



COMMITTEE OF THE WHOLE
of the
NEENAH COMMON COUNCIL
Wednesday, July 19, 2017
6:00 p.m.
Council Chambers

AGENDA

- I. Call to Order & Roll Call
- II. Public Appearances
- III. Presentation by Baker Tilly Virchow Krause LLP on the 2016 Comprehensive Annual Financial Report (CAFR), Communication to those Charged with Governance & Management and Report to the City Council.
- IV. Adjournment.

“Neenah City Hall is accessible to the physically disadvantaged. If special accommodations are needed please contact the Neenah City Clerk’s Office at 886-6100 at least 24 hours in advance of the meeting.”

CITY OF NEENAH
REPORT TO THE CITY COUNCIL

July 19, 2017

Presented By:

Baker Tilly Virchow Krause, LLP
Ten Terrace Court
P.O. Box 7398
Madison, WI 53707-7398
800-362-7301

Carla A. Gogin, CPA, Partner

Note: Actual data was derived from current and prior years audited financial statements

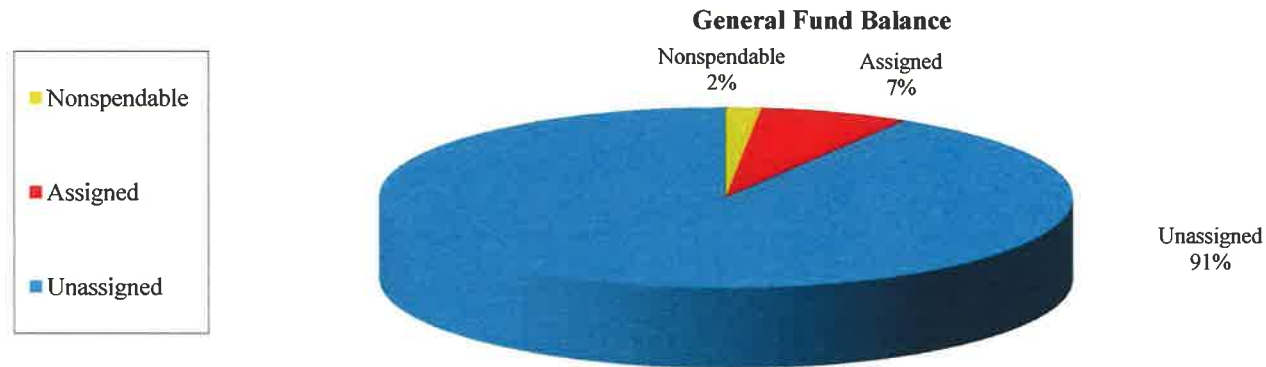
© 2017 Baker Tilly Virchow Krause, LLP

CITY OF NEENAH

2016 FINANCIAL STATEMENT HIGHLIGHTS

DETAILS OF GENERAL FUND BALANCE

<u>Nonspendable</u>	<u>2016</u>
<i>includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.</i>	\$69,083
<u>Assigned</u>	
<i>includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed.</i>	292,010
<u>Unassigned</u>	
<i>includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories.</i>	<u>3,825,574</u>
Total General Fund Balance	\$ <u>4,186,667</u>



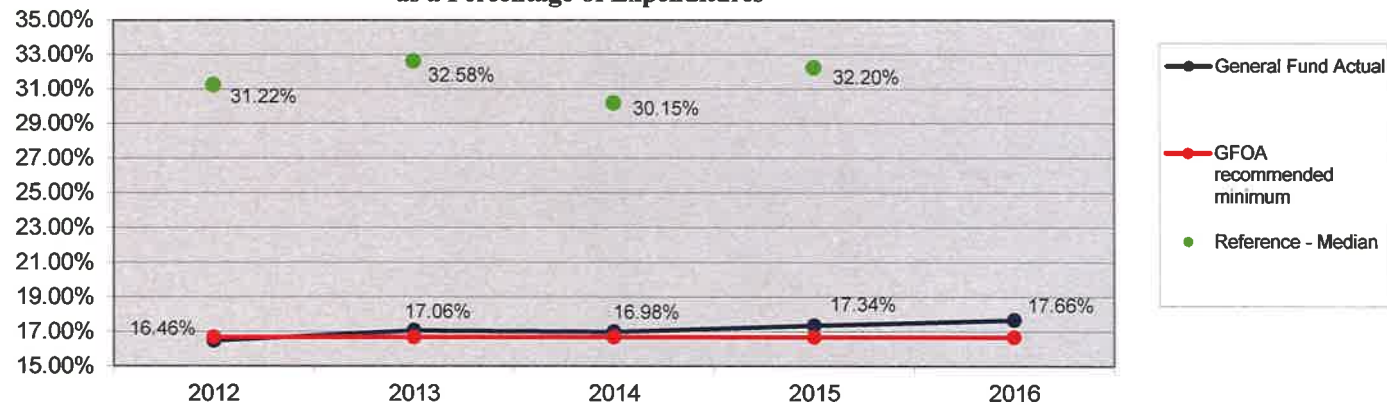
CITY OF NEENAH

2016 FINANCIAL STATEMENT HIGHLIGHTS

ANALYSIS OF GENERAL FUND BALANCE

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Unrestricted Fund Balance	\$ 3,739,091	\$ 3,856,456	\$ 3,882,057	\$ 3,978,809	\$ 4,117,584
Expenditures	22,713,130	22,611,451	22,861,220	22,944,639	23,312,153
% of expenditures	16.46%	17.06%	16.98%	17.34%	17.66%

**Unrestricted General Fund Balance
as a Percentage of Expenditures**



GFOA recommended range for % of expenditures: no less than 2 months of regular GF operating expenditures

Reference values for the population range: 17,500 to 30,000 generated from 2012-2015 Baker Tilly municipal client data for Wisconsin.

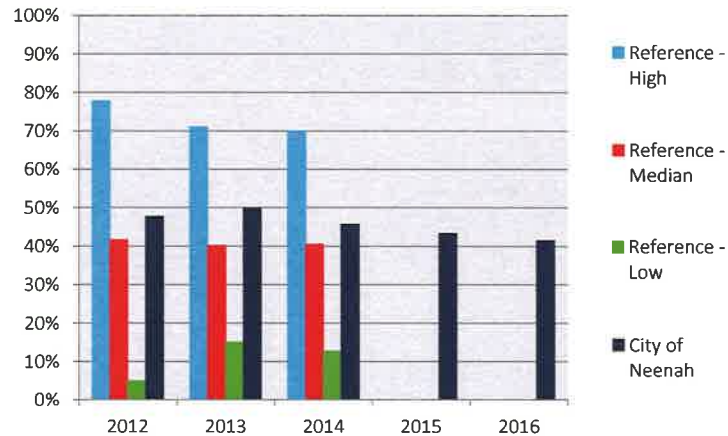
CITY OF NEENAH

2016 FINANCIAL STATEMENT HIGHLIGHTS

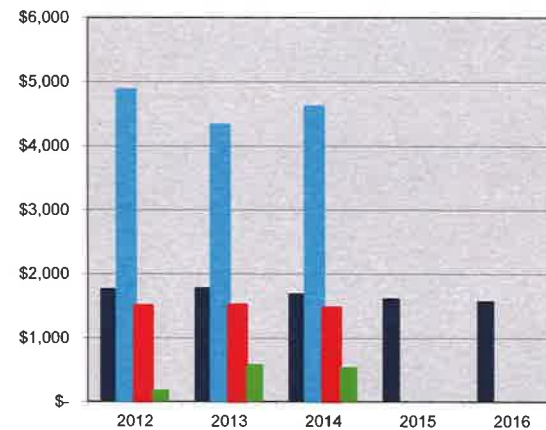
GENERAL OBLIGATION DEBT OUSTANDING

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Total General Obligation (G.O.) Debt (net)</u>					
City	\$ 39,273,910	\$ 39,562,952	\$ 37,821,664	\$ 36,925,947	\$ 37,291,112
Utilities	8,181,034	8,400,430	8,686,334	8,518,933	8,560,252
Subtotal	47,454,944	47,963,382	46,507,998	45,444,880	45,851,364
Less: Funds available for debt	(1,755,090)	(1,845,460)	(2,738,152)	(3,555,016)	(4,552,191)
TOTAL	\$ 45,699,854	\$ 46,117,922	\$ 43,769,846	\$ 41,889,864	\$ 41,299,173
Population	25,723	25,750	25,833	25,871	26,050
G.O. Debt Capacity	\$ 95,838,425	\$ 92,645,375	\$ 95,917,110	\$ 96,652,750	\$ 99,583,005
G.O. debt per capita	\$ 1,777	\$ 1,791	\$ 1,694	\$ 1,619	\$ 1,585
% of debt limit	48%	50%	46%	43%	41%

Percentage of Debt Limit



G.O. Debt Outstanding - Per Capita



2012-2014 Reference values for the population range: 17,500 to 30,000 taken from *MunicipalFacts16* publication by the Wisconsin Taxpayers Alliance, 2016.

CITY OF NEENAH

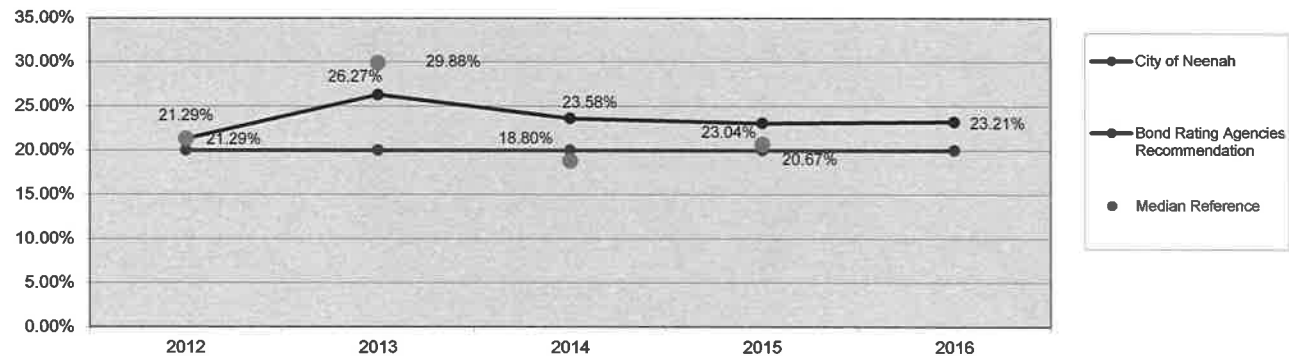
2016 FINANCIAL STATEMENT HIGHLIGHTS

ANALYSIS OF DEBT SERVICE - GOVERNMENTAL FUNDS

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Total Debt Service</u>					
Principal*	\$ 3,834,466	\$ 4,652,286	\$ 5,414,820	\$ 5,249,257	\$ 5,179,835
Interest	<u>2,571,987</u>	<u>3,723,662</u>	<u>2,037,422</u>	<u>1,988,386</u>	<u>2,253,996</u>
TOTAL	\$ 6,406,453	\$ 8,375,948	\$ 7,452,242	\$ 7,237,643	\$ 7,433,831
<u>Total Non-Capital Expenditures</u>					
Total governmental funds expenditures*	\$ 35,984,678	\$ 35,145,571	\$ 35,501,980	\$ 35,101,427	\$ 37,011,330
Less: capital outlay	<u>(5,888,869)</u>	<u>(3,262,846)</u>	<u>(3,901,278)</u>	<u>(3,692,981)</u>	<u>(4,979,179)</u>
TOTAL NON-CAPITAL EXPENDITURES	\$ 30,095,809	\$ 31,882,725	\$ 31,600,702	\$ 31,408,446	\$ 32,032,151
 % of debt service to non-capital expenditures	 21.29%	 26.27%	 23.58%	 23.04%	 23.21%

*Excludes debt refundings

Debt Service to Non-Capital Expenditures



	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
High Reference:	54.97%	63.06%	58.78%	59.17%
Median Reference:	21.29%	29.88%	18.80%	20.67%
Low Reference:	12.25%	12.06%	15.94%	4.23%

Reference values for the population range: 17,500 to 30,000 generated from 2012-2015 Baker Tilly municipal client data for Wisconsin.

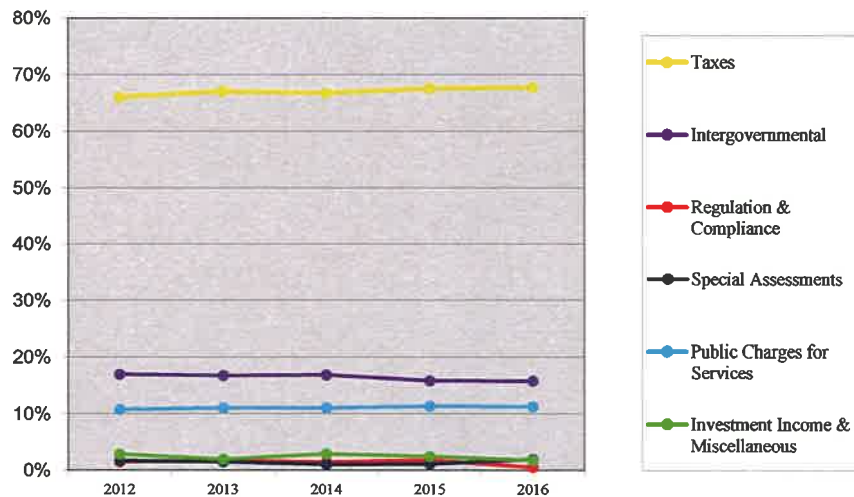
CITY OF NEENAH

2016 FINANCIAL STATEMENT HIGHLIGHTS

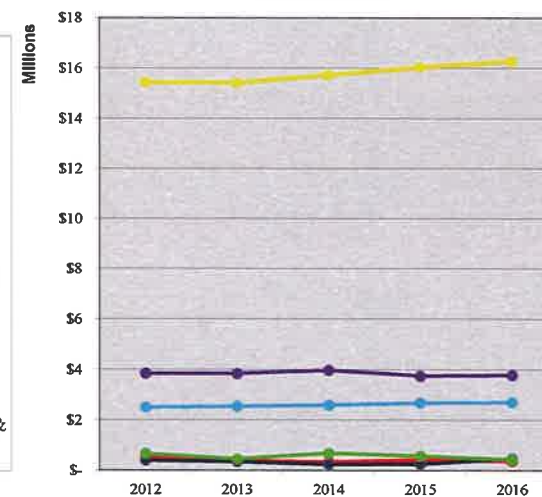
GENERAL & DEBT SERVICE FUND REVENUES

	<u>2012</u>	<u>%</u>	<u>2013</u>	<u>%</u>	<u>2014</u>	<u>%</u>	<u>2015</u>	<u>%</u>	<u>2016</u>	<u>%</u>
<u>Total Revenues</u>										
Taxes	\$ 15,456,613	66%	\$ 15,420,475	67%	\$ 15,737,223	67%	\$ 16,044,912	68%	\$ 16,294,432	68%
Intergovernmental	3,843,887	17%	3,837,383	17%	3,967,853	17%	3,747,003	16%	3,779,051	16%
Regulation and Compliance	511,425	2%	385,229	2%	335,931	1%	421,797	2%	367,571	1%
Special Assessments	391,991	2%	339,146	1%	244,090	1%	255,338	1%	471,314	2%
Public Charges for Services	2,501,628	11%	2,534,198	11%	2,590,284	11%	2,676,479	11%	2,706,577	11%
Investment Income & Miscellaneous	667,886	3%	452,426	2%	683,868	3%	579,420	2%	426,839	2%
TOTAL	\$ 23,373,430	100%	\$ 22,968,857	100%	\$ 23,559,249	100%	\$ 23,724,949	100%	\$ 24,045,784	100%

