otherwise provided, Seller agrees to give buyer occupancy of the Property at time of closing.  
 33 Unless otherwise agreed, Seller agrees to have the Property free of all debris and personal property except for  
 34 personal property belonging to current tenants, sold to buyer or left with buyer's consent.

35 ■ **COOPERATION, ACCESS TO PROPERTY OR OFFER PRESENTATION:** The parties agree that Broker will work  
 36 and cooperate with other brokers in marketing the Property, including brokers from other firms acting as subagents  
 37 (agents from other companies engaged by Broker - See lines 148-151) and brokers representing buyers. Cooperation  
 38 includes providing access to the Property for showing purposes and presenting offers and other proposals from these  
 39 brokers to Seller. Note any brokers with whom Broker shall not cooperate, any brokers or buyers who shall not be  
 40 allowed to attend showings, and the specific terms of offers which should not be submitted to Seller: N/A

41 **CAUTION:** Limiting Broker's cooperation with other brokers may reduce the marketability of the Property.

42 ■ **EXCLUSIONS:** All persons who may acquire an interest in the Property as a Protected Buyer under a prior listing  
 43 contract are excluded from this Listing to the extent of the prior broker's legal rights, unless otherwise agreed to in writing.  
 44 Within seven days of the date of this Listing, Seller agrees to deliver to Broker a written list of all such prospective buyers.  
 45 The following other buyers are excluded from this Listing until \_\_\_\_\_ **INSERT DATE** :

46  
 47 These other buyers are no longer excluded from this Listing after the specified date unless, on or before the specified date,  
 48 Seller has either accepted an offer from the buyer or sold the Property to the buyer.

49 ■ **COMPENSATION TO OTHERS:** Broker offers the following commission to cooperating brokers: 4% to other  
 50 brokers . (Exceptions if any): \_\_\_\_\_

51 ■ **COMMISSION:** Broker's commission shall be See Line 254

52 Seller shall pay Broker's commission, which shall be earned, if, during the term of this Listing:

- 53 1) Seller sells or accepts an offer which creates an enforceable contract for the sale of all or any part of the Property;
- 54 2) Seller grants an option to purchase all or any part of the Property which is subsequently exercised;
- 55 3) Seller exchanges or enters into a binding exchange agreement on all or any part of the Property;
- 56 4) A transaction occurs which causes an effective change in ownership or control of all or any part of the Property; or