% of Total Revenue



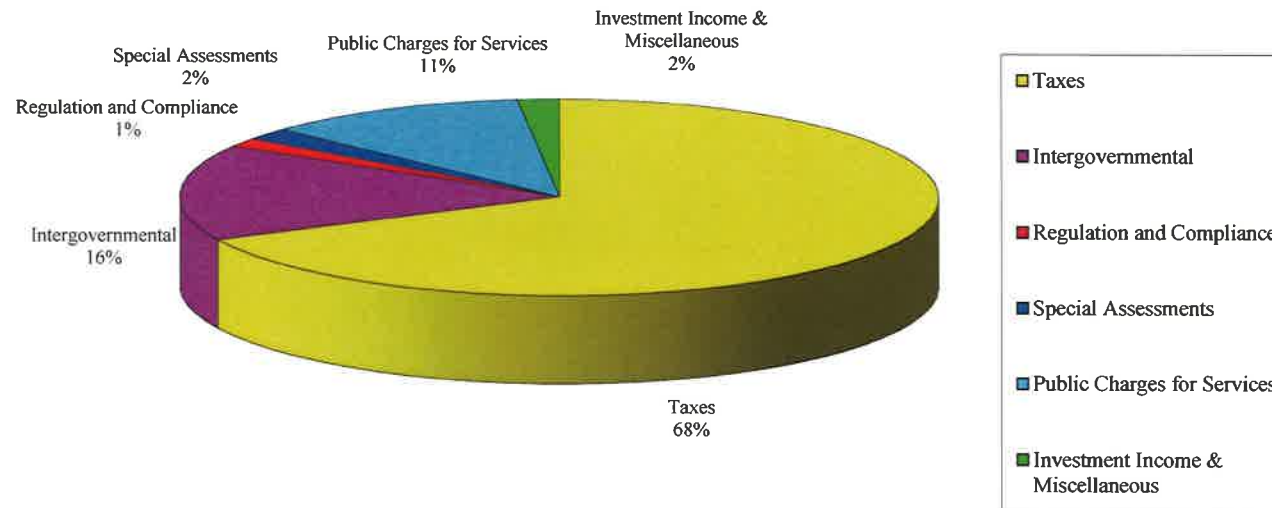
Total Revenue



CITY OF NEENAH
2016 FINANCIAL STATEMENT HIGHLIGHTS

2016 GENERAL & DEBT SERVICE FUND REVENUES

Total Revenues: \$24,045,784



CITY OF NEENAH

2016 FINANCIAL STATEMENT HIGHLIGHTS

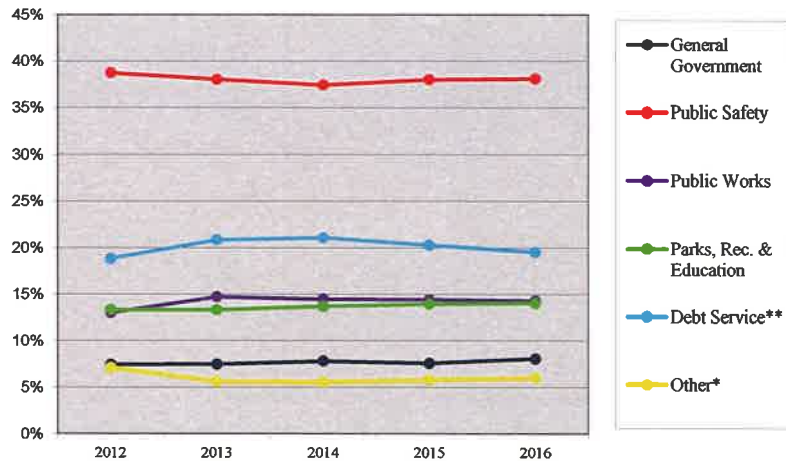
GENERAL & DEBT SERVICE FUND EXPENDITURES

	2012	%	2013	%	2014	%	2015	%	2016	%
Total Expenditures										
General Government	\$ 2,076,328	7%	\$ 2,133,309	7%	\$ 2,257,794	8%	\$ 2,177,819	8%	\$ 2,333,870	8%
Public Safety	10,837,696	39%	10,867,257	38%	10,841,651	37%	10,943,161	38%	11,039,877	38%
Public Works	4,078,836	13%	4,198,844	15%	4,189,970	14%	4,147,828	14%	4,140,075	14%
Parks, Rec. & Education	3,725,566	13%	3,806,288	13%	3,961,212	14%	4,009,698	14%	4,060,987	14%
Debt Service**	5,269,266	19%	5,954,509	21%	6,104,502	21%	5,844,544	20%	5,651,524	20%
Other*	1,982,704	7%	1,605,753	6%	1,610,593	6%	1,666,133	6%	1,737,344	6%
TOTAL	\$ 27,970,396	98%	\$ 28,565,960	100%	\$ 28,965,722	100%	\$ 28,789,183	100%	\$ 28,963,677	100%

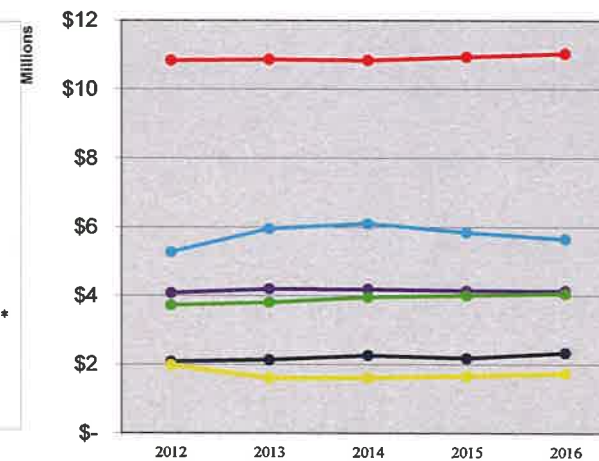
*Other includes health and welfare, community development, and other

**Excludes debt refunding

% of Total Expenditures



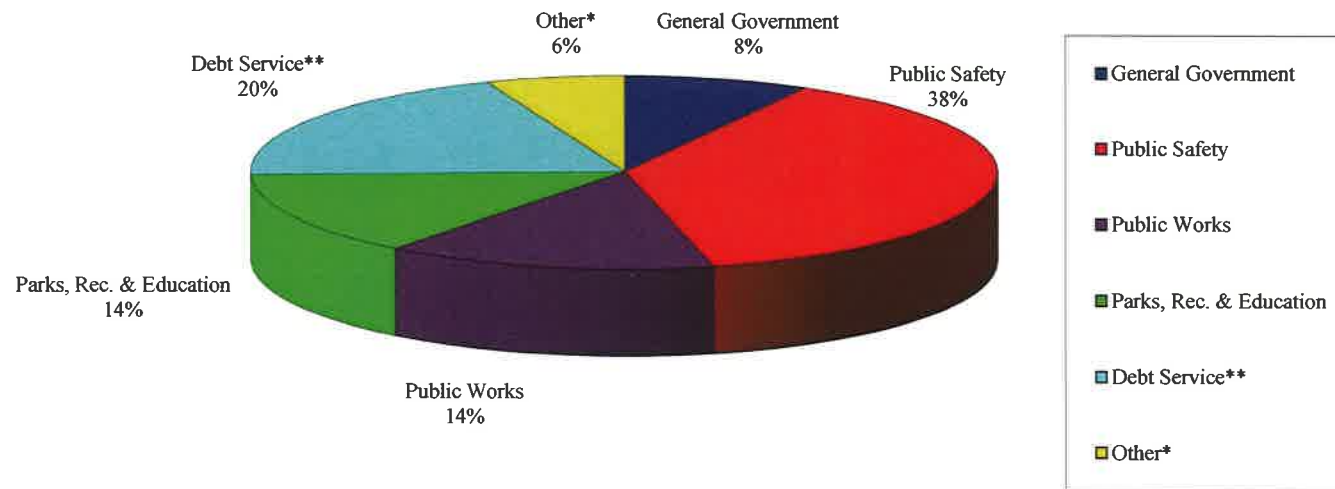
Total Expenditures



CITY OF NEENAH
2016 FINANCIAL STATEMENT HIGHLIGHTS

2016 GENERAL & DEBT SERVICE FUND EXPENDITURES

Total Expenditures: \$28,963,677



*Other includes health and welfare, community development, and other
**Excludes debt refunding

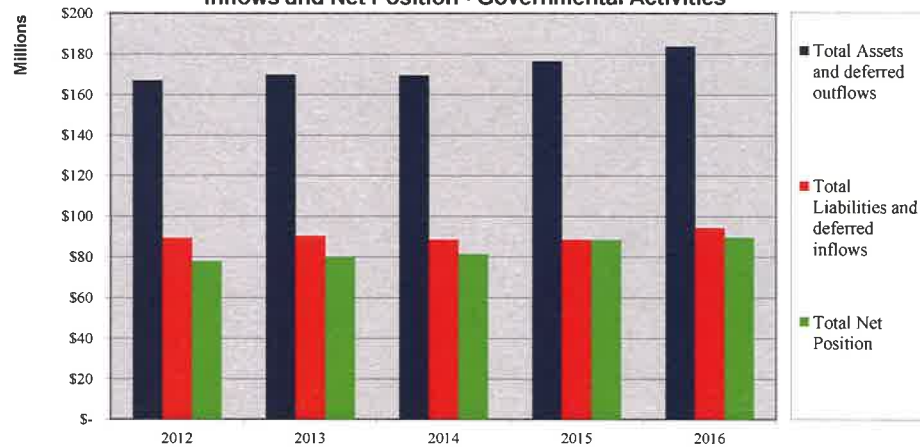
CITY OF NEENAH

2016 FINANCIAL STATEMENT HIGHLIGHTS

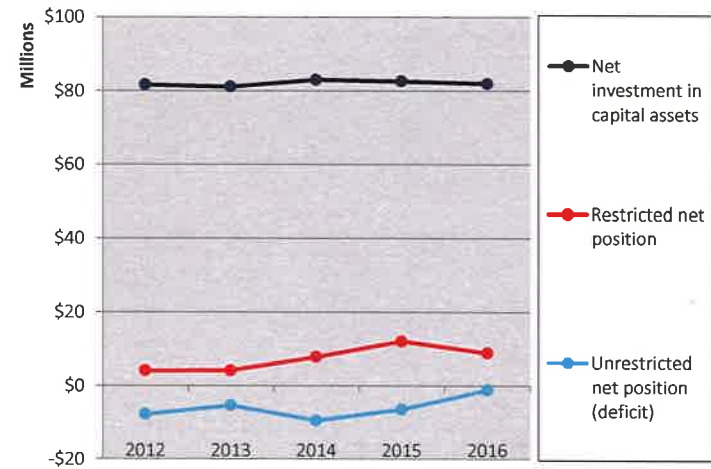
ANALYSIS OF NET POSITION - GOVERNMENTAL ACTIVITIES

	2012	%	2013	%	2014	%	2015	%	2016	%
Total Assets and deferred outflows	\$ 166,974,445		\$ 169,809,107		\$ 169,562,172		\$ 176,467,885		\$ 183,763,960	
Total Liabilities and deferred inflows	89,164,606		90,025,853		88,351,187		88,346,913		94,155,433	
Net investment in capital assets	81,646,601	105%	81,134,838	102%	83,027,527	102%	82,609,149	94%	81,963,772	91%
Restricted net position	4,075,167	5%	4,122,877	5%	7,827,128	10%	12,061,179	14%	8,897,303	10%
Unrestricted net position (deficit)	(7,911,929)	-10%	(5,474,461)	-7%	(9,643,670)	-12%	(6,549,356)	-7%	(1,252,548)	-1%
Total Net Position	<u>\$ 77,809,839</u>	100%	<u>\$ 79,783,254</u>	100%	<u>\$ 81,210,985</u>	100%	<u>\$ 88,120,972</u>	100%	<u>\$ 89,608,527</u>	100%
Net Position as a % of Total Assets and deferred outflows	47%		47%		48%		50%		49%	

Summary of Total Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position - Governmental Activities



Details of 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.

CITY OF NEENAH

Neenah, Wisconsin

COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT

As of and for the Year Ended December 31, 2016

CITY OF NEENAH

TABLE OF CONTENTS

	<u>Page No.</u>
Required Communication of Internal Control Related Matters Identified in the Audit to Those Charged with Governance	1
Internal Control Over Financial Reporting	2
Joint Municipal Court – Segregation of Duties	2
Joint Municipal Court – Voids and Adjustments	3
Other Communications to Those Charged with Governance	
Two Way Communication Regarding Your Audit	4 – 5
Communication of Other Control Deficiencies, Recommendations and Informational Points to Management that are not Material Weaknesses or Significant Deficiencies	6 – 12
Required Communications by the Auditor to Those Charged with Governance	13 – 17
Management Representations	

**REQUIRED COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS
IDENTIFIED IN THE AUDIT TO THOSE CHARGED WITH GOVERNANCE**

Mayor Kaufert, President Stevenson,
and Members of the Common Council and Management
City of Neenah
Neenah, Wisconsin

In planning and performing our audit of the financial statements of the City of Neenah as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing 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 its internal control. Accordingly, we do not express an opinion on the effectiveness of its internal control.

A separate Report on Internal Control was issued to the Utility Commission. The information contained in that report is not included with this report.

Our consideration of internal control was for the limited purpose described in the first paragraph 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in the City's internal control to be a material weakness:

> Internal Control Over Financial Reporting

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the City's internal control to be significant deficiencies:

- > Joint Municipal Court – Segregation of Duties
- > Joint Municipal Court – Voids and Adjustments

This communication is intended solely for the information and use of management, the City council, and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
June 27, 2017

Auditing standards require that we perform procedures to obtain an understanding of your government and its internal control environment as part of the annual audit. This includes an analysis of significant transaction cycles and an analysis of the City's year-end financial reporting process and preparation of your financial statements.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Properly designed systems of internal control provides your organization with the ability to process and record monthly and year-end transactions and annual financial reports.

Our audit includes a review and evaluation of the City's internal controls relating to financial reporting. Common attributes of a properly designed system of internal control for financial reporting are as follows:

- > There is adequate staffing to prepare financial reports throughout the year and at year-end.
- > Material misstatements are identified and corrected during the normal course of duties.
- > Complete and accurate financial statements, including footnotes, are prepared.
- > Financial reports are independently reviewed for completeness and accuracy.

Our evaluation of the internal controls over financial reporting has identified control deficiencies that are considered a material weakness surrounding the preparation of financial statements and footnotes, adjusting journal entries identified by the auditors, and an independent review of financial reports.

Management has not prepared financial statements that are in conformity with generally accepted accounting principles. In addition, material misstatements in the general ledger were identified during the financial audit.

JOINT MUNICIPAL COURT

SEGREGATION OF DUTIES

Under ideal conditions, there are many procedures and controls designed to limit the access of any one individual to all phases of a transaction. It is not uncommon for a decentralized operation such as the Joint Municipal Court to have staff limitations making it difficult to adequately segregate the various financial procedures.

Under the current situation, the one Joint Municipal Court employee is responsible for posting citations into the court system, establishing payment plans with the offenders, collecting and receipting payments, and performing the necessary reconciliations between the City of Neenah's general ledger and the court system. In addition, the Joint Municipal Court maintains a cash drawer where the same court employee is responsible for closing out and depositing collections each day.

Because overlapping responsibilities do not exist, management should rely more heavily on your direct knowledge of the Joint Municipal Court's operations and day-to-day contact with the employee to control and safeguard assets. The purpose of this comment is to meet our professional responsibility of communicating possible significant deficiencies to you and make you aware of the importance of having good people and maintaining close contact with them and the operation of the Joint Municipal Court.

JOINT MUNICIPAL COURT (cont.)

VOIDS AND ADJUSTMENTS

The system being used by the Joint Municipal Court to track offenders and process financial information allows the user to void and/or adjust a transaction resulting in the deletion or modification of all financial history relative to the offender. Modifying financial information such as recent collections without supervisory approval or awareness presents certain risks to the collection process. Ideally, a supervisor would be involved in the approval process of voiding or changing transactions, or at a minimum, be able to review historical information to determine if the voids or changes were appropriate.

We recommend the Joint Municipal Court review options available from the software provider of the courts system being used, to determine if modifications are available to strengthen controls over these processes.

OTHER COMMUNICATIONS TO THOSE CHARGED WITH GOVERNANCE

TWO WAY COMMUNICATION REGARDING YOUR AUDIT

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
 - > Identify types of potential misstatements
 - > Consider factors that affect the risks of material misstatement
 - > Design tests of controls, when applicable, and substantive procedures

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs.

- c. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.
- d. Your financial statements contain components, as defined by auditing standards generally accepted in the United States of America, which we also audit.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the City council has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?

TWO WAY COMMUNICATION REGARDING YOUR AUDIT (cont.)

- e. Have you had any significant communications with regulators or grantor agencies?
- f. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness, and actions of the City concerning:

- a. The City's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. We perform preliminary audit work during the months of November, December, and sometimes early January. Our final fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our audit procedures at our office and issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

**COMMUNICATION OF OTHER CONTROL DEFICIENCIES, RECOMMENDATIONS,
AND INFORMATIONAL POINTS TO MANAGEMENT THAT ARE NOT
MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES**

CURRENT YEAR RECOMMENDATION

APPROVAL OF ACCOUNTS RECEIVABLE WRITE-OFFS

It is our understanding that the City does not have a formal approval process for the write-off of accounts receivable amounts. We recommend that the accounts receivable balances be evaluated on a regular basis to determine if write-offs are necessary. Write-offs should be authorized by someone independent of the billing process.

Writing off an account from the books does not mean collection attempts should cease if the City feels such efforts are cost justified. Collection attempts should continue for those amounts still deemed to be collectible. However, writing off uncollectible accounts will improve the accuracy of the financial position of the City and make monthly accounting procedures more efficient.

INFORMATION TECHNOLOGY CONTROLS

We recommend that the City evaluate the implementation of the following controls:

- > A formal software policy should be developed that outlines the process and requirements for developing any new software. A system development lifecycle should be developed to facilitate any internal software development projects.
- > Best Practice states passwords should be changed every 90 days, require a minimum of 6 characters, require strong passwords, and passwords should be remembered so users cannot reuse recent passwords.
- > Backups should be tested regularly to ensure they are working properly.
- > Network and application access for terminated employees should be removed in a timely manner. Best Practice is within 24 hours of termination, with a 3 business day maximum.

PRIOR YEAR RECOMMENDATIONS

DELINQUENT PERSONAL PROPERTY TAXES

The City is reporting approximately \$450,000 of delinquent personal property taxes within its General Fund at year-end. The individual balances are tracked by year and consist of amounts that have not been collected between 2014 and prior. It is very likely that many of these delinquent amounts cannot be collected at this point in time. As part of the audit each year, the City estimates an allowance for amounts determined to be uncollectible.

Status (12/31/16)

During 2016, the City wrote off delinquent personal property taxes receivable from 2009 and prior. The City is reporting a receivable balance of \$88,600 as of December 31, 2016. This point is considered resolved.

PRIOR YEAR RECOMMENDATIONS (cont.)

INTERNAL CONTROL ENVIRONMENT

A properly designed system of internal control includes adequate staffing as well as policies and procedures to properly segregate duties. This includes systems that are designed to limit the access or control of any one individual to your government's assets or accounting records, and to achieve a higher likelihood that errors or irregularities in the City's accounting processes would be discovered by your staff in a timely manner.