- 57 5) A buyer is procured for the Property by Broker, by Seller, or by any other person, at no less than the price and on  
 58 substantially the same terms set forth in this Listing and in the standard provisions of the current WB-13 VACANT  
 59 LAND OFFER TO PURCHASE, even if Seller does not accept this buyer's offer. (See lines 222-225 regarding  
 60 procurement.)
- 61 A percentage commission, if applicable, shall be calculated based on the purchase price if commission is earned under 1)  
 62 or 2) above, or calculated based on the list price under 3), 4) or 5). A percentage commission shall be calculated on the  
 63 fair market value of the Property exchanged under 3) if the exchange involves less than the entire Property or on the fair  
 64 market value of the Property to which an effective change in ownership or control takes place, under 4) if the transaction  
 65 involves less than the entire Property. Once earned, Broker's commission is due and payable in full at the earlier of closing  
 66 or the date set for closing, unless otherwise agreed in writing. Broker's commission shall be earned if, during the term of  
 67 the Listing, one owner of the Property sells, conveys, exchanges or options an interest in all or any part of the Property to  
 68 another owner, except by divorce judgment.
- 69 NOTE: A sale, option, exchange or procurement of a buyer for a portion of the Property does not terminate the Listing as to  
 70 any remaining Property.
- 71 ■ **EXTENSION OF LISTING:** The Listing term is extended for a period of one year as to any Protected Buyer. Upon  
 72 receipt of a written request from Seller or a broker who has listed the Property, Broker agrees to promptly deliver to  
 73 Seller a written list of those buyers known by Broker to whom the extension period applies. Should this Listing be  
 74 terminated by Seller prior to the expiration of the term stated in this Listing, this Listing shall be extended for Protected  
 75 Buyers, on the same terms, for one year after the Listing is terminated.
- 76 ■ **TERMINATION OF LISTING:** Neither Seller nor Broker has the legal right to unilaterally terminate this Listing absent a  
 77 material breach of contract by the other party. Seller understands that the parties to the Listing are Seller and the Broker  
 78 (firm). Agents (salespersons) for Broker (firm) do not have the authority to enter into a mutual agreement to terminate the  
 79 Listing, amend the commission amount or shorten the term of this Listing, without the written consent of the agent(s)  
 80 supervising broker. Seller and Broker agree that any termination of this Listing by either party before the date stated on  
 81 line 269 shall be indicated to the other party in writing and shall not be effective until delivered to the other Party in  
 82 accordance with lines 206-211. CAUTION: Early termination of this Listing may be a breach of contract, causing the  
 83 terminating party to potentially be liable for damages.
- 84 ■ **SELLER COOPERATION WITH MARKETING EFFORTS:** Seller agrees to cooperate with Broker in Broker's  
 85 marketing efforts and to provide Broker with all records, documents and other material in Seller's possession or control  
 86 which are required in connection with the sale. Seller authorizes Broker to do those acts reasonably necessary to  
 87 effect a sale and Seller agrees to cooperate fully with these efforts which may include use of a multiple listing service,  
 88 Internet advertising or a lockbox system on Property. Seller shall promptly notify Broker in writing of any potential buyers  
 89 with whom Seller negotiates during the term of this Listing and shall promptly refer all persons making inquiries  
 90 concerning the Property to Broker.
- 91 ■ **LEASED PROPERTY:** If Property is currently leased and lease(s) will extend beyond closing, Seller shall assign  
 92 Seller's rights under the lease(s) and transfer all security deposits and prepaid rents (subject to agreed upon prorations)  
 93 thereunder to buyer at closing. Seller acknowledges that Seller remains liable under the lease(s) unless released by  
 94 tenant(s). CAUTION: Seller should consider obtaining an indemnification agreement from buyer for liabilities under the  
 95 lease(s) unless released by tenants.
- 96 ■ **BROKER DISCLOSURE TO CLIENTS:**
- 97 **UNDER WISCONSIN LAW, A BROKER OWES CERTAIN DUTIES TO ALL PARTIES TO A TRANSACTION:**
- 98 (a) The duty to provide brokerage services to you fairly and honestly.  
 99 (b) The duty to exercise reasonable skill and care in providing brokerage services to you.  
 100 (c) The duty to provide you with accurate information about market conditions within a reasonable time if you request  
 101 it, unless disclosure of the information is prohibited by law.  
 102 (d) The duty to disclose to you in writing certain material adverse facts about a property, unless disclosure of the  
 103 information is prohibited by law. (See Lines 218-221)  
 104 (e) The duty to protect your confidentiality. Unless the law requires it, the broker will not disclose your confidential  
 105 information or the confidential information of other parties. (See Lines 157-173)  
 106 (f) The duty to safeguard trust funds and other property the broker holds.  
 107 (g) The duty, when negotiating, to present contract proposals in an objective and unbiased manner and disclose the  
 108 advantages and disadvantages of the proposals.
- 109 ■ **BECAUSE YOU HAVE ENTERED INTO AN AGENCY AGREEMENT WITH A BROKER, YOU ARE THE**  
 110 **BROKER'S CLIENT. A BROKER OWES ADDITIONAL DUTIES TO A CLIENT:**
- 111 (a) The broker will provide, at your request, information and advice on real estate matters that affect your transaction,  
 112 unless you release the broker from this duty.  
 113 (b) The broker must provide you with all material facts affecting the transaction, not just adverse facts.  
 114 (c) The broker will fulfill the broker's obligations under the agency agreement and fulfill your lawful requests that are  
 115 within the scope of the agency agreement.  
 116 (d) The broker will negotiate for you, unless you release the broker from this duty.  
 117 (e) The broker will not place the broker's interests ahead of your interests. The broker will not, unless required by

118 law, give information or advice to other parties who are not the broker's clients, if giving the information or advice is  
119 contrary to your interests.  
120 (f) If you become involved in a transaction in which another party is also the broker's client (a "multiple representation  
121 relationship"), different duties may apply.

122 ■ **MULTIPLE REPRESENTATION RELATIONSHIPS AND DESIGNATED AGENCY:**

123 ■ A multiple representation relationship exists if a broker has an agency agreement with more than one client who is a  
124 party in the same transaction. In a multiple representation relationship, if all of the broker's clients in the transaction  
125 consent, the broker may provide services to the clients through designated agency.

126 ■ Designated agency means that different salespersons employed by the broker will negotiate on behalf of you and the  
127 other client or clients in the transaction, and the broker's duties will remain the same. Each salesperson will provide  
128 information, opinions, and advice to the client for whom the salesperson is negotiating, to assist the client in the  
129 negotiations. Each client will be able to receive information, opinions, and advice that will assist the client, even if the  
130 information, opinions, or advice gives the client advantages in the negotiations over the broker's other clients. A  
131 salesperson will not reveal any of your confidential information to another party unless required to do so by law.

132 ■ If a designated agency relationship is not in effect you may authorize or reject a multiple representation relationship.  
133 If you authorize a multiple representation relationship the broker may provide brokerage services to more than one  
134 client in a transaction but neither the broker nor any of the broker's salespersons may assist any client with  
135 information, opinions, and advice which may favor the interests of one client over any other client. If you do not  
136 consent to a multiple representation relationship the broker will not be allowed to provide brokerage services to more  
137 than one client in the transaction.

138 **INITIAL ONLY ONE OF THE THREE LINES BELOW:**

- 139 \_\_\_\_\_ I consent to designated agency.
- 140 \_\_\_\_\_ I consent to multiple representation relationships, but I do not consent to designated agency.
- 141 \_\_\_\_\_ I reject multiple representation relationships.

142 **NOTE: YOU MAY WITHDRAW YOUR CONSENT TO DESIGNATED AGENCY OR TO MULTIPLE REPRESENTATION**  
143 **RELATIONSHIPS BY WRITTEN NOTICE TO THE BROKER AT ANY TIME. YOUR BROKER IS REQUIRED TO DISCLOSE TO**  
144 **YOU IN YOUR AGENCY AGREEMENT THE COMMISSION OR FEES THAT YOU MAY OWE TO YOUR BROKER. IF YOU HAVE**  
145 **ANY QUESTIONS ABOUT THE COMMISSION OR FEES THAT YOU MAY OWE BASED UPON THE TYPE OF AGENCY**  
146 **RELATIONSHIP YOU SELECT WITH YOUR BROKER YOU SHOULD ASK YOUR BROKER BEFORE SIGNING THE AGENCY**  
147 **AGREEMENT.**

148 ■ **SUBAGENCY:** The broker may, with your authorization in the agency agreement, engage other brokers who assist  
149 your broker by providing brokerage services for your benefit. A subagent will not put the subagent's own interests  
150 ahead of your interests. A subagent will not, unless required by law, provide advice or opinions to other parties if doing  
151 so is contrary to your interests.

152 **PLEASE REVIEW THIS INFORMATION CAREFULLY. A broker or salesperson can answer your questions about**  
153 **brokerage services, but if you need legal advice, tax advice, or a professional home inspection, contact an**  
154 **attorney, tax advisor, or home inspector. This disclosure is required by section 452.135 of the Wisconsin statutes**  
155 **and is for information only. It is a plain language summary of a broker's duties to you under section 452.133 (2) of**  
156 **the Wisconsin statutes.**

157 ■ **CONFIDENTIALITY NOTICE TO CLIENTS:** Broker will keep confidential any information given to Broker in  
158 confidence, or any information obtained by Broker that he or she knows a reasonable person would want to be kept  
159 confidential, unless the information must be disclosed by law or you authorize Broker to disclose particular information.  
160 Broker shall continue to keep the information confidential after Broker is no longer providing brokerage services to you.  
161 The following information is required to be disclosed by law:

- 162 1) Material adverse facts, as defined in section 452.01 (5g) of the Wisconsin statutes (lines 218-221).
- 163 2) Any facts known by the Broker that contradict any information included in a written inspection report on the property  
164 or real estate that is the subject of the transaction.