There are certain controls that have not been in place at the City in prior years, related to significant transaction cycles. These key controls are important in reducing the risk of errors or irregularities in the City's accounting processes. We evaluated these controls as part of this year's audit and noted the following:

Controls Over Purchasing

Department heads have the authority to order, receive, and approve goods and services in their respective departments. While a subsequent review of the purchase does occur in both the finance department as well as by the finance committee chair, risks are still present when department heads retain all of these duties. Purchasing duties within departments should be further segregated so that no one individual is able to complete all of these responsibilities.

Status (12/31/16)

Department heads are now required to obtain additional approval. This point is considered resolved.

Controls Over Information Technology

Access to financial systems should be reviewed once a year by management to ensure users do not have access beyond their job responsibilities. A report is now being generated that will allow for this review but that control has not yet begun.

Status (12/31/16)

This was reviewed during 2016 and this point is considered resolved.

MENASHA-NEENAH MUNICIPAL COURT DEFICIT

The City of Neenah and the City of Menasha established a joint venture 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. The deficit allocation as of December 31, 2016 was approximately 60% for the City of Neenah and 40% for the City of Menasha.

PRIOR YEAR RECOMMENDATIONS (cont.)

MENASHA-NEENAH MUNICIPAL COURT DEFICIT (cont.)

For the past fifteen years, the court has operated at a deficit that increases every year. As of December 31, 2016, the court had a deficit of \$295,916. The allocation of this is as follows.

City of Menasha	\$ 123,308
City of Neenah	<u>172,609</u>
Total	<u>\$ 295,917</u>

As of the end of the year, the court has been advanced monies to cover a portion of this deficit. The balance of the deficit is being funded by the City of Neenah by borrowing from another city fund. We recommend that the participating communities determine how the court will repay these funds. If the court is unable to repay the funds, we recommend that Neenah and Menasha budget for this deficit and make the appropriate transfers. In addition, to avoid potential future shortfalls, the two communities should consider restructuring the fees charged to finance operations.

Status (12/31/16)

This recommendation still pertains.

TAX INCREMENT FINANCING DISTRICTS

For the last several years, we have communicated to you an informational point regarding economic conditions and your community. A focus of that communication has been the status of the City's tax incremental financing (TIF) districts and their continued reliance upon other funds of the City. While it is not unusual for active TIF districts to rely upon or borrow from other funds during their earlier years, it also requires careful monitoring through TIF projections. Performing TIF projections is not something that is within the scope of a financial audit. The distinction is that an audit looks back to determine the current status of a TIF, while a projection attempts to estimate the long-term viability of a TIF, including whether or not it will be able to meet its debt obligations during its life.

We recommend the City continue to update its TIF projections, including the amounts other funds have advanced or loaned to the TIFs.

INFORMATIONAL POINTS

TAX INCREMENT FINANCING DISTRICTS (cont.)

As of year-end for the past four years, the following TIF Districts had an advance recorded from other funds:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
TIF No. 5	\$ 951,000	\$ 891,000	\$ 891,000	\$ 891,000
TIF No. 6	737,000	1,794,000	2,045,000	1,430,110
TIF No. 8	<u>5,508,500</u>	<u>5,728,000</u>	<u>6,661,960</u>	<u>5,332,337</u>
Total	<u>\$ 7,196,500</u>	<u>\$ 8,413,000</u>	<u>\$ 9,597,960</u>	<u>\$ 7,653,447</u>

These monies were advanced by the following funds:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Capital Projects –				
Public Infrastructure	\$ 891,000	\$ 1,266,000	\$ 891,000	\$ 891,000
TIF No. 5	123,000	-	655,000	699,240
TIF No. 7	1,350,000	1,904,900	2,657,790	901,410
TIF No. 6	274,000	49,000	337,000	-
Internal Service –				
Benefit Accrual Fund	3,146,000	2,543,100	-	-
Debt service	1,412,500	2,620,000	3,600,000	4,518,417
TIF No. 8	-	30,000	340,000	170,000
TIF No. 10	<u>-</u>	<u>-</u>	<u>1,117,170</u>	<u>473,380</u>
Total	<u>\$ 7,196,500</u>	<u>\$ 8,413,000</u>	<u>\$ 9,597,960</u>	<u>\$ 7,653,447</u>

The City must formally evaluate on a regular basis whether these funds have the ability to repay these advances. If the monies are not available, the City will be required to determine the appropriate allowances. As part of the audit process, we have not been provided a detailed analysis of when these funds will have sufficient reserves to repay their obligations,

Your community's long-term success is important. As a governing body, your involvement and understanding of your community's financial activities will help you make informed decisions regarding the future of your community. Please feel free to contact us if you have questions – we are happy to discuss these topics in further detail.

INFORMATIONAL POINTS (cont.)

DECENTRALIZED CASH COLLECTIONS

Many governments collect cash at numerous decentralized locations that are separate from the primary system of accounting procedures and controls. The opportunity for theft is often higher at those locations because one person is frequently involved in most, if not all, aspects of a transaction (i.e., lack of segregation of duties).

Examples in your government that fit this situation include: parks and recreation (pool), joint municipal court, police, and the library.

Management is responsible for designing and implementing controls and procedures to detect and prevent fraud. As a result, we recommend that management review its decentralized cash collection procedures and controls on a periodic basis and make changes as necessary to strengthen the internal control environment. Reviewing the adequacy of the controls is a responsibility of the governing body.

Below are example procedures and controls to help mitigate the risk of loss at decentralized cash collection points:

- > Implement a centralized receipting process with adequate segregation of duties
- > For cash collections, ensure pre-numbered receipts are being used and all receipts in the sequence are being reviewed by someone other than the person receipting the cash and receipts tie to deposits
- > Perform surprise procedures at decentralized locations (cash counts, walkthrough of processes, etc.)
- > Require regular cash deposits to minimize collections on-hand
- > Limit the number of separate bank accounts
- > Segregate duties as much as possible – the person receipting cash should be separate from the person preparing deposits and the person reconciling bank accounts should be separate from the cash collection activity
- > Perform month-to-month or year-to-year comparisons to look for unusual changes in collections
- > If collecting from a drop box site, consider sending two people to collect the funds, especially during peak times

As always, the cost of controls and staffing must be weighed against the benefits of safeguarding your assets.

PROCUREMENT CARDS

In prior years, the City expanded its use of procurement cards, similar to what we have seen while conducting audits of other municipalities.

The City of Neenah adopted a procurement card policy that is required to be signed by all cardholders. A well written policy allows organizations to: maintain consistency over the cards' use; provide guidance on how to establish, maintain, and cancel cards; and provide the desired standard against which practices can be compared.

INFORMATIONAL POINTS (cont.)

PROCUREMENT CARDS (cont.)

In considering the procedures to be used and the documentation to be required for payment of the procurement card claims, thought should also be given to the required supporting documentation that should be attached to the procurement card invoice.

During 2016, the City evaluated its current policy and procedures over the use of procurement cards and implemented additional controls.

CYBER RISK ASSESSMENT

Cybersecurity is a growing challenge for many governments as threats and vulnerabilities constantly evolve. Information security is a significant issue for many organizations and is no longer considered to be strictly an Information Technology (IT) issue. The potential impacts of a security breach can be financial, operational, and reputational. Cyber risk should be a high priority and evaluated on a regular basis.

The City performed a risk assessment in conjunction with CIVMIC during 2016.

WISCONSIN RETIREMENT SYSTEM AND GASB No. 68

As you begin your second year reporting your pension activity under the requirements of GASB Statement No. 68, the following is how this information affects your financial statements.

Wisconsin Retirement System (WRS) pension information is reported on a one year lag in your financial statements, so current year balances are the WRS amounts reported for the plan year ended December 31, 2015. The following is a summary of the status of the WRS for the current and previous year (amounts are in billions).

	Current Year 2015	Previous Year 2014	Change
Total Pension Liability	\$ 90.1	\$ 89.7	\$ 0.4
Net Assets Available for Benefits	88.5	92.1	(3.6)
Net Pension Liability (Asset)	<u>\$ 1.6</u>	<u>\$ (2.4)</u>	<u>\$ 4.0</u>

As noted above, for the current year, WRS reports a net pension liability compared to a net pension asset for the previous year. Although 2015 contributions to WRS from employers and employees was consistent with the 2014 amounts, net investment income for 2015 decreased from \$4.9 billion to a net loss of \$0.7 billion, a \$5.6 billion swing. This decrease in net investment income was primarily due to declines in investment returns and market values as a result of the 2015 market closing at its lowest point since 2008. In addition, benefit payments increased \$0.3 billion or 6.3% from 2014 to 2015 partially as a result of an additional 6,200 retirees receiving benefits. Your government's proportionate share of the current year net pension liability is reported in your government-wide financial statements.

It should be noted that since the net pension liability (asset) is heavily dependent upon the market value of the net assets available for benefits, increases and decreases in the market can and will significantly change the amounts reported on your financial statements in the future.

INFORMATIONAL POINTS (cont.)

GASB UPDATES

The Government Accounting Standard Board (GASB) has been very active in recent years, issuing new standards at a fast pace. Over the next few years, your government will have many new standards to evaluate and implement. Here are the standards likely to impact you the most in the upcoming year:

- > GASB 73 includes accounting and reporting for pension plans that are not reported in a trust
- > GASB 74 and 75 are Other Post Employment Benefit (OPEB) standards that parallel the recent pension standards
- > GASB 80 clarifies the presentation requirements for some component units
- > GASB 81 provides guidance for accounting for irrevocable split interest agreements

There are two significant GASB projects drawing to conclusion in 2017. While the implementation dates for these are a few years away, both are anticipated to have significant impacts on many government financial statements:

- > Fiduciary Activities
- > Leases

Looking even further ahead, one of the most significant current GASB projects is the financial reporting model reexamination. The GASB is currently revisiting GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*, as well as reporting model-related pronouncements including Statements Nos. 37, 41, and No. 46 and Interpretation No. 6. The GASB has indicated that they are revisiting the following major provisions of these standards: management’s discussion and analysis, government-wide financial statements, fund financial statements, proprietary fund and business-type activity financial statements, fiduciary fund financial statements, budgetary comparisons, and other issues. The first of a series of Invitations to Comment was issued in December 2016. This Invitation to Comment addresses governmental fund topics.

Through our firm involvement on AICPA committees, Baker Tilly follows these developments closely so that we can help you prepare for the changes as they evolve. This participation also allows us to share with GASB the experiences and perspectives of our clients to potentially influence the direction of future projects.

Full lists of projects, as well as many resources, are available on GASB’s website which is located at www.gasb.org.

TAX INCREMENT FINANCING LAW CHANGES

As you are aware, the reporting requirements for the TID annual reports have changed as a result of new requirements imposed by the Wisconsin Department of Revenue (DOR). In prior years, each municipality provided a copy of an annual TID report to each overlying jurisdiction by May 1; however, for 2016 annual reports, each municipality will now be required to submit an electronic report by entering specific information into the DOR’s new web-based reporting system by July 3, 2017.

There will be penalties assessed if the information is past due. In addition, the joint review board must meet annually prior to July 3, 2017 to review the annual report and the status of each TID.

We recommend that you visit DOR’s website and the Wisconsin State Statutes for more information.

REQUIRED COMMUNICATIONS BY THE AUDITOR TO THOSE CHARGED WITH GOVERNANCE

Mayor Kaufert, President Stevenson,
and Members of the Common Council and Management
City of Neenah
Neenah, Wisconsin

Thank you for using Baker Tilly Virchow Krause, LLP as your auditor.

We have completed our audit of the financial statements of the City of Neenah for the year ended December 31, 2016 and have issued our report thereon dated June 27, 2017. This letter presents communications required by our professional standards.

***OUR RESPONSIBILITY UNDER AUDITING STANDARDS
GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA***

The objective of a financial statement audit is the expression of an opinion on the financial statements. We conducted the audit in accordance with auditing standards generally accepted in the United States of America. These standards require that we plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements prepared by management with your oversight are free of material misstatement, whether caused by error or fraud. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit does not relieve management or those charged with governance of their responsibilities.

As part of the audit we obtained an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. The audit was not designed to provide assurance on internal control or to identify deficiencies in internal control.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

Our responsibility does not extend beyond the audited financial statements identified in this report. We do not have any obligation to and have not performed any procedures to corroborate other information contained in client prepared documents, such as official statements related to debt issues.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters dated June 29, 2016 and our meeting with you on July 20, 2016.

Mayor Kaufert, President Stevenson,
and Members of the Common Council and Management
City of Neenah

QUALITATIVE ASPECTS OF THE ENTITY'S SIGNIFICANT ACCOUNTING PRACTICES

Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City of Neenah are described in Note I to the financial statements. As described in Note I to the financial statements, the City of Neenah changed accounting policies related to the financial reporting issues related to fair value measurements by adopting Statement of Governmental Accounting Standards (GASB) Statement No. 72, *Fair Value Measurement and Application* and policies related to financial reporting for tax abatements by adopting Statement of Governmental Accounting Standards (GASB) Statement No. 77, *Tax Abatement Disclosures*. Accordingly, the accounting changes have been applied to the current period presented; no retrospective application was necessary. We noted no transactions entered into by Neenah during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the estimate of the Other Postemployment Benefits (OPEBs) liability, which is based upon information provided to actuaries contracted with by the City, the estimate of the allowance for loans, which was based upon historical data from past loan history, the estimate of the net pension liability (asset) and the deferred outflows and inflows related to pensions, which impact the reported pension expense, are based upon information provided by the Wisconsin Retirement System, and the estimates used to determine depreciation of capital assets which is based upon management's estimate of the useful lives of those same capital assets. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

The disclosures in the notes to the financial statements are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing our audit.

Mayor Kaufert, President Stevenson,
and Members of the Common Council and Management
City of Neenah

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatement identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

The following is a summary of material financial statement misstatements (audit adjustments):

	<u>Amount</u>
> Record a transfer from TIF No. 7 (special revenue fund) to TIF No. 8 (special revenue fund). TIF No. 7 is a donor district to TIF No. 8	\$ 2,293,717
> Reduce a transfer between TIF No. 8 (special revenue fund) and the CDA related to the debt refunding transaction	142,819

The following are uncorrected financial statement misstatements related to the allowance for delinquent personal property taxes and CDBG deferred revenue. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

- > An allowance of \$70,409 for uncollectible delinquent personal property taxes should be recorded in the general fund. In the 2015 audit, this amount was \$71,718. The fund balance is too high by \$70,409 as of December 31, 2016.
- > Deferred revenue of \$49,400 for CDBG loans should be recognized and recorded as revenue in the CDBG fund. In the 2015 audit, this was recorded in deferred revenue. The fund balance is too high by \$49,400 as of December 31, 2016.

In addition, we prepared GASB No. 34 conversion entries which are summarized in the "Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position" and the "Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities" in the financial statements.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter. This letter follows this required communication.

Mayor Kaufert, President Stevenson,
and Members of the Common Council and Management
City of Neenah

INDEPENDENCE

We are not aware of any relationships between Baker Tilly Virchow Krause, LLP and the City of Neenah that, in our professional judgment, may reasonably be thought to bear on our independence.

Relating to our audit of the financial statements of the City of Neenah for the year ended December 31, 2016, Baker Tilly Virchow Krause, LLP hereby confirms that we are, in our professional judgment, independent with respect to the City in accordance with the Code of Professional Conduct issued by the American Institute of Certified Public Accountants. We provided no services to the City other than audit services provided in connection with the audit of the current year's financial statements and nonaudit services which in our judgment do not impair our independence.

- > Financial statement preparation
- > Adjusting journal entries and GASB 34 conversion entries
- > Civic Systems software (water utility)

None of these nonaudit services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Neenah's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information which accompanies the financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the other information, which accompanies the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Mayor Kaufert, President Stevenson,
and Members of the Common Council and Management
City of Neenah

RESTRICTION ON USE

This information is intended solely for the use of the City council and management and is not intended to be, and should not be, used by anyone other than these specified parties.

We will review the status of these comments during our next audit engagement. We have already discussed the previous comments and suggestions with various city personnel and we would be pleased to discuss them with you in further detail.

Baker Tilly Voichau Krause, LLP

Madison, Wisconsin
June 27, 2017

MANAGEMENT REPRESENTATIONS



Department of Finance
211 Walnut St., P.O. Box 426, Neenah, WI 54957-0426
Phone: 920-886-6140 Fax: 920-886-6150
website/e-mail: www.ci.neenah.wi.us

June 27, 2017

Baker Tilly Virchow Krause, LLP
Ten Terrace Court
P.O. Box 7398
Madison, WI 53707-7398

Dear Baker Tilly Virchow Krause, LLP:

We are providing this letter in connection with your audit of the financial statements of the City of Neenah as of December 31, 2016 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Neenah and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
2. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government and all component units required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, if any, are reasonable.
6. All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
7. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
8. We believe the effects of the uncorrected financial statement misstatements listed here are immaterial, both individually and in the aggregate, to the basic financial statements as a whole. The general fund required an adjustment to its allowance of \$70,409 for uncollectible delinquent personal property taxes. In the 2015 audit, this amount was \$71,718. Fund balance is too high in the general fund by \$70,409. The CDBG fund required an adjustment to its deferred revenue of \$49,400 for revenue actually collected in a prior year. In the 2015, fund balance was too high in the CDBG fund by \$49,400. In addition, you have recommended adjusting journal entries, and we are in agreement with those adjustments.
9. There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
10. Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. We have not completed an assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.

14. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
15. We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
16. There are no known related parties or related party relationships and transactions of which we are aware.

Other

17. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
18. We have a process to track the status of audit findings and recommendations.
19. We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
20. The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
21. We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
22. There are no:
 - a. Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
 - b. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c. Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.
 - d. Rates being charged to customers other than the rates as authorized by the applicable authoritative body.
 - e. Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding.
23. In regards to the nonattest services performed by you listed below, we have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.
 - a. Financial statement preparation
 - b. Adjusting journal entries
 - c. Civic Systems software

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

24. The City of Neenah has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
25. The City of Neenah has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
26. The financial statements include all component units and properly disclose all other joint ventures and other related organizations.
27. The financial statements properly classify all funds and activities.
28. All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
29. Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
30. The City of Neenah has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.
31. Provisions for uncollectible receivables, if any, have been properly identified and recorded.
32. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
33. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
34. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
35. Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
36. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
37. Tax-exempt bonds issued have retained their tax-exempt status.
38. We have appropriately disclosed the City of Neenah's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.

39. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

40. With respect to the supplementary information, (SI):

a. We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b. If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

41. We assume responsibility for, and agree with, the findings of specialists in evaluating the Incurred But Not Reported (IBNR) liability as well as the Other Post Employment Benefits (OPEBs) and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.

42. We assume responsibility for, and agree with, the information provided by the Wisconsin Retirement System as audited by the Legislative Audit Bureau relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.

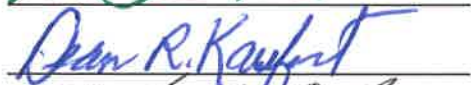
Sincerely,

City of Neenah

Signed:



Signed:



Signed:



CITY OF NEENAH

Neenah, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2016

Prepared By:

DEPARTMENT OF FINANCE
Michael K. Easker, CPA, Director
Nancy A. Handevidt, Deputy Director

CITY OF NEENAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2016

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Transmittal Letter	i – vii
Certificate of Achievement for Excellence in Financial Reporting	viii
Directory of Officials	ix
Organization Chart	x
FINANCIAL SECTION	
<i>INDEPENDENT AUDITORS' REPORT</i>	xi – xii
<i>REQUIRED SUPPLEMENTARY INFORMATION</i>	
Management's Discussion and Analysis	xiii – xxvi
<i>BASIC FINANCIAL STATEMENTS</i>	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2 – 3
Fund Financial Statements	
Balance Sheet – Governmental Funds	4 – 5
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	6 – 7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Statement of Net Position – Proprietary Funds	9 – 10
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	11
Statement of Cash Flows – Proprietary Funds	12 – 13
Statement of Assets and Liabilities – Agency Funds	14
Statement of Net Position – Component Units	15
Statement of Revenues, Expenses, and Changes in Net Position – Component Units	16
Notes to the Financial Statements	17 – 78

CITY OF NEENAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2016

TABLE OF CONTENTS (cont.)

	<u>Page</u>
FINANCIAL SECTION (cont.)	
<i>REQUIRED SUPPLEMENTARY INFORMATION</i>	
Other Postemployment Benefits Plan Schedule of Funding Progress	79
Schedule of Revenues and Other Financing Sources – Budget and Actual – General Fund	80 – 81
Schedule of Expenditures and Other Financing Uses – Budget and Actual – General Fund	82 – 83
Schedule of Revenues, Expenditures and Changes in Fund Balance (Deficit) – Budget and Actual – TIF District No. 8 – Special Revenue Fund	84
Schedule of Proportionate Share of the Net Pension Liability (Asset) – Wisconsin Retirement System	85
Schedule of Employer Contributions – Wisconsin Retirement System	85
Notes to Required Supplementary Information	86
<i>SUPPLEMENTARY INFORMATION</i>	
Debt Service Fund	
Balance Sheet	87
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	88
Other Major Funds	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Capital Projects Fund	
Public Infrastructure	89
Nonmajor Governmental Funds	
Combining Balance Sheet – Nonmajor Governmental Funds	90 – 94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	95 – 99

CITY OF NEENAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2016

TABLE OF CONTENTS (cont.)

	<u>Page</u>
FINANCIAL SECTION (cont.)	
SUPPLEMENTARY INFORMATION (cont.)	
Nonmajor Governmental Funds (cont.)	
Schedules of Revenues, Expenditures, and Changes in Fund Balances (Deficit) – Budget and Actual	
Special Revenue Funds	
TIF District No. 5	100
TIF District No. 6	101
TIF District No. 7	102
TIF District No. 9	103
TIF District No. 10	104
Community Development Block Grant	105
Housing and Business Loans	106
Industrial Development	107
Recycling	108
Parks and Recreation	109
Dial-A-Ride	110
Civic and Social	111
Library	112
Other	113
Cemetery Perpetual Care	114
Cemetery Flowers	115
Capital Project Funds	
TIF District No. 5	116
TIF District No. 6	117
TIF District No. 7	118
TIF District No. 8	119
TIF District No. 9	120
TIF District No. 10	121
Redevelopment	122
Facilities	123
Capital Equipment	124
Equipment Replacement	125
Internal Service Funds	
Combining Statement of Net Position – Internal Service Funds	126
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds	127
Combining Statement of Cash Flows – Internal Service Funds	128
Agency Funds	
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	129 – 130

CITY OF NEENAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2016

TABLE OF CONTENTS (cont.)

	<u>Page</u>
FINANCIAL SECTION (cont.)	
SUPPLEMENTARY INFORMATION (cont.)	
Menasha-Neenah Municipal Court	
Operating Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance	131
Neenah-Menasha Fire Rescue	
Operating Fund – Schedule of Cash Collections, Disbursements, and Changes in the Cash Balance	132
TIF District Schedules	
Project-Length Schedule of Construction Projects – TIF District No. 5 Fund	133
Project-Length Schedule of Construction Projects – TIF District No. 6 Fund	133
Project-Length Schedule of Construction Projects – TIF District No. 7 Fund	134
Project-Length Schedule of Construction Projects – TIF District No. 8 Fund	134
Project-Length Schedule of Construction Projects – TIF District No. 9 Fund	135
Project-Length Schedule of Construction Projects – TIF District No. 10 Fund	135
Community Development Authority Cash Flow	
Statement of Cash Flows – Component Unit	136
STATISTICAL SECTION	
Schedule 1 – Net Position by Component – Last Ten Fiscal Years	137
Schedule 2 – Change in Net Position – Last Ten Fiscal Years	138 – 139
Schedule 3 – Program Revenues by Function/Program – Last Ten Fiscal Years	140
Schedule 4 – Fund Balances, Governmental Funds – Last Ten Fiscal Years	141
Schedule 5 – Change in Fund Balances, Governmental Funds – Last Ten Fiscal Years	142
Schedule 6 – Assessed and Equalized Value of Taxable Property – Last Ten Fiscal Years	143
Schedule 7 – Property Tax Rates – All Direct and Overlapping Governments – Last Ten Fiscal Years	144

CITY OF NEENAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT As of and for the Year Ended December 31, 2016

TABLE OF CONTENTS (cont.)

	<u>Page</u>
STATISTICAL SECTION (cont.)	
Schedule 8 – Principal Taxpayers – 2016 and Nine Years Prior	145
Schedule 9 – Property Tax Levies and Collections – Last Ten Fiscal Years	146
Schedule 10 – Outstanding Debt by Type – Last Ten Fiscal Years	147
Schedule 11 – Ratio of Outstanding Debt to Equalized Valuation and Debt Per Capita	148
Schedule 12 – Computation of Direct and Overlapping Debt	149
Schedule 13 – Computation of Legal Debt Margin	150
Schedule 14 – Revenue Bond Coverage – Water Utility	151
Schedule 15 – Water Utility Data – Ten Largest Water Users	152
Schedule 16 – Demographic and Economic Statistics	153
Schedule 17 – Principal Industrial and Commercial Employers	154
Schedule 18 – Schedule of Insurance in Force	155
Schedule 19 – Miscellaneous Statistics	156



Department of Finance

211 Walnut St., P.O. Box 426, Neenah, WI 54957-0426

Phone: 920-886-6140 Fax: 920-886-6150

website/e-mail: www.ci.neenah.wi.us

June 27, 2017

Dear Mayor Kaufert, President Stevenson, Members of the Common Council:

The City of Neenah (the "City") 2016 Comprehensive Annual Financial Report ("CAFR") was prepared by the Finance Department. Responsibility for accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of my knowledge and belief, the data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

In accordance with GAAP, this CAFR includes Management's Discussion and Analysis ("MD&A"), which provides a narrative introduction and an overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A, and should be read in conjunction with it. The remainder of this transmittal letter will provide an overview of the City's economic conditions and demographic information, along with accomplishments achieved during fiscal year 2016 and future initiatives of the City.

OVERVIEW OF THE CITY

The City of Neenah is located in northeast Wisconsin in Winnebago County. Directly adjacent to Lake Winnebago and the Fox River, it lies 5 miles south of Appleton, 37 miles south of Green Bay, and approximately 90 miles north of Milwaukee. The City serves a 9.61 square mile area. Its current population is 26,050 based on 2016 estimates.

The French first explored the land area of which the City is comprised in 1634. The settlement became known as "Neenah" in 1844, became "Winnebago Rapids Village" in 1856, and was incorporated as the "City of Neenah" in 1873. The City is situated in the center of what is commonly known as the Fox Valley, so called because of the historical significance of the Fox River as a navigable waterway linking Lake Winnebago with Lake Michigan and the St. Lawrence Seaway. This strategic linkage and water resource was key to the Neenah area developing into a major manufacturing, service and commercial center associated with the national paper industry, from which the City has continued to realize strong economic growth.

The Cities of Neenah, Appleton, Menasha and Oshkosh comprise an area known as the Fox Valley due to their location along the Fox River. This metropolitan area, which has an estimated population of over 400,000 people, is Wisconsin's third largest socio-economic market and one of its fastest growing metropolitan areas. The State of Wisconsin reports continue to pinpoint the Fox Cities as a leader in property valuation growth and high personal income.

The Fox Cities metropolitan area has been recognized by *Forbes* as one of the "Best Small Places for Business and Careers" and by *Area Development* as one of the "Leading Locations for Economic and Job Growth". The Neenah public school system has earned a "Gold Medal" rating in Expansion Management magazine and is rated as one of the nation's top 100 school systems by Money magazine. The system is highly rated in its areas of high graduation rates, college board scores that are consistently higher than state and national averages, low teacher/student ratios, continued commitment to funding public education, and strong economic and educational demographic rankings. Also, as part of its "Best Places to Live" study, *Money* magazine also ranked the metropolitan area as the nation's safest community in regard to personal crime risk.

Neenah's downtown is home to the world headquarters of Plexus Corporation, Alta Resources and Bemis Company, along with a significant presence from both Kimberly-Clark Corporation and Bergstrom Corporation. The ongoing Downtown Riverwalk Zone Initiative has already generated over \$80.5 million in new projects. A new development to be completed in 2017 will add an anticipated \$10 million to this figure. As evidence of the City's business friendly and vibrant downtown, current estimates indicate that over 14,000 people are employed within a one-mile radius of the downtown area during the daytime hours.

Economic development efforts in the area focus on the collective strengths of the region. While the Fox Cities rank as one of the 50 largest manufacturing centers in the country, the region has broadened its economic base by placing emphasis on assistance with business expansion, and selectively targeting industry sectors for new business growth.

ECONOMIC CONDITION AND OUTLOOK

Despite a downturn in construction activity nationally, 1,492 building permits were issued in the City last year leading to over \$49 million in new construction.

Notable projects in 2016 were the \$13,500,000 Gateway Building located in the Downtown, the \$700,000 renovation of the Neenah-Menasha YMCA, the \$800,000 warehouse addition at Bent Tube, Inc., the \$3,100,000 addition at American Grand, the \$4,000,000 lab renovation at Kimberly-Clark Corporation South and dozens of smaller commercial and industrial remodel projects in various areas of the city.

Much of the City's ongoing development success is due to the active, aggressive and prudent use of Tax Incremental Financing Districts. The City currently has six open TIF

Districts. Existing districts include TIF Districts No. 5, No. 8 and No. 10 which are located in and adjacent to the City's downtown business and waterfront district. In the last six years, TIF No. 8 has seen the redevelopment of the City's waterfront as well as the development of the aforementioned Alta Resources office complex and the redevelopment of the Glatfelter site, including the previously noted Plexus World Headquarters and Affinity Medical Clinic. A high value office project, with an estimated value of over \$9 million, broke ground in 2016 in TIF No. 10, providing a location for 200-300 additional Downtown employees.

The City's other TIF districts include TIF No. 6, which serves the Southpark Industrial Center and TIF No. 7, which was created to support the City's Westside Business Corridor adjacent to Interstate 41. TIF No. 9, created in 2015, serves an area adjacent to Interstate 41 and is home to aforementioned Menasha Corp's new Global Headquarters.

The following table summarizes the City's TIF district property value status:

<u>TIF No.</u>	<u>Creation Date</u>	<u>Max Exp Date</u>	<u>Max Close Date</u>	<u>Amended Base Value</u>	<u>1/1/16 Value</u>	<u>Increment</u>
5	1/1/93	4/21/15	4/22/30	\$13,971,900	\$24,574,300	\$11,116,100
6	1/1/97	3/9/15	3/20/30	2,869,600	31,690,400	28,820,800
7	1/1/00	7/4/22	7/05/37	39,226,900	122,062,500	82,835,500
8	1/1/01	9/4/23	9/05/38	14,743,600	68,859,300	54,115,700
9	1/1/15	3/17/36	12/31/41	8,800,000	15,080,400	7,753,000
10	1/1/15	8/4/36	12/31/41	2,917,800	3,638,800	(42,800)
						<u>\$184,598,300</u>

Neenah's future and economic development outlook remains strong and well positioned as the economy rebounds. Approximately 120 residential lots are available for new home construction, and opportunities for major commercial and industrial projects are available in planned business centers and at prime development sites.

COMMUNITY SERVICES

Community residents enjoy access to 25 City parks with 7,500 feet of shoreline. Facilities include an outdoor swim pool complex, boat launches, tennis courts, archery range, ball diamonds, basketball courts, skate/bike park, ice rinks, soccer fields, volleyball courts, playgrounds, trails, fishing decks, sled hills and various other recreational facilities.

The Neenah Riverwalk at Shattuck Park provides residents and visitors to the community a cultural, recreational, and social experience in the heart of the Downtown. Key features include a barrier free riverwalk, a waters-edge pavilion, a walkout pier in the inner harbor, an interactive fountain, a concert lawn and ample sitting areas. Shattuck Park is a preferred venue for events, concerts, festivals and other community gatherings and celebrated its 100th birthday in 2015.

To preserve the rich history of Neenah as a paper manufacturing community, Legacy Park was constructed in 2010 on a portion of the former Glatfelter Paper Mill site. The

original smokestack from the Glatfelter Mill stands at the center of the park as tribute to the employees and founders of a business that so strongly influenced the early years of Neenah's development. Visitors to the park can continue along the newly constructed extension of the Neenah Riverwalk, adjacent to the Plexus Headquarters, the Fox River and Little Lake Butte des Morts. In 2012, construction was completed on Gateway Plaza, a public plaza designed to provide space for civic functions as well as day-to-day users. This Plaza, located between Plexus Global Headquarters and the Affinity Medical Clinic, had the strong support of private donors. This partnership between the City and those generating private funds allowed the construction of a high-quality public space for the entire community to enjoy.

The City administers a comprehensive recreation program offering activities and services in arts, sports, special events, wellness/fitness, hobby and entertainment. By maintaining partnerships with private non-profit groups, the City helps facilitate many other opportunities including sailing lessons and regattas, major soccer tournaments and one of the largest 3-on-3 basketball tournaments in the State. A full-service YMCA and the Boys & Girls Brigade offer numerous year-round programs and camping opportunities.

Neenah Access Trails is a system of on-street routes and off-street trails designed to provide a safe and convenient means of non-motorized travel for both recreation and transportation purposes. The system provides access to the neighborhoods, parks, employment centers, shopping areas and other key destinations, bringing together City residents and neighboring cities in the unifying spirit of community, wellness and enjoyment of the outdoors.

Neenah Public Library's use has increased significantly since the 50,000 square foot building opened in 2000. As of the end of 2015, Neenah Public Library was the 10th highest circulating library in the state, checking out almost 900,000 items. Customer usage continues to be strong: Almost 290,000 people visited the library in 2016, an average of 85 visitors per hour open. More than 860 classes, workshops, concerts, movies and other programs were offered last year and attendance at programs reached an all-time high of 32,700. The Library provides high quality research services and readers' advisory services for all ages. Additional services include homebound delivery; collections created specifically for classrooms; meeting rooms for use by individuals, groups, businesses, and classes, including three rooms equipped with hearing loops for the hearing impaired adults and children; free legal clinics; free volunteer tax preparation assistance; sensory bags for children with autism; book clubs and monthly Memory Café meetings for those with dementia and their care partners. The Library continues to promote and provide literacy support for all ages and at all levels, from newborns through seniors. The Library has also implemented new technology programs, including the purchase of a 3D printer and the acquisition of a computer lab for classes and workshops.

The City's private Bergstrom-Mahler Museum of Glass houses one of the world's most renowned collections of glass paperweights and glassware, plus other objects de arte. It is the location of many public exhibits of nationally known artists in various mediums. Other cultural venues in the City include Pickard Auditorium, a 1,600-seat performing

arts center used for local, regional and national touring productions.

City residents have access to both public and private colleges and universities in the Fox Valley region. Fox Valley Technical College ("FVTC") has two main campuses in Appleton and Oshkosh. It is ranked among the nation's top three vocational educational schools. The University of Wisconsin-Oshkosh ("UW-Oshkosh") is one of 13 universities administered by the Wisconsin Board of Regents. UW-Oshkosh has an approximate enrollment of 14,000 graduate and undergraduate students, employs approximately 1,700 people, and is located on a 167-acre campus along the Fox River. UW-Oshkosh was established in 1871. It offers a number of "advance study" classes at the Neenah High School campus for college bound students. Lawrence University, located in Appleton, was chartered in 1847 with the Methodist Church, but today is a non-sectarian and independent four-year liberal arts college. Appleton's Lawrence University, has an enrollment of approximately 1,500 students, and was recognized in 2003 as one of U.S. News and World Report's top 50 liberal arts colleges in the nation. Marian College, located in Fond du Lac, is another four-year liberal arts college, which also offers classes in the City. The University of Wisconsin-Fox Valley (two-year center), located in Menasha, recently opened its new planetarium.