165 To ensure that the Broker is aware of what specific information you consider confidential, you may list that information  
166 below (see lines 168-170). At a later time, you may also provide the Broker with other information you consider to be  
167 confidential.

168 **CONFIDENTIAL INFORMATION:** None  
169 \_\_\_\_\_  
170 \_\_\_\_\_

171 **NON-CONFIDENTIAL INFORMATION** (The following may be disclosed by Broker): None  
172 \_\_\_\_\_  
173 \_\_\_\_\_

174 ■ **SELLER'S DISCLOSURE REPORT:** Wisconsin Administrative Code Chapter RL 24 requires listing brokers to  
175 make inquiries of the Seller on the condition of the Property and to request that Seller provide a written response to  
176 Broker's inquiry. Seller agrees to complete a seller's disclosure report to the best of Seller's knowledge. Seller agrees  
177 to amend the report should Seller learn of any defect(s) after completion of the report but before acceptance of a buyer's  
178 offer to purchase. Seller authorizes Broker to distribute the report to all interested parties and their agents inquiring  
179 about the Property and acknowledges that Broker has a duty to disclose all material adverse facts as required by law.

180 ■ **SELLER REPRESENTATIONS REGARDING DEFECTS:** Seller represents to Broker that as of the date of this  
 181 Listing, if a seller's disclosure report or other form of written response to Broker's inquiry regarding the condition of the  
 182 Property has been made by the Seller, the Seller has no notice or knowledge of any defects affecting the Property other  
 183 than those noted on Seller's disclosure report or written response.

184 **WARNING: IF SELLER REPRESENTATIONS ARE INCORRECT OR INCOMPLETE, SELLER MAY BE LIABLE FOR**  
 185 **DAMAGES AND COSTS.**

186 ■ **OPEN HOUSE AND SHOWING RESPONSIBILITIES:** Seller is aware that there is a potential risk of injury, damage  
 187 and/or theft involving persons attending an "individual showing" or an "open house." Seller accepts responsibility for  
 188 preparing the Property to minimize the likelihood of injury, damage and/or loss of personal property. Seller agrees to  
 189 hold Broker harmless for any losses or liability resulting from personal injury, property damage, or theft occurring  
 190 during "individual showings" or "open houses" other than those caused by Broker's negligence or intentional  
 191 wrongdoing. Seller acknowledges that individual showings and open houses may be conducted by licensees other  
 192 than Broker, that appraisers and inspectors may conduct appraisals and inspections without being accompanied by  
 193 Broker or other licensees, and that buyers or licensees may be present at all inspections and testing and may  
 194 photograph or videotape Property unless otherwise provided for in additional provisions at lines 254-261 or in an  
 195 addendum per lines 262-264.

196 ■ **DEFINITIONS:**

197 **ADVERSE FACT:** An "adverse fact" means any of the following:

198 (a) A condition or occurrence that is generally recognized by a competent licensee as doing any of the following:

- 199 1) Significantly and adversely affecting the value of the Property;
- 200 2) significantly reducing the structural integrity of improvements to real estate; or
- 201 3) presenting a significant health risk to occupants of the Property.

202 (b) Information that indicates that a party to a transaction is not able to or does not intend to meet his or her  
 203 obligations under a contract or agreement made concerning the transaction.

204 **DEADLINES - DAYS:** Deadlines expressed as a number of "days" from an event are calculated by excluding the day the  
 205 event occurred and by counting subsequent calendar days.