Neenah is home to ThedaCare Regional Medical Center – Neenah (ThedaCare), formerly Theda Clark Medical Center, a 250-bed acute care hospital that has been ranked among the "100 Top Hospitals" in the United States and as a national "Consumer Choice" hospital. ThedaCare operates ThedaStar Air Medical Helicopter and is the metropolitan area's only American College of Surgeons' Verified Level II Trauma Center. ThedaCare is also home to Children's Hospital of Wisconsin-Fox Valley, a separately licensed pediatric hospital that includes the area's only neo-natal intensive care unit. ThedaCare Regional Medical Center – Neenah has been providing service in Northeast Wisconsin for over 100 years.

FINANCIAL INFORMATION

City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal, state and county financial assistance, the City also is responsible for assuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations. This internal control structure is subject to periodic evaluation by management, its independent auditors and audit staffs of the state and federal governments.

The City maintains strong budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual

appropriated operating and capital improvements budgets adopted by the Common Council. Annual budgets are adopted for all funds, including the activities of the General Fund, Special Revenue Funds, Debt Service Fund, Capital Project Funds, Internal Service Funds and Enterprise Funds. Five-year financial plans are adopted for capital improvement projects. Budgetary control is maintained through expenditure limitation at the defined cost center level (a cost center can be a fund, major program, department or specific activity for which control of expenditures is considered appropriate). Proposed expenditures for which moneys were not previously appropriated, or which result in an overrun of budget control balances, may not take place without additional appropriations made available through Common Council approval.

An explanation of the City's accounting policies is contained in the notes to the financial statements, which are an integral part of this report. The notes explain the basis of accounting for each major fund type, describe the purpose of the funds used, and provide other significant information.

As demonstrated by the statements, schedules and notes included in the **Financial Section** of this report, the City continues to meet its responsibility for sound financial management.

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The City selected the accounting firm of Baker Tilly Virchow Krause, LLP. The auditors report on the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Neenah.

REPORTING ACHIEVEMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Neenah for its comprehensive annual financial report for the fiscal year ended December 31, 2015. This was the 33rd consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is only valid for a period of one year. We believe that the 2016 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

CONTINUING DISCLOSURE REQUIREMENTS

In compliance with Securities and Exchange Commission Disclosure Rule 15C2-12, and according to terms of the City's Official Statement for issuance of debt, tables in the **Statistical Section** and **Notes to Basic Financial Statements** incorporate specific financial information for the benefit of existing and potential investors in the City's securities. The City files its CAFR with the Municipal Securities Rulemaking Board (MSRB) and will continue that practice in fulfillment of its obligation under the SEC Rule. Timely notice of material events enumerated in the Rule will be provided to appropriate authorities as prescribed.

ACKNOWLEDGMENTS

The preparation of this Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service and commitment of each member of the Finance Department staff. They have my sincere appreciation for their individual contribution in preparation of the report.

I also want to recognize the Baker Tilly Virchow Krause, LLP audit management team for their dedication and expertise, which contributed significantly to the report quality and adherence to professional accounting standards.

In closing, I would like to thank the Common Council and Mayor for their leadership and support in the planning and conducting of the financial operations of the City in a responsible and progressive manner.



Michael K. Easker, CPA
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Neenah
Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015



Executive Director/CEO

CITY OF NEENAH DIRECTORY OF OFFICIALS 2016 – 2017

MAYOR

Dean R. Kaufert

PRESIDENT OF THE COUNCIL

Todd Stevenson

COUNCIL MEMBERS

Aldermanic District 1:	Cari Lendrum
Aldermanic District 1:	William Pollnow, Jr.
Aldermanic District 1:	Kathie Boyette
Aldermanic District 2:	Marge Bates
Aldermanic District 2:	Tami Erickson
Aldermanic District 2:	Christopher Kunz
Aldermanic District 3:	Todd Stevenson
Aldermanic District 3:	Lee Hillstrom
Aldermanic District 3:	Jane Lang

OFFICERS

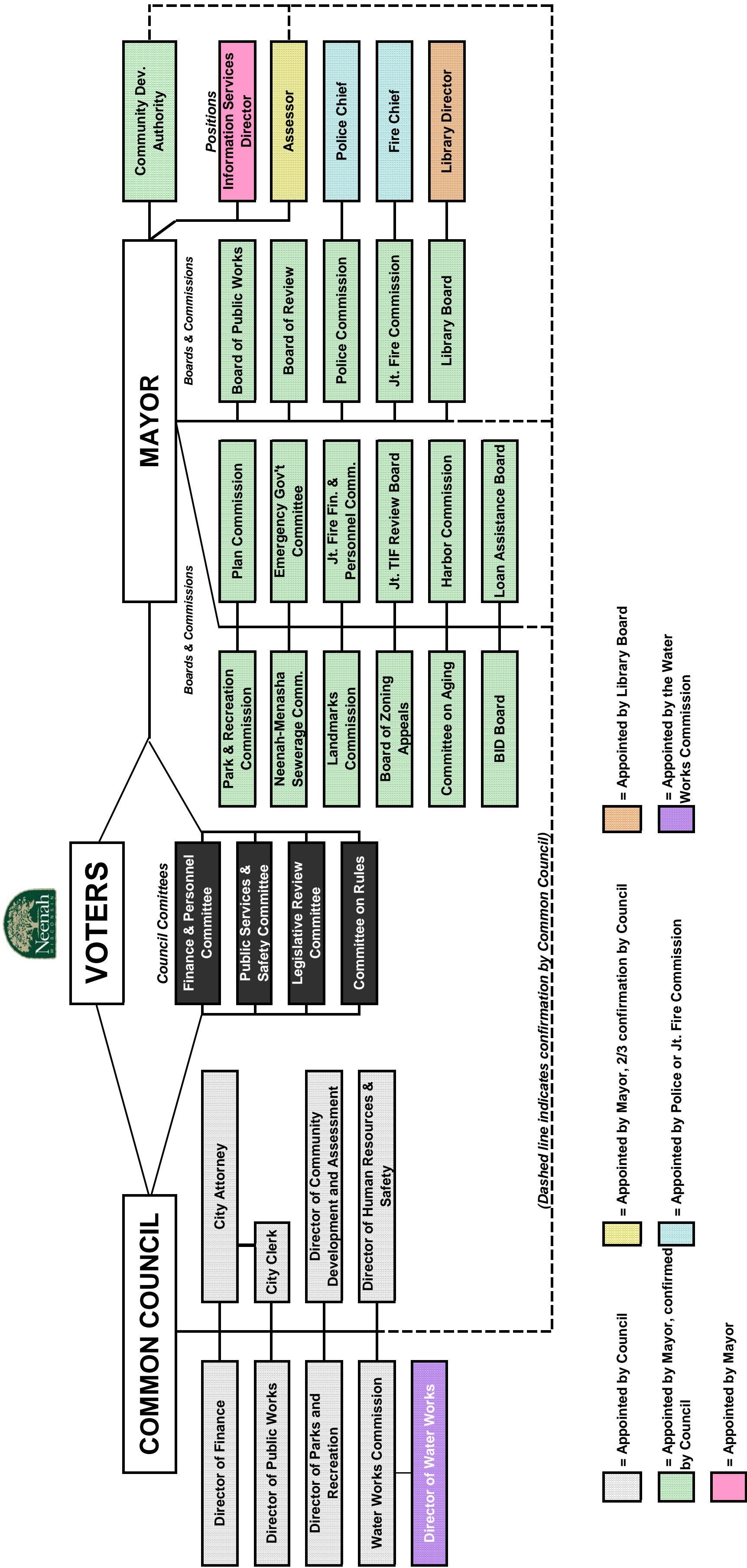
Director of Finance	Michael K. Easker
City Attorney	James G. Godlewski
City Clerk	Patricia A. Sturn
Director of Human Resources and Safety	Heather C. Barber
Police Chief	Kevin Wilkinson
Fire Chief	Kevin Kloehn
Director of Public Works and Utilities	Gerry Kaiser
Director of Community Development and Assessment	Chris A. Haese
Director of Library	Gretchen Raab
Director of Parks and Recreation	Michael Kading
Director of Information Systems	Joseph Wenninger
Director of Water Utility	Kent Taylor

STANDING FINANCE AND PERSONNEL COMMITTEE

Aldersperson William Pollnow, Jr. (Chairman)
Aldersperson Tami Erickson (Vice Chairman)
Aldersperson Kathie Boyette
Aldersperson Christopher Kunz
Aldersperson Todd Stevenson

STANDING PUBLIC SERVICES AND SAFETY COMMITTEE

Aldersperson Marge Bates (Chairman)
Aldersperson Lee Hillstrom (Vice Chairman)
Aldersperson Jane Lang
Aldersperson Cari Lendrum
Aldersperson Todd Stevenson



INDEPENDENT AUDITORS' REPORT

To the Mayor and Common Council
City of Neenah
Neenah, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Neenah, Wisconsin, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Neenah'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor considers internal control relevant to the City of Neenah'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 of Neenah'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.

To the Mayor and Common Council
City of Neenah

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Neenah, Wisconsin, as of December 31, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Neenah's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Neenah's basic financial statements. The "Letter of Transmittal" and "Statistical Section" are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Baker Tilly Veitch Krause, LLP

Madison, Wisconsin
June 27, 2017



Department of Finance

211 Walnut St., P.O. Box 426, Neenah, WI 54957-0426

Phone: 920-886-6140 Fax: 920-886-6150

website/e-mail: www.ci.neenah.wi.us

Management's Discussion and Analysis (Unaudited)

The following discussion and analysis is intended to provide readers an overview of the financial activities of the City of Neenah (the "City") for the fiscal year ended December 31, 2016. The information should be read in conjunction with the preceding letter of transmittal, as well as the City's financial statements, which begin on page 1 of this report. This is the sixth year the City has reported its financial statements in conformance with Governmental Accounting Standards Board Statement No. 54 – *Fund Balance Reporting*.

THE FINANCIAL HIGHLIGHTS

- > The City's net position (assets/deferred outflows of resources less liabilities/deferred inflows of resources) totals \$154,499,039 as of December 31, 2016. Net position from Governmental Activities account for \$89,608,527 of the total, an increase of \$1,487,555 from the previous year. Business-Type Activities net position was \$64,890,512, an increase of \$2,116,207 from 2015.
- > The City ended 2016 with a fund balance of \$16,708,462 for all Governmental Funds, an increase of \$1,460,357 from 2015. This total includes \$3,825,574, which is unassigned, in the City's General Fund. This fund balance is 16.41% of the City's 2016 General Fund expenditures/other financing uses of \$23,324,153.
- > In 2016, the City issued \$6,500,000 in General Obligation ("G.O.") Notes, backed by the full faith and credit of the City. Of that amount, \$4,975,000 will fund projects for Governmental Activities while \$1,525,000 is earmarked for Business-Type Activities. In addition, the City's Community Development Authority (CDA) issued \$3,500,000 of Lease Revenue Refunding Bonds.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements designed to provide readers a broad overview of the financial condition of the City of Neenah as of December 31, 2016. The Statement of Net Position and Statement of Activities (pages 1 through 3) provide information about the financial condition of the City as a whole. It provides the reader the Total Net Position of the City (all assets/deferred outflows of resources less liabilities/deferred inflows of resources). It also provides the reader a financial summary of the activities and operations of the City. On pages 4 through 8 are fund financial statements that provide a more detailed summary of the Governmental Funds (non business-type activities).

Management's Discussion and Analysis (Unaudited)

The remaining statements on pages 9 through 16 provide information on the City's Proprietary (business-type activity) Funds and Fiduciary Funds (in which the City acts solely as an agent for the benefit of those outside of the City's operation) and Component Units.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

As we begin to analyze the City's financial condition and operations as of December 31, 2016, we will try to answer some very basic questions. Is the City better or worse off financially than it was in 2015? Has the City planned appropriately for its operations and activities? Is the City financially healthy as it plans for the future?

First, let's provide some general information to facilitate a better understanding of how local government is required to account for and report on its operations and activities. In the Statement of Net Position and Statement of Activities, we divide the City into three categories:

Governmental Activities: Most of the City's basic services are reported here. This includes Public Safety (police, fire, emergency government), Public Works (engineering, street lighting, garbage collection, street repair, snow and ice removal, traffic control), Parks, Recreation and Education (public library, parks, recreation programs, swimming pool, special events), Health and Welfare (nursing services, sanitarian), Community Development (economic development, building inspections, mass transit) and General Government (common council, mayor, administration, risk management/insurance). These services are funded by various revenue sources, including property taxes, intergovernmental aid, licenses and permits, charges for services and investment income.

Business-Type Activities: For these activities, the City charges a fee to cover all or most of the costs of certain services it provides. The City's Water, Sewer, Stormwater and Parking Utilities are reported here.

Component Units: The City includes two separate entities, the Business Improvement District ("BID") and the Community Development Authority ("CDA"). Separate statements are issued for the BID, but are not for the CDA.

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 of Neenah is required by law to use "fund accounting" to ensure and demonstrate compliance with all finance-related requirements. All funds of the City are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*. Each category of funds uses different accounting methods to account for and report financial results.

Management's Discussion and Analysis (Unaudited)

Governmental Funds

The majority of the City's operations and activities are reported in governmental funds, which focus on how money flows into and out of those funds. The balances left in these funds are available to be spent in future years. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. It also is useful in evaluating a government's ability to meet near-term financing requirements. The relationship between governmental *activities* (as reported in the Statement of Net Position and Statement of Activities) and governmental *funds* is reconciled at the end of the fund financial statements on page 8. Following is a listing and description of the governmental funds reported by the City of Neenah in 2016:

General Fund

The general fund (major fund) is the general operating fund of the City. It is used to account for all financial resources except those resources required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects). In 2016, the City of Neenah used special revenue funds to account for:

- TIF District No. 5
- TIF District No. 6
- TIF District No. 7
- TIF District No. 8 (major fund)
- TIF District No. 9
- TIF District No. 10
- Community Development Block Grant
- Housing/Business Loans
- Industrial Development
- Recycling
- Health Grants
- Parks and Recreation
- Dial-A-Ride
- Civic and Social
- Library
- Clock Tower Renovations
- Other
- Cemetery Perpetual Care
- Cemetery Flowers
- Walnut Employee Group

Management's Discussion and Analysis (Unaudited)

Debt Service Fund

The debt service fund (major fund) is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of, general long-term debt principal, interest and related costs (other than those being financed by proprietary funds).

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment (other than those financed by proprietary funds). In 2016, the City of Neenah used capital project funds to account for:

- Public Infrastructure (major fund)
 - TIF District No. 5
 - TIF District No. 6
 - TIF District No. 7
 - TIF District No. 8
 - TIF District No. 9
 - TIF District No. 10
 - Redevelopment
 - Facilities
 - Capital Equipment
 - Equipment Replacement

The basic governmental fund financial statements can be found on pages 4 through 8 of this report.

Proprietary Funds

When the City charges customers for the services it provides, whether to outside customers or other units of the City, these services are generally accounted for and reported in the proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. They include *enterprise funds*, which are the same (with more detail) as the business-type activities that are reported in the government-wide statements, and *internal service funds*, which report activities that provide services and supplies for the City's other programs and activities.

Enterprise Funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control and accountability or other purposes. In 2016, the City of Neenah used enterprise funds to account for:

Management's Discussion and Analysis (Unaudited)

Water Utility (major fund)
Sewerage Disposal Utility (major fund)
Stormwater Utility (major fund)
Parking Utility

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City or to other governmental units on a cost-reimbursement basis. In 2016, the City of Neenah used internal service funds to account for:

Fleet Management
Benefit Accrual

Insurance
Information Systems

The basic proprietary fund financial statements can be found on pages 9 through 13 of this report.

Fiduciary Funds

Agency Funds

Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. In 2016, the City of Neenah used agency funds to account for:

Advance Tax Collections
Neenah-Menasha Fire Rescue

Menasha-Neenah Municipal Court
Other

The basic fiduciary fund financial statement can be found on page 14 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As stated earlier, net position (assets/deferred outflows of resources less liabilities/deferred inflows of resources) total \$154,499,039 for the City of Neenah as of December 31, 2016. This includes total assets of \$274,742,952, deferred outflows of resources of \$11,608,274, total liabilities of \$106,315,161 and deferred inflows of resources of \$25,537,026. While the usefulness of these numbers in determining the financial position of the City continues to be somewhat debatable, it is useful to examine the specifics of the City's total net position.

Capital assets (land, buildings, building improvements, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress) account for approximately 74% of the City's total assets. This includes the City's investment in roads, sewers and bridges. Non-current liabilities, most of which were incurred to finance capital assets, account for approximately 94% of all City liabilities. The following table provides an analysis of the City's net position outlook:

Management's Discussion and Analysis (Unaudited)

CITY OF NEENAH NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$45,123,327	\$45,599,633	\$25,186,791	\$25,548,596	\$70,310,118	\$71,148,229
Capital assets	128,116,421	127,719,975	76,316,413	76,412,504	204,432,834	204,132,479
Total assets	173,239,748	173,319,608	101,503,204	101,961,100	274,742,952	275,280,708
Deferred outflows of resources	10,524,212	3,148,277	1,084,062	425,624	11,608,274	3,573,901
Long-term liabilities	(66,742,255)	(64,934,988)	(33,720,013)	(36,391,109)	(100,462,268)	(101,326,097)
Other liabilities	(2,237,635)	(2,589,924)	(3,615,258)	(3,221,310)	(5,852,893)	(5,811,234)
Total liabilities	(68,979,890)	(67,524,912)	(37,335,271)	(39,612,419)	(106,315,161)	(107,137,331)
Deferred inflows of resources	(25,175,543)	(20,822,001)	(361,483)	-	(25,537,026)	(20,822,001)
Net position:						
Net investment in capital assets	81,963,772	82,609,149	50,651,559	48,640,340	131,750,638	130,261,286
Restricted	8,897,303	12,061,179	1,284,674	1,696,318	10,181,977	13,757,497
Unrestricted (deficit)	(1,252,548)	(6,549,356)	12,954,279	12,437,647	12,566,424	6,876,494
Total net position	\$89,608,527	\$88,120,972	\$64,890,512	\$62,774,305	\$154,499,039	\$150,895,277

The total net position section includes an adjustment of \$864,693 for capital assets owned by the business-type activities column, but financed by debt of the governmental activities column (see Note I (D) on page 32).

Net position for governmental activities increased \$1,487,555 from 2015, while net position for business-type activities rose by \$2,116,207. The increase in both governmental activity net position is primarily due to a net increase in deferred outflows of resources as compared to deferred inflows of resources. The net position for business-type activities benefited mainly from a reduction in total liabilities.

The following table provides a more detailed analysis of the City's change in net position:

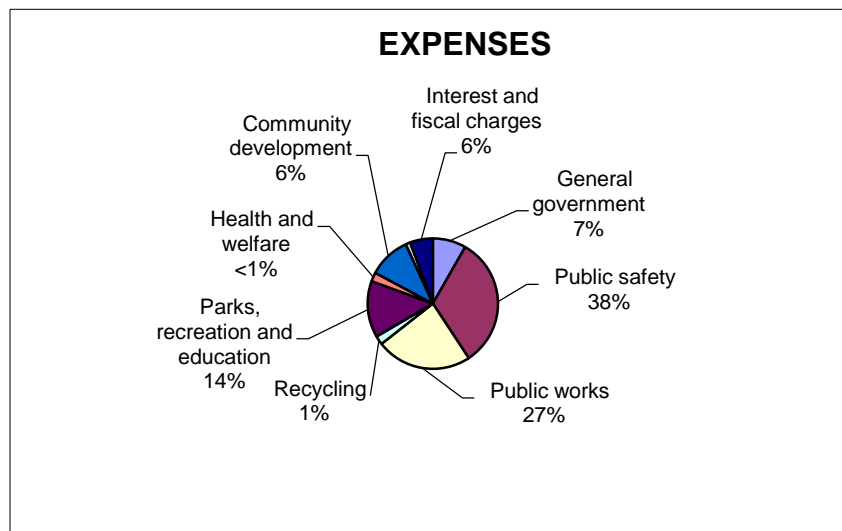
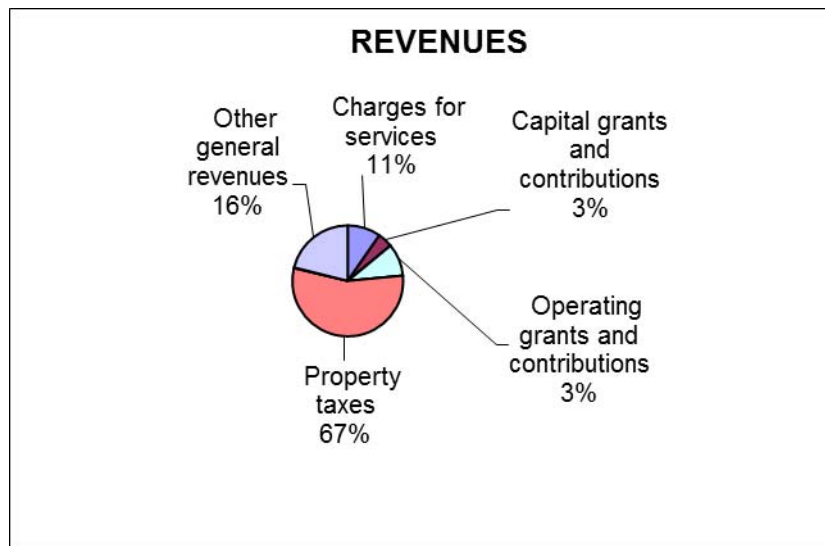
Management's Discussion and Analysis (Unaudited)

CITY OF NEENAH CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues						
Charges for services	\$3,374,019	\$3,284,555	\$14,347,058	\$14,331,713	\$17,721,077	\$17,616,268
Operating grants and contributions	1,039,892	907,845	-	-	1,039,892	907,845
Capital grants and contributions	762,455	824,983	521,783	322,480	1,284,238	1,147,463
General revenues						
Property taxes	20,452,731	20,244,744	-	-	20,452,731	20,244,744
Other taxes	13,467	13,082	-	20,000	13,467	33,082
Other general revenues	4,939,268	4,807,698	69,336	42,055	5,008,604	4,849,753
Total revenues	<u>30,581,832</u>	<u>30,082,907</u>	<u>14,938,177</u>	<u>14,716,248</u>	<u>45,520,009</u>	<u>44,799,155</u>
Expenses						
General government	2,217,050	2,570,344	-	-	2,217,050	2,570,344
Public safety	11,928,496	11,031,978	-	-	11,928,496	11,031,978
Public works	8,566,701	8,195,235	-	-	8,566,701	8,195,235
Recycling	454,962	513,724	-	-	454,962	513,724
Parks, recreation and education	4,576,920	4,904,368	-	-	4,576,920	4,904,368
Health and welfare	14,016	7,345	-	-	14,016	7,345
Community development	2,083,869	2,037,299	-	-	2,083,869	2,037,299
Interest and fiscal charges	1,853,374	2,052,080	-	-	1,853,374	2,052,080
Water utility	-	-	5,294,514	5,227,739	5,294,514	5,227,739
Sewer disposal utility	-	-	3,476,331	3,172,687	3,476,331	3,172,687
Storm water utility	-	-	1,239,923	1,079,751	1,239,923	1,079,751
Other proprietary funds	-	-	210,091	260,187	210,091	260,187
Total expenses	<u>31,695,388</u>	<u>31,312,373</u>	<u>10,220,859</u>	<u>9,740,364</u>	<u>41,916,247</u>	<u>41,052,737</u>
Increase (decrease) in net position before transfers	(1,113,556)	(1,229,466)	4,717,318	4,975,884	3,603,762	3,746,418
Transfers	<u>2,601,111</u>	<u>2,338,365</u>	<u>(2,601,111)</u>	<u>(2,338,365)</u>	-	-
Change in net position	1,487,555	1,108,899	2,116,207	2,637,519	3,603,762	3,746,418
Net position-beginning	<u>88,120,972</u>	<u>87,012,073</u>	<u>62,774,305</u>	<u>60,136,786</u>	<u>150,895,277</u>	<u>147,148,859</u>
Net position-end of year	<u>\$89,608,527</u>	<u>\$88,120,972</u>	<u>\$64,890,512</u>	<u>\$62,774,305</u>	<u>\$154,499,039</u>	<u>\$150,895,277</u>

Property taxes in 2016 accounted for 66.88% of total governmental activities revenue, while charges for services accounted for 96.04% all of revenues generated by business-type activities. Expenses for public safety and public works were 64.66% of all governmental activities expenses. Business-type activities expenses were mostly due to the operations of the Water Utility (51.80%) and Sewerage Disposal Utility (34.01%). The following graphs provide a breakdown of all governmental activities revenues and expenses:

Management's Discussion and Analysis (Unaudited)



INDIVIDUAL FUND FINANCIAL ANALYSIS

Governmental Funds

The City of Neenah ended 2016 with a fund balance of \$16,708,462 in its governmental funds, an increase of \$1,460,357 (9.58%) from December 31, 2015.

Management's Discussion and Analysis (Unaudited)

General Fund

The City's General Fund realized a small fund balance increase of \$45,551 from 2016 operations. Positive expenditure budget variances occurred in virtually all City operational categories. These positive variances more than offset negative revenue variances in Intergovernmental Revenues, Fine and Forfeitures and Investment Income.

Fund balance at year end totaled \$4,186,667, of which \$3,825,574 is unassigned. This unassigned fund balance is 16.40% of the City's 2016 General Fund expenditures/other financing uses of \$23,324,153. Municipal credit analyst Standard and Poor's (S&P) considers the fund balance in the general fund an important measure of a City's financial condition. The fund balance of 16.40% of expenditures/other financing uses is considered a moderately strong fund balance by S&P and helps contribute to the City of Neenah's very strong AA bond rating.

Special Revenue -TIF District No. 8

The Special Revenue -TIF District No. 8 fund accounts for the accumulation of TIF tax increment generated by development in the district, and the corresponding transfer of funds to the City's general and debt service funds for administrative and debt service related costs. The net increase in fund balance during the year was \$1,370,739, which resulted in a fund balance deficit at year-end of \$4,418,455. The primary reason for the increase in the fund balance was the transfer of \$2,293,717 from donor TIF District No. 7, which more than offset debt service payments that were in excess increment generated.

Debt Service

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The net increase in fund balance during the year of \$997,175 was mainly caused by the City's decision to continue the practice, which began in 2012, to annually levy \$900,000 for TIF-related Debt Service, funding that had previously been used to fund non-TIF debt service payments. That set aside, which now totals \$4,500,000 and remains in the Debt Service Fund fund balance, is being used to fund temporary advances to offset cash deficits in TIF No. 6 and TIF No. 8 Special Revenue Funds, deficits created by debt service payments in excess of tax increment received.

Capital Projects – Public Infrastructure

This fund accounts for resources to be used for the acquisition, construction or maintenance of streets, sewers, pedestrian routes and traffic signals. Unspent borrowed funds for 2016 projects mainly due to a positive bidding environment led to an increase in fund balance of \$422,081. This resulted in a fund balance at year end of \$4,086,792.

Special Revenue Fund – TIF District No. 7

The Special Revenue -TIF District No. 7 fund accounts for the accumulation of TIF tax increment generated by development in the district, and the corresponding transfer of funds to the City's general and debt service funds for administrative and debt service related costs. The net

Management's Discussion and Analysis (Unaudited)

decrease in fund balance during the year was \$1,687,588, which resulted in a fund balance at year-end of \$0. Increment generated for TIF No. 7 was more than sufficient to offset debt service payments, leading to an initial positive fund balance of \$2,293,717. As a donor TIF, TIF District No. 7 then transferred this full amount to TIF District No. 8, leading to the final fund balance of \$0.

Capital Projects – TIF District No. 8

This fund accounts for resources to be used to fund redevelopment projects within the City's Doty Island and Riverwalk Zone improvement districts. Unspent borrowed funds in 2016 led to an increase in fund balance of \$99,361. This resulted in a positive year-end balance of \$1,919,465.

Proprietary Funds

Water Utility

The water utility's operating income was \$3,139,107 in 2016, with net income before transfers and contributions of \$2,715,979. These positive operating results lead to an increase in net position of \$1,449,718. The water utility's 2016 rate of return is 6.23%, compared to 6.30% in 2015. Positive operating outcomes are the result of a water rate increase that was fully implemented in 2011 and an ongoing reduction in operating expenses.

Sewerage Disposal Utility

The sewerage disposal utility realized an operating gain, before transfers and contributions, of \$929,036. Overall net position increased by \$505,919. A low rate structure was the main contributing factor to the operating loss and decrease in net position in years prior to 2011. The City approved a new rate structure in late 2008 for implementation in 2009-2014, resulting in the continuation of positive and stable operating results for 2016.

Storm Water Utility

In 2016, the utility had operating income, before transfers and contributions, of \$499,133 and an increase in net position of \$211,259. Stability in both rates to customers as well as operations continue to be the driving force behind ongoing positive operating results.

BUDGETARY ANALYSIS

The City's 2016 General Fund adopted expenditure budget totaled \$23,625,560. The Common Council approved departmental 2016 carryover requests of 2015 unspent operating funds of \$45,057 for an amended expenditure budget of \$23,670,617. The City's final adopted General Fund revenue budget totaled \$23,431,560. The 2016 adopted budget, before carryovers, also included the use of \$194,000 of reserves to balance the General Fund operating budget.

The City ended 2016 with a total fund balance increase of \$45,551 and an unassigned fund balance increase of \$132,966 from 2015, maintaining a stable and mostly positive trend established over recent years.

Management's Discussion and Analysis (Unaudited)

Actual general fund revenue was \$61,856 (.26%) less than budget. The City experienced positive variances in Taxes (\$3,392), Charges for Services (\$25,077) and Other Financing Sources (\$6,520), while Intergovernmental Revenues (\$7,175), Licenses and Permits (\$301), Fines, Forfeitures and Penalties (\$22,078) and Investment Income/Miscellaneous (\$67,291) experienced negative variances.

General fund expenditures finished 2016 with a favorable budget variance of \$346,464 (1.46%). With the exception of Other, all operating facets experienced positive variances, including General Government (\$13,670), Public Safety (\$200,962), Public Works (\$82,885), Parks, Recreation and Education (\$34,663), Health and Welfare (\$150) and Community Development (\$42,263). Statements highlighting budget versus actual variances can be found on pages 80 through 83 of this report.

In summary, the City's combined negative revenue variance of \$61,856 and positive expenditure variance of \$346,464 led to a 2016 General Fund operating gain of \$284,608. This number, when reduced by the 2016 budgeted use of reserves of \$194,000 and by the 2015 carryovers of \$45,057, equals the total increase in fund balance of \$45,551 for fiscal year 2016.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the City of Neenah had a net investment in capital assets of \$204,432,834, for all governmental and business-type activities of the City. This is an increase of \$300,355 or .15%, from the end of 2015.

Major capital asset additions (before depreciation) that took place in the City's governmental activities include net additions to Land (\$841,163), Buildings (\$233,234), Equipment, Furniture and Fixtures (\$809,090), Streets (\$608,755), Street Lighting (\$209,467) and Sidewalks/Trails (\$257,172). Other than depreciation, there were no significant capital asset value reductions in any categories.

In the City's business-type activities, the Water Utility experienced an increase (before accumulated depreciation) in Transmission and Distribution (\$691,683). The City's Sewerage Disposal Utility saw a net increase in Collection System (\$855,384), while the Storm Water Utility also had a net addition in Collection System (\$370,938). The City's Parking Utility saw no major reduction in any categories in 2016. The following table provides a summary of the City's change in capital assets:

Management's Discussion and Analysis (Unaudited)

CITY OF NEENAH CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$13,616,367	\$12,870,233	\$280,447	\$280,447	\$13,896,814	\$13,150,680
Detention Ponds	-	-	3,421,404	3,421,404	3,421,404	3,421,404
Right-of-way	13,119,594	13,112,194	-	-	13,119,594	13,112,194
Land Improvements	10,386,113	10,354,074	-	-	10,386,113	10,354,074
Depreciable Capital Assets	151,783,871	149,610,563	106,591,325	104,654,600	258,375,196	254,265,163
Construction in progress	-	-	-	-	-	-
Total capital assets	188,905,945	185,947,064	110,293,176	108,356,451	299,199,121	294,303,515
Less accumulated depreciation	(60,789,524)	(58,227,089)	(33,976,763)	(31,943,947)	(94,766,287)	(90,171,036)
Capital assets net of depreciation	<u>\$128,116,421</u>	<u>\$127,719,975</u>	<u>\$76,316,413</u>	<u>\$76,412,504</u>	<u>\$204,432,834</u>	<u>\$204,132,479</u>

More detail regarding the City's capital assets can be found in Note IV (D) on pages 43 to 46 of this report.

Outstanding Debt

The City's outstanding general obligation debt (backed by the full faith and credit of City taxpayers) as of December 31, 2016 totaled \$45,851,364. The City also had a Note Anticipation Note (NAN) totaling \$1,350,000 and revenue debt outstanding of \$27,432,081 backed by revenues generated from the Neenah Water Utility (\$17,445,789) and Storm Water Utility (\$351,077). The revenue debt total also includes \$9,635,215 of Sanitary Sewer Clean Water Loan Fund Revenue debt of which the City is responsible through its ownership share in the Neenah-Menasha Sewerage Commission, which issued the loan in 2013. In addition, the City is the lessee for Capital Leases totaling \$21,726,251 owed to the City's Community Development Authority (CDA).

In 2016, the City issued \$6,500,000 in General Obligation Promissory Notes. Notes are debt instruments in which the debt principal will be paid off in ten years or less. Proceeds from the notes were authorized for use in the following manner:

City Capital Improvements Projects	\$4,240,000
Tax Incremental Financing Districts	735,000
Sanitary Sewer Utility	945,000
Storm Water Utility	<u>580,000</u>
Total	<u>\$6,500,000</u>

In addition, the City's Community Development Authority (CDA) issued \$3,500,000 in Lease Revenue Refunding Bonds to partially refund \$6,285,000 Lease Revenue Bonds issued in 2008.

City outstanding G.O. notes and bonds carry a AA/stable rating from Standard & Poor's. Moody's current rating for all outstanding water utility revenue debt is A1.

Management's Discussion and Analysis (Unaudited)

Wisconsin state statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total equalized valuation. Based upon the City's 2016 equalized value of \$1,991,660,100, the City's statutory debt limit totaled \$99,583,005. The City was at 46.04% of its legal debt limit as of December 31, 2016.