206 **DELIVERY:** Delivery of documents or written notices related to this Listing may only be accomplished by:

- 207 1) giving the document or written notice personally to the party;
- 208 2) depositing the document or written notice postage or fees prepaid or charged to an account in the U.S. Mail or a  
 209 commercial delivery system, addressed to the party, at the party's address (See lines 275, 281 and 287.);
- 210 3) electronically transmitting the document or written notice to the party's fax number (See lines 277, 283 and 289.); or,
- 211 4) as otherwise agreed in additional provisions on lines 254-261 or in an addendum to this Listing.

212 **FIXTURES:** A "fixture" is an item of property which is physically attached to or so closely associated with land so as to  
 213 be treated as part of the real estate, including, without limitation, physically attached items not easily removable  
 214 without damage to the premises, items specifically adapted to the premises, and items customarily treated as fixtures,  
 215 including, but not limited to, all: perennial crops; garden bulbs; plants; shrubs and trees; and fences; storage buildings  
 216 on permanent foundations and docks/piers on permanent foundations.

217 **CAUTION: Annual crops are not part of the purchase price unless otherwise agreed.**

218 **MATERIAL ADVERSE FACT:** A "material adverse fact" means an adverse fact that a party indicates is of such  
 219 significance, or that is generally recognized by a competent licensee as being of such significance to a reasonable  
 220 party, that it affects or would affect the party's decision to enter into a contract or agreement concerning a transaction  
 221 or affects or would affect the party's decision about the terms of such a contract or agreement.

222 **PROCURE:** A buyer is procured when, during the term of the Listing, an enforceable contract of sale is entered into  
 223 between the Seller and the buyer or when a ready, willing and able buyer submits to the Seller or the Listing Broker a written  
 224 offer at the price and on substantially the terms specified in this Listing. A buyer is ready, willing and able when the buyer  
 225 submitting the written offer has the ability to complete the buyer's obligations under the written offer. (See lines 57-60)

226 **PROPERTY:** Unless otherwise stated, "Property" means the real estate described at lines 2-4.

227 **PROTECTED BUYER:** Means a buyer who personally, or through any person acting for such buyer: 1) delivers to Seller or  
 228 Broker a written offer to purchase, exchange or option on the Property during the term of this Listing; 2) negotiates directly  
 229 with Seller by discussing with Seller the potential terms upon which buyer might acquire an interest in the Property; or 3)  
 230 attends an individual showing of the Property or discusses with Broker or cooperating brokers the potential terms upon  
 231 which buyer might acquire an interest in the Property, but only if Broker delivers the buyer's name to Seller, in writing, no  
 232 later than three days after the expiration of the Listing. The requirement in 3), to deliver the buyer's name to Seller in writing,  
 233 may be fulfilled as follows: a) If the Listing is effective only as to certain individuals who are identified in the Listing, by the  
 234 identification of the individuals in the Listing; or, b) if a buyer has requested that the buyer's identity remain confidential, by  
 235 delivery of a written notice identifying the broker with whom the buyer negotiated and the date(s) of any showings or other  
 236 negotiations.

237 ■ **NON-DISCRIMINATION:** Seller and Broker agree that they will not discriminate against any prospective buyer on  
 238 account of race, color, sex, sexual orientation as defined in Wisconsin Statutes, Section 111.32 (13m), disability,  
 239 religion, national origin, marital status, lawful source of income, age, ancestry, familial status, or in any other unlawful  
 240 manner.

241 ■ **EARNEST MONEY:** If Broker holds trust funds in connection with the transaction, they shall be retained by Broker in  
242 Broker's trust account. Broker may refuse to hold earnest money or other trust funds. Should Broker hold the earnest money  
243 Seller authorizes Broker to disburse the earnest money as directed in a written earnest money disbursement agreement  
244 signed by or on behalf of all parties having an interest in the trust funds. If the transaction fails to close and the earnest  
245 money is disbursed to Seller, then upon disbursement to Seller the earnest money shall be paid first to reimburse Broker for  
246 cash advances made by Broker on behalf of Seller and one half of the balance, but not in excess of the agreed commission,  
247 shall be paid to Broker as Broker's full commission in connection with said purchase transaction and the balance shall belong  
248 to Seller. This payment to Broker shall not terminate this Listing.