The following table provides a summary of all outstanding debt and lease obligations:

CITY OF NEENAH OUTSTANDING DEBT

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General obligation bonds and notes	\$37,291,112	\$36,925,947	\$ 8,560,252	\$ 8,518,933	\$45,851,364	\$45,444,880
Note anticipation notes	1,350,000	1,350,000	-	-	1,350,000	1,350,000
Capital leases	21,726,251	22,090,611	-	-	21,726,251	22,090,611
Revenue bonds	-	-	27,432,081	30,214,472	27,432,081	30,214,472
Total	<u>\$60,367,363</u>	<u>\$60,366,558</u>	<u>\$35,992,333</u>	<u>\$38,733,405</u>	<u>\$96,359,696</u>	<u>\$ 99,099,963</u>

More detail regarding the City's outstanding debt can be found in Note IV (F) on pages 50 through 56 of this report.

ECONOMIC FACTORS, 2016 TAX RATES AND THE 2017 BUDGET

As we enter 2017, the City of Neenah is experiencing relative stability in city government and strong signs of positive growth in the community as a whole. The macro economic problems of job growth and stagnant property values continue to improve. While challenges still exist, the City has benefitted from proactively preparing itself to confront these challenges head on, and believes it is well positioned to meet these and any future issues as they arise.

The City experienced moderate to strong growth in housing, commercial and industrial property values in 2016. Entering 2017, the City continues to aggressively seek development in all three sectors through the conservative yet creative use of Tax Incremental Financing as well as quality of life improvements within the community at large.

On the larger economic issues, City demographic statistics such as City and resident per return adjusted gross income and total per capita income continue to perform well when compared to both state and national averages. In its most recent rating report affirming the City's AA/Stable rating, Standard and Poors (S&P) noted the following attributes: Adequate economy; Strong management; Strong budgetary performance and; Very strong budgetary flexibility.

In summary, these attributes have allowed the City to position itself to counteract ongoing challenges without adversely affecting core services, while remaining committed to solutions that are based on sound financial principles that are sustainable into the future.

Management's Discussion and Analysis (Unaudited)

The City's 2017 budget provided for an operating tax levy increase of 1.94% (before TIF), with a 2.20% increase after TIF. This translated into an assessed tax rate (after TIF) for City services of \$9.3283 per \$1,000 of assessed valuation (a 1.24% increase). The corresponding equalized tax rate is \$9.1614 per \$1,000 of equalized value (a .80% decrease).

In the City's enterprise funds, the City's Water Utility continues on sound financial footing after implementing a 32% rate increase in January 2011. This stability has been somewhat challenged by the loss of the City's largest water user, Fox Valley Energy, in June of 2013. Operating cost reductions utility-wide have also been implemented to mitigate reductions in water sales. The Utility's rate of return for 2016 was 6.23%. The Sanitary Sewer Utility experienced five rate increases from 2009-2014, with no changes implemented for 2015 or 2016. The 2013-14 increases were primarily to fund the City's share of a \$23 million improvement project to the Neenah/Menasha Wastewater Treatment Plant. Despite these increases, rates continue to be among the lowest in the state. A rate study is currently underway with recommendations planned that could affect rates beginning in 2018. The City's Stormwater Utility have remained unchanged for the past seven years, with no plans for modifications in the foreseeable future. The Storm Water Utility charges all properties in the City a fee based upon the approximate impervious surface of the property, which contributes to storm water runoff.

REQUESTS FOR FINANCIAL INFORMATION

This financial report is designed to provide a general overview of the City of Neenah's finances for anyone who would have an interest. Additional information regarding the City's finances or questions concerning any of the information found in this report should be addressed to the City of Neenah, Director of Finance, 211 Walnut Street, P.O. Box 426, Neenah, WI 54957-0426. Other information related to the City can be accessed on the City's website at www.ci.neenah.wi.us.

CITY OF NEENAH

STATEMENT OF NET POSITION
As of December 31, 2016

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Totals	
ASSETS				
Cash and investments	\$ 15,206,457	\$ 11,050,761	\$ 26,257,218	\$ 54,911
Receivables (net)				
Taxes	21,498,432	-	21,498,432	130,379
Delinquent personal property	53,283	-	53,283	-
Special assessments	1,129,557	196,380	1,325,937	-
Loans	522,096	-	522,096	-
Accrued interest	146,979	-	146,979	62,717
Accounts	274,876	1,409,067	1,683,943	-
Unbilled revenues	-	1,563,229	1,563,229	-
Other	388,449	3,425	391,874	-
Internal balances	951,093	(951,093)	-	-
Due from component unit	2,344,232	-	2,344,232	-
Due from other governments	126,336	9,635,216	9,761,552	-
Lease receivable from primary government	-	-	-	21,726,251
Inventories	207,906	127,514	335,420	-
Prepaid items	383,476	1,634	385,110	-
Restricted Assets				
Cash and investments	-	2,147,808	2,147,808	2,344,232
Accrued interest	-	2,281	2,281	-
Deposit with risk pool	1,117,155	-	1,117,155	-
Other assets	-	569	569	-
Land held for resale	773,000	-	773,000	-
Capital Assets				
Land	13,616,367	280,447	13,896,814	-
Detention ponds	-	3,421,404	3,421,404	-
Right-of-way	13,119,594	-	13,119,594	-
Land improvements	10,386,113	-	10,386,113	-
Depreciable capital assets, net	90,994,347	72,614,562	163,608,909	4,949
Total Assets	<u>173,239,748</u>	<u>101,503,204</u>	<u>274,742,952</u>	<u>24,323,439</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on advance refunding	149,787	124,548	274,335	993,749
Pension related amounts	10,374,425	959,514	11,333,939	-
Total Deferred Outflows of Resources	<u>10,524,212</u>	<u>1,084,062</u>	<u>11,608,274</u>	<u>993,749</u>
LIABILITIES				
Accounts payable	1,116,534	532,184	1,648,718	8,609
Other accrued liabilities	601,951	106,792	708,743	62,717
Claims payable	20,000	-	20,000	-
Due to other governmental units	580	-	580	-
Due to primary government	-	-	-	2,344,232
Other liabilities	498,570	32,621	531,191	-
Unearned revenue	-	7,122	7,122	-
Liabilities Payable From Restricted Assets				
Current maturities of revenue debt	-	2,874,787	2,874,787	-
Accrued interest	-	61,752	61,752	-
Noncurrent Liabilities				
Due within one year	8,819,672	1,657,775	10,477,447	975,000
Due in more than one year	57,922,583	32,062,238	89,984,821	21,745,000
Total Liabilities	<u>68,979,890</u>	<u>37,335,271</u>	<u>106,315,161</u>	<u>25,135,558</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for next period	21,276,469	-	21,276,469	130,379
Pension related amounts	3,899,074	361,483	4,260,557	-
Total Deferred Inflows of Resources	<u>25,175,543</u>	<u>361,483</u>	<u>25,537,026</u>	<u>130,379</u>
NET POSITION				
Net investment in capital assets	81,963,772	50,651,559	131,750,638	4,949
Restricted for				
Debt service	4,685,761	1,034,674	5,720,435	-
TIF Districts	594,257	-	594,257	-
Loans	861,135	-	861,135	-
Grant programs	92,484	-	92,484	-
Library	1,391,401	-	1,391,401	-
Cemetery	1,272,265	-	1,272,265	-
Depreciation	-	250,000	250,000	-
Unrestricted (deficit)	(1,252,548)	12,954,279	12,566,424	46,302
TOTAL NET POSITION	<u>\$ 89,608,527</u>	<u>\$ 64,890,512</u>	<u>\$ 154,499,039</u>	<u>\$ 51,251</u>

See accompanying notes to financial statements.

CITY OF NEENAH

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 2,217,050	\$ 834,436	\$ -	\$ -
Public safety	11,928,496	307,095	185,588	-
Public works	8,566,701	161,008	-	722,287
Recycling	454,962	326,116	200,032	-
Parks, recreation, and education	4,576,920	1,457,604	84,565	35,893
Health and welfare	14,016	79,442	-	-
Community development	2,083,869	208,318	569,707	4,275
Interest and fiscal charges	1,853,374	-	-	-
Total Governmental Activities	<u>31,695,388</u>	<u>3,374,019</u>	<u>1,039,892</u>	<u>762,455</u>
Business-type Activities				
Water utility	5,294,514	7,968,827	-	93,068
Sewerage disposal utility	3,476,331	4,390,824	-	339,521
Stormwater utility	1,239,923	1,725,929	-	89,194
Parking utility	210,091	261,478	-	-
Total Business-type Activities	<u>10,220,859</u>	<u>14,347,058</u>	<u>-</u>	<u>521,783</u>
Total Primary Government	<u>\$ 41,916,247</u>	<u>\$ 17,721,077</u>	<u>\$ 1,039,892</u>	<u>\$ 1,284,238</u>
Component Units - Business-type Activities				
Business Improvement District	\$ 125,752	\$ -	\$ -	\$ -
Community Development Authority	942,643	-	-	-
Total Component Units	<u>\$ 1,068,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Property taxes, levied for TIF purposes

Other taxes

Intergovernmental revenues not restricted to specific programs

Investment income

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in net position

NET POSITION - Beginning

NET POSITION - Ending

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Totals	
\$ (1,382,614)	\$ -	\$ (1,382,614)	\$ -
(11,435,813)	-	(11,435,813)	-
(7,683,406)	-	(7,683,406)	-
71,186	-	71,186	-
(2,998,858)	-	(2,998,858)	-
65,426	-	65,426	-
(1,301,569)	-	(1,301,569)	-
(1,853,374)	-	(1,853,374)	-
<u>(26,519,022)</u>	<u>-</u>	<u>(26,519,022)</u>	<u>-</u>
-	2,767,381	2,767,381	-
-	1,254,014	1,254,014	-
-	575,200	575,200	-
-	51,387	51,387	-
-	<u>4,647,982</u>	<u>4,647,982</u>	<u>-</u>
<u>(26,519,022)</u>	<u>4,647,982</u>	<u>(21,871,040)</u>	<u>-</u>
-	-	-	(125,752)
-	-	-	(942,643)
12,981,148	-	12,981,148	-
3,285,000	-	3,285,000	-
4,186,583	-	4,186,583	-
13,467	-	13,467	129,993
4,044,741	-	4,044,741	-
406,271	79,072	485,343	942,660
488,256	(9,736)	478,520	-
<u>2,601,111</u>	<u>(2,601,111)</u>	<u>-</u>	<u>-</u>
<u>28,006,577</u>	<u>(2,531,775)</u>	<u>25,474,802</u>	<u>1,072,653</u>
1,487,555	2,116,207	3,603,762	4,258
<u>88,120,972</u>	<u>62,774,305</u>	<u>150,895,277</u>	<u>46,993</u>
<u>\$ 89,608,527</u>	<u>\$ 64,890,512</u>	<u>\$ 154,499,039</u>	<u>\$ 51,251</u>

See accompanying notes to financial statements.

CITY OF NEENAH

BALANCE SHEET - GOVERNMENTAL FUNDS
As of December 31, 2016

	General	Special Revenue - TIF District No. 8	Debt Service
ASSETS			
Cash and investments	\$ 3,018,971	\$ -	\$ 21,741
Receivables (net)			
Taxes	13,323,516	1,284,393	3,536,101
Delinquent personal property	53,283	-	-
Special assessments	3,407	-	550,197
Loans	-	-	-
Accrued interest	146,979	-	-
Other	343,940	12,472	-
Due from other funds	1,032,167	-	-
Due from component unit	-	-	-
Due from other governments	126,336	-	-
Inventories	1,020	-	-
Prepaid items	14,780	-	-
Advances to other funds	-	-	4,518,417
TOTAL ASSETS	\$ 18,064,399	\$ 1,296,865	\$ 8,626,456
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 331,328	\$ -	\$ 68
Other accrued liabilities	185,324	-	-
Due to other governmental units	580	-	-
Due to other funds	81,074	-	164,000
Other liabilities	-	-	-
Advances from other funds	-	4,430,927	-
Total Liabilities	<u>598,306</u>	<u>4,430,927</u>	<u>164,068</u>
Deferred Inflows of Resources			
Property tax levied for next period	13,262,991	1,284,393	3,360,000
Unavailable revenue	16,435	-	550,197
Total Deferred Inflows of Resources	<u>13,279,426</u>	<u>1,284,393</u>	<u>3,910,197</u>
Fund Balances			
Nonspendable:			
Delinquent personal property taxes	53,283	-	-
Inventories	1,020	-	-
Prepaid items	14,780	-	-
Restricted	-	-	4,552,191
Committed	-	-	-
Assigned	292,010	-	-
Unassigned (deficit)	3,825,574	(4,418,455)	-
Total Fund Balances	<u>4,186,667</u>	<u>(4,418,455)</u>	<u>4,552,191</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 18,064,399	\$ 1,296,865	\$ 8,626,456

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

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note IV.D.

Assets held for resale are not reported in the funds.

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. See Note IV.B.

Internal service funds are reported in the statement of net position as governmental funds.

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II.A.

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.

NET POSITION OF GOVERNMENTAL ACTIVITIES

Capital Projects - Public Infrastructure	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,950,951	\$ 6,769,838	\$ 12,761,501
-	3,354,422	21,498,432
-	-	53,283
575,953	-	1,129,557
-	522,096	522,096
-	-	146,979
204	31,833	388,449
164,000	-	1,196,167
-	2,344,232	2,344,232
-	-	126,336
-	-	1,020
-	21,873	36,653
891,000	2,379,540	7,788,957
<u>\$ 4,582,108</u>	<u>\$ 15,423,834</u>	<u>\$ 47,993,662</u>

\$ 12,739	\$ 394,122	\$ 738,257
-	-	185,324
-	-	580
-	-	245,074
482,577	15,993	498,570
-	3,358,030	7,788,957
<u>495,316</u>	<u>3,768,145</u>	<u>9,456,762</u>

-	3,354,422	21,261,806
-	-	566,632
-	3,354,422	21,828,438

-	-	53,283
-	-	1,020
-	21,805	36,585
422,080	7,847,037	12,821,308
-	1,064,595	1,064,595
3,664,712	1,305,304	5,262,026
-	(1,937,474)	(2,530,355)
<u>4,086,792</u>	<u>8,301,267</u>	<u>16,708,462</u>

\$ 4,582,108 \$ 15,423,834

128,116,421

773,000

566,632

1,738,204

(64,769,543)

10,374,425

(3,899,074)

\$ 89,608,527

See accompanying notes to financial statements.

CITY OF NEENAH

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For the Year Ended December 31, 2016

	General	Special Revenue - TIF District No. 8	Debt Service
REVENUES			
Taxes	\$ 13,009,432	\$ 1,295,978	\$ 3,285,000
Intergovernmental	3,700,885	237,062	78,166
Licenses and permits	283,649	-	-
Fines, forfeitures and penalties	83,922	-	-
Special assessments	-	-	471,314
Charges for services	2,706,577	-	-
Contributions	-	-	-
Investment income and miscellaneous	426,839	82,662	-
Total Revenues	<u>20,211,304</u>	<u>1,615,702</u>	<u>3,834,480</u>
EXPENDITURES			
Current			
General government	2,333,870	-	-
Public safety	11,039,877	-	-
Public works	4,140,075	-	-
Recycling	-	-	-
Parks, recreation, and education	4,060,987	-	-
Health and welfare	100	-	-
Community development	1,444,335	8,076	-
Conservation and development	-	-	-
Other	292,909	-	-
Capital Outlay	-	-	-
Debt Service			
Principal retirement	-	3,600,000	4,609,835
Interest and fiscal charges	-	1,207,073	1,041,689
Total Expenditures	<u>23,312,153</u>	<u>4,815,149</u>	<u>5,651,524</u>
Excess (deficiency) of revenues over expenditures	<u>(3,100,849)</u>	<u>(3,199,447)</u>	<u>(1,817,044)</u>
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	-	-	34,590
Proceeds from capital lease issued	-	3,500,000	-
Premium on debt	-	197	83,482
Sale of city property	7,055	-	-
Transfers in	3,151,345	2,293,717	2,696,147
Transfers out	(12,000)	(1,223,728)	-
Total Other Financing Sources (Uses)	<u>3,146,400</u>	<u>4,570,186</u>	<u>2,814,219</u>
Net Change in Fund Balance	45,551	1,370,739	997,175
FUND BALANCES (DEFICIT) - Beginning	<u>4,141,116</u>	<u>(5,789,194)</u>	<u>3,555,016</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 4,186,667</u>	<u>\$ (4,418,455)</u>	<u>\$ 4,552,191</u>

Capital Projects - Public Infrastructure	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 3,216,721	\$ 20,807,131
-	999,559	5,015,672
-	-	283,649
-	-	83,922
-	-	471,314
-	-	2,706,577
-	124,951	124,951
-	302,738	812,239
-	4,643,969	30,305,455
-	-	2,333,870
-	28,888	11,068,765
-	-	4,140,075
-	511,733	511,733
-	165,684	4,226,671
-	3,191	3,291
-	568,332	2,020,743
-	263	263
-	-	292,909
1,978,919	3,000,260	4,979,179
-	-	8,209,835
-	5,234	2,253,996
1,978,919	4,283,585	40,041,330
(1,978,919)	360,384	(9,735,875)
2,401,000	2,539,410	4,975,000
-	-	3,500,000
-	14,275	97,954
-	15,112	22,167
-	204,000	8,345,209
-	(4,508,370)	(5,744,098)
2,401,000	(1,735,573)	11,196,232
422,081	(1,375,189)	1,460,357
3,664,711	9,676,456	15,248,105
\$ 4,086,792	\$ 8,301,267	\$ 16,708,462

See accompanying notes to financial statements.