249 ■ **UTILITY AVAILABILITY:** Seller represents that the following utility connections are located as follows: (e.g. at the  
250 lot line, on the property, across the street, unknown, etc.): electricity to the site; gas to the site;  
251 municipal sewer to the site; municipal water to the site; telephone to the site;  
252 other none; **STRIKE AND COMPLETE AS APPLICABLE**

253 ■ **ZONING:** Seller represents that the property is zoned: C-1 General Commercial

254 ■ **ADDITIONAL PROVISIONS:** 1. Mike Pfefferle will not be charging a commission to list. Also,  
255 Pfefferle Companies Brokers will not be paid a commission. Outside Brokers will be paid  
256 4%. A Phase 1 Environmental assessments shall be made available to all purchasers.

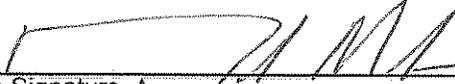
257  
258 2. See attached addendum  
259  
260  
261

262 ■ **ADDENDA:** The attached addenda None  
263  
264

265 is/are made part of this Listing.  
266 ■ **NOTICE ABOUT SEX OFFENDER REGISTRY:** You may obtain information about the sex offender registry and  
267 persons registered with the registry by contacting the Wisconsin Department of Corrections on the Internet at  
268 http://www.widocoffenders.org or by telephone at (608)240-5830.

269 ■ **TERM OF THE CONTRACT:** From the 25th day of March, 2013  
270 up to and including midnight of the 25th day of March, 2014

271 ■ **READING/RECEIPT:** BY SIGNING BELOW, SELLER ACKNOWLEDGES RECEIPT OF A COPY OF THIS  
272 LISTING CONTRACT AND THAT HE/SHE HAS READ ALL FIVE PAGES AS WELL AS ANY ADDENDA AND ANY  
OTHER DOCUMENTS INCORPORATED INTO THE LISTING.

273 (x)  \_\_\_\_\_ City of Menasha \_\_\_\_\_ 19 April 2013  
274 Seller's Signature ▲ \_\_\_\_\_ Print Name Here: ▲ \_\_\_\_\_ Date ▲  
140 Main St.  
275 Menasha, WI 54952 \_\_\_\_\_ (920) 967-3600  
276 Seller's Address ▲ \_\_\_\_\_ Seller's Phone # ▲

277 \_\_\_\_\_ gkeil@ci.menasha.wi.us  
278 Seller's Fax # ▲ \_\_\_\_\_ Seller's E-Mail Address ▲

279 (x) \_\_\_\_\_  
280 Seller's Signature ▲ \_\_\_\_\_ Print Name Here: ▲ \_\_\_\_\_ Date ▲

281 \_\_\_\_\_  
282 Seller's Address ▲ \_\_\_\_\_ Seller's Phone # ▲

283 \_\_\_\_\_  
284 Seller's Fax # ▲ \_\_\_\_\_ Seller's E-Mail Address ▲

285 (x)  Richard J. Knight, \_\_\_\_\_ 3-28-13  
286 Agent for Broker ▲ \_\_\_\_\_ Print Name Here: ▲ Grubb & Ellis | Pfefferle \_\_\_\_\_ Date ▲  
200 E. Washington St.  
287 Appleton, WI 54911 \_\_\_\_\_ (920) 968-4700  
288 Broker/Firm Address ▲ \_\_\_\_\_ Broker/Firm Phone # ▲

289 (920) 968-4300 \_\_\_\_\_ mikep@gepwi.com  
290 Broker/Firm Fax # ▲ \_\_\_\_\_ Broker/Firm E-Mail Address ▲

## Addendum A

901 Airport Road  
Menasha, WI

Property is being sold subject to the following conditions:

Within 18 months of closing, purchaser must begin construction of a building or structure in compliance with city ordinances and other applicable laws and for a permitted purpose under city ordinances. Construction must be completed within 1 year after construction begins.