CITY OF NEENAH

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

Net change in fund balances - total governmental funds	\$ 1,460,357
--	--------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	4,979,179
Some items are reported as capital outlay but are not capitalized	(768,639)
Depreciation is reported in the government-wide statements	(3,812,675)
Net book value of assets retired	(1,419)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	244,985
---	---------

Debt and leases issued provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which issues (\$4,975,000 for general obligation debt, \$3,500,000 for capital lease reduced by \$264,360 or the change in the unamortized loss on the CDA refunding) exceeded payments (\$4,609,835 for principal of general obligation debt and \$3,600,000 for principal of capital lease)	(805)
---	-------

Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.	(21,982)
--	----------

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	(37,347)
Accrued interest on debt	107,601
Other post-employment benefits	(13,440)
Amortization of loss on advance refunding	(47,301)
Net pension liability	(4,700,542)
Deferred outflow of resources related to pensions	7,423,236
Deferred inflow of resources related to pensions	(3,899,074)

Internal service funds are used by management to charge the costs of self insurance and central equipment agency costs to individual funds. The decrease in net position of the internal service funds is reported with governmental activities.	575,421
--	---------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 1,487,555
--	---------------------

See accompanying notes to financial statements.

CITY OF NEENAH

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
As of December 31, 2016

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Water Utility	Sewerage Disposal Utility	Stormwater Utility	Nonmajor (Parking Utility)		
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current Assets						
Cash and investments	\$ 5,156,402	\$ 2,394,224	\$ 3,380,463	\$ 119,672	\$ 11,050,761	\$ 2,444,956
Accounts receivable	774,711	470,102	164,254	-	1,409,067	274,876
Unbilled revenues	889,564	529,943	143,722	-	1,563,229	-
Other accounts receivable	3,425	-	-	-	3,425	-
Due from other funds	180	80,628	266	-	81,074	229,270
Inventories	127,514	-	-	-	127,514	206,886
Prepaid items	1,634	-	-	-	1,634	346,823
Current portion of due from other governments	-	491,549	-	-	491,549	-
Other assets	569	-	-	-	569	-
Restricted Assets						
Bond redemption account	1,081,567	-	16,704	-	1,098,271	-
Total Current Assets	8,035,566	3,966,446	3,705,409	119,672	15,827,093	3,502,811
Noncurrent Assets						
Restricted Assets						
Bond depreciation account	250,000	-	-	-	250,000	-
Bond reserve account	799,537	-	-	-	799,537	-
Interest receivable	2,281	-	-	-	2,281	-
Deposit with risk pool	-	-	-	-	-	1,117,155
Capital Assets						
Land	122,180	-	-	158,267	280,447	-
Detention ponds	-	-	3,421,404	-	3,421,404	-
Plant in service	61,193,057	26,986,010	18,311,149	101,109	106,591,325	-
Accumulated depreciation	(17,832,473)	(9,674,011)	(6,380,456)	(89,823)	(33,976,763)	-
Due from other governments	-	9,143,667	-	-	9,143,667	-
Other Assets						
Special assessments	-	193,090	3,290	-	196,380	-
Total Noncurrent Assets	44,534,582	26,648,756	15,355,387	169,553	86,708,278	1,117,155
Total Assets	52,570,148	30,615,202	19,060,796	289,225	102,535,371	4,619,966
Deferred Outflows of Resources						
Unamortized loss on advance refunding	82,282	16,732	25,534	-	124,548	-
Pension related amounts	678,614	72,829	170,359	37,712	959,514	-
Total Deferred Outflows of Resources	760,896	89,561	195,893	37,712	1,084,062	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 53,331,044	\$ 30,704,763	\$ 19,256,689	\$ 326,937	\$ 103,619,433	\$ 4,619,966

	Business-type Activities - Enterprise Funds					Governmental
	Water	Sewerage	Stormwater	Nonmajor	Total	Activities -
	Utility	Disposal	Utility	(Parking Utility)	Enterprise	Internal Service
		Utility			Funds	Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
Current Liabilities						
Accounts payable	\$ 86,932	\$ 413,497	\$ 12,004	\$ 19,751	\$ 532,184	\$ 378,276
Other accrued liabilities	-	47,961	31,429	27,402	106,792	-
Claims payable	-	-	-	-	-	20,000
Due to other funds	1,032,167	-	-	-	1,032,167	229,270
Other current liabilities	32,621	-	-	-	32,621	-
Unearned revenue	7,122	-	-	-	7,122	-
Compensated absences	25,149	-	-	-	25,149	1,195,436
General obligation debt	-	1,030,281	602,345	-	1,632,626	-
Current Liabilities Payable From Restricted Assets						
Current maturities of revenue debt	2,360,972	491,549	22,266	-	2,874,787	-
Accrued interest	61,752	-	-	-	61,752	-
Total Current Liabilities	3,606,715	1,983,288	668,044	47,153	6,305,200	1,822,982
Noncurrent Liabilities						
General obligation debt payable	-	4,826,730	2,230,035	-	7,056,765	-
Revenue debt	15,187,499	9,143,667	328,811	-	24,659,977	-
Compensated absences	118,758	-	-	-	118,758	1,044,117
Other post-employment benefits	37,296	4,580	9,854	3,240	54,970	-
Net pension liability	121,833	13,706	29,034	7,195	171,768	-
Total Noncurrent Liabilities	15,465,386	13,988,683	2,597,734	10,435	32,062,238	1,044,117
Total Liabilities	19,072,101	15,971,971	3,265,778	57,588	38,367,438	2,867,099
Deferred Inflows of Resources						
Unearned revenue	256,396	28,842	61,102	15,143	361,483	14,663
NET POSITION						
Net investment in capital assets	26,816,112	11,471,720	12,194,174	169,553	50,651,559	-
Restricted for debt service	1,019,815	-	14,859	-	1,034,674	-
Restricted for depreciation	250,000	-	-	-	250,000	-
Unrestricted	5,916,620	3,232,230	3,720,776	84,653	12,954,279	1,738,204
Total Net Position	34,002,547	14,703,950	15,929,809	254,206	64,890,512	1,738,204
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
	\$ 53,331,044	\$ 30,704,763	\$ 19,256,689	\$ 326,937	\$ 103,619,433	\$ 4,619,966

See accompanying notes to financial statements.

CITY OF NEENAH

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Fund
	Water Utility	Sewerage Disposal Utility	Stormwater Utility	Nonmajor (Parking Utility)		
OPERATING REVENUES						
Fees, fines, and forfeitures	\$ -	\$ 42,638	\$ -	\$ 261,478	\$ 304,116	\$ -
Charges for services	7,695,338	4,348,186	1,700,217	-	13,743,741	8,935,865
Miscellaneous operating income	273,489	-	25,712	-	299,201	-
Total Operating Revenues	<u>7,968,827</u>	<u>4,390,824</u>	<u>1,725,929</u>	<u>261,478</u>	<u>14,347,058</u>	<u>8,935,865</u>
OPERATING EXPENSES						
Utility operations	3,120,136	2,986,289	944,388	209,363	7,260,176	-
Depreciation	1,580,527	371,739	225,118	728	2,178,112	-
Other	129,057	-	-	-	129,057	8,360,444
Total Operating Expenses	<u>4,829,720</u>	<u>3,358,028</u>	<u>1,169,506</u>	<u>210,091</u>	<u>9,567,345</u>	<u>8,360,444</u>
Operating Income	<u>3,139,107</u>	<u>1,032,796</u>	<u>556,423</u>	<u>51,387</u>	<u>4,779,713</u>	<u>575,421</u>
NONOPERATING REVENUES (EXPENSES)						
Investment income	51,402	14,543	13,127	-	79,072	-
Unrealized loss	(8,098)	-	-	-	(8,098)	-
Miscellaneous non-operating income	25,848	-	-	-	25,848	-
Loss on sale of capital assets	(27,486)	-	-	-	(27,486)	-
Interest expense	(471,080)	(106,393)	(58,287)	-	(635,760)	-
Amortization of loss on advance refunding	(13,043)	(5,284)	(8,063)	-	(26,390)	-
Debt issuance costs	-	(6,626)	(4,067)	-	(10,693)	-
Amortization of premium	19,329	-	-	-	19,329	-
Total Nonoperating Revenues (Expenses)	<u>(423,128)</u>	<u>(103,760)</u>	<u>(57,290)</u>	<u>-</u>	<u>(584,178)</u>	<u>-</u>
Income Before Contributions and Transfers	2,715,979	929,036	499,133	51,387	4,195,535	575,421
Capital contributions	93,068	339,521	89,194	-	521,783	-
Transfers out	(327,162)	(762,638)	(377,068)	(102,076)	(1,568,944)	-
Transfers - tax equivalent	(1,032,167)	-	-	-	(1,032,167)	-
Change in Net Position	1,449,718	505,919	211,259	(50,689)	2,116,207	575,421
TOTAL NET POSITION - Beginning	<u>32,552,829</u>	<u>14,198,031</u>	<u>15,718,550</u>	<u>304,895</u>	<u>62,774,305</u>	<u>1,162,783</u>
TOTAL NET POSITION - ENDING	<u>\$ 34,002,547</u>	<u>\$ 14,703,950</u>	<u>\$ 15,929,809</u>	<u>\$ 254,206</u>	<u>\$ 64,890,512</u>	<u>\$ 1,738,204</u>

See accompanying notes to financial statements.

CITY OF NEENAH

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For the Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Water Utility	Sewerage Disposal Utility	Stormwater Utility	Nonmajor (Parking Utility)		
CASH FLOWS FROM OPERATING ACTIVITIES						
Received from customers	\$ 8,137,159	\$ 4,364,527	\$ 1,723,476	\$ 263,298	\$ 14,488,460	\$ 8,681,640
Paid to suppliers for good and services	(1,918,259)	(2,527,475)	(659,267)	(140,595)	(5,245,596)	(7,837,744)
Paid to employees	(1,074,027)	(91,403)	(283,878)	(58,595)	(1,507,903)	(750,004)
Net Cash Provided (Used) by Operating Activities	<u>5,144,873</u>	<u>1,745,649</u>	<u>780,331</u>	<u>64,108</u>	<u>7,734,961</u>	<u>93,892</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Paid to municipality for tax equivalent	(1,058,135)	-	-	-	(1,058,135)	-
Transfers out	(327,162)	(762,638)	(377,068)	(102,076)	(1,568,944)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,385,297)</u>	<u>(762,638)</u>	<u>(377,068)</u>	<u>(102,076)</u>	<u>(2,627,079)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Additions to capital assets	(861,574)	(844,083)	(313,034)	-	(2,018,691)	-
Capital contributed by customers	20,724	51,569	6,428	-	78,721	-
Special assessments received	-	102,014	225	-	102,239	-
Long-term debt issued	-	963,606	591,419	-	1,555,025	-
Debt issuance costs and premiums	-	(6,626)	(4,067)	-	(10,693)	-
Principal paid on long-term debt	(2,293,373)	(962,058)	(543,219)	-	(3,798,650)	-
Interest paid on long-term debt	(478,636)	(122,050)	(73,469)	-	(674,155)	-
Net Cash Used by Capital and Related Financing Activities	<u>(3,612,859)</u>	<u>(817,628)</u>	<u>(335,717)</u>	<u>-</u>	<u>(4,766,204)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income	55,686	14,543	13,127	-	83,356	-
Investments sold and matured	<u>315,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>315,278</u>	<u>-</u>
Net Cash Provided by Investing Activities	<u>370,964</u>	<u>14,543</u>	<u>13,127</u>	<u>-</u>	<u>398,634</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>517,681</u>	<u>179,926</u>	<u>80,673</u>	<u>(37,968)</u>	<u>740,312</u>	<u>93,892</u>
CASH AND CASH EQUIVALENTS - Beginning	<u>6,151,045</u>	<u>2,214,298</u>	<u>3,316,494</u>	<u>157,640</u>	<u>11,839,477</u>	<u>2,351,064</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 6,668,726</u>	<u>\$ 2,394,224</u>	<u>\$ 3,397,167</u>	<u>\$ 119,672</u>	<u>\$ 12,579,789</u>	<u>\$ 2,444,956</u>

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities- Internal Service Funds
	Water Utility	Sewerage Disposal Utility	Stormwater Utility	Nonmajor (Parking Utility)		
RECONCILIATION OF OPERATING INCOME TO						
NET CASH FROM OPERATING ACTIVITIES						
Operating income	\$ 3,139,107	\$ 1,032,796	\$ 556,423	\$ 51,387	\$ 4,779,713	\$ 575,421
Adjustments to Reconcile Operating Income to Net Cash Provided From Operating Activities						
Nonoperating income	25,847	-	-	-	25,847	-
Depreciation expense	1,580,527	371,739	225,118	728	2,178,112	-
Depreciation charged to sewer utility	120,828	-	-	-	120,828	-
Amortization of loss on retirement	129,057	-	-	-	129,057	-
Changes in Assets, Liabilities, and Deferred Inflows and Outflows						
Accounts receivable	55,976	(33,580)	(2,466)	1,820	21,750	(23,649)
Other accounts receivable	(19)	-	-	-	(19)	-
Due from other funds	-	7,283	13	-	7,296	(229,270)
Inventories	21,226	-	-	720	21,946	(2,599)
Prepaid items	295	-	-	-	295	(57,063)
Accounts payable	(13,365)	359,066	(18,974)	10,305	337,032	(63,786)
Claims payable	-	-	-	-	-	(44,089)
Due to other funds	-	-	-	-	-	229,270
Other current liabilities	8,649	-	(2,512)	(6,591)	(454)	-
Unearned revenues	2,150	-	-	-	2,150	(1,306)
Pension related deferrals and liabilities	77,981	8,207	22,256	5,686	114,130	-
Compensated absences	(4,409)	-	-	-	(4,409)	(289,037)
Other post-employment benefits	1,023	138	473	53	1,687	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 5,144,873</u>	<u>\$ 1,745,649</u>	<u>\$ 780,331</u>	<u>\$ 64,108</u>	<u>\$ 7,734,961</u>	<u>\$ 93,892</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE						
STATEMENT OF NET POSITION - PROPRIETARY FUNDS						
Cash and investments	\$ 5,156,402	\$ 2,394,224	\$ 3,380,463	\$ 119,672	\$ 11,050,761	\$ 2,444,956
Restricted cash and investments						
Bond redemption account	1,081,567	-	16,704	-	1,098,271	-
Bond depreciation account	250,000	-	-	-	250,000	-
Bond reserve account	799,537	-	-	-	799,537	-
Total Cash and Investments	7,287,506	2,394,224	3,397,167	119,672	13,198,569	2,444,956
Less: Noncash Equivalents	(618,780)	-	-	-	(618,780)	-
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,668,726</u>	<u>\$ 2,394,224</u>	<u>\$ 3,397,167</u>	<u>\$ 119,672</u>	<u>\$ 12,579,789</u>	<u>\$ 2,444,956</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Developer and customer financed additions to utility plant	\$ 72,344	\$ -	\$ 82,766	\$ -	\$ 155,110	\$ -
Unrealized loss on investments	\$ (8,098)	\$ -	\$ -	\$ -	\$ (8,098)	\$ -
Capital costs special assessed to customers	\$ -	\$ 252,868	\$ -	\$ -	\$ 252,868	\$ -
Debt issued on behalf of NMSC	\$ -	\$ 10,869	\$ -	\$ -	\$ 10,869	\$ -
Principal paid by NMSC	\$ -	\$ (478,291)	\$ -	\$ -	\$ (478,291)	\$ -
Capital contributions	\$ -	\$ 35,083	\$ -	\$ -	\$ 35,083	\$ -

See accompanying notes to financial statements.

CITY OF NEENAH

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUNDS As of December 31, 2016

	Agency Funds
	<hr/>
ASSETS	
Cash and investments	\$ 22,387,254
Property taxes receivable	6,107,950
Accounts receivable	4,630
Due from other governmental units	<hr/> 295,917
TOTAL ASSETS	<u>\$ 28,795,751</u>
 LIABILITIES	
Accounts payable	\$ 108,846
Accrued liabilities	1,532,119
Due to other governmental units	26,903,393
Advances from other governmental units	<hr/> 251,393
TOTAL LIABILITIES	<u>\$ 28,795,751</u>

See accompanying notes to financial statements.

CITY OF NEENAH

STATEMENT OF NET POSITION COMPONENT UNITS As of December 31, 2016

	Business Improvement District	Community Development Authority	Totals
ASSETS AND DEFERRED OUTFLOWS			
Current Assets			
Cash and investments	\$ 54,911	\$ -	\$ 54,911
Receivables			
Taxes	130,379	-	130,379
Accrued interest	-	62,717	62,717
Total Current Assets	<u>185,290</u>	<u>62,717</u>	<u>248,007</u>
Noncurrent Assets			
Lease receivable from primary government	-	21,726,251	21,726,251
Restricted cash and investments	-	2,344,232	2,344,232
Capital Assets			
Depreciable capital assets	11,000	-	11,000
Less accumulated depreciation	<u>(6,051)</u>	<u>-</u>	<u>(6,051)</u>
Total Noncurrent Assets	<u>4,949</u>	<u>24,070,483</u>	<u>24,075,432</u>
Total Assets	<u>190,239</u>	<u>24,133,200</u>	<u>24,323,439</u>
Deferred Outflows of Resources			
Unamortized loss on advance refunding	<u>-</u>	<u>993,749</u>	<u>993,749</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Current Liabilities			
Accounts payable	8,609	-	8,609
Other accrued liabilities	-	62,717	62,717
Lease revenue bonds payable	-	975,000	975,000
Due to primary government	<u>-</u>	<u>2,344,232</u>	<u>2,344,232</u>
Total Current Liabilities	<u>8,609</u>	<u>3,381,949</u>	<u>3,390,558</u>
Noncurrent Liabilities			
Lease revenue bonds payable	<u>-</u>	<u>21,745,000</u>	<u>21,745,000</u>
Total Liabilities	<u>8,609</u>	<u>25,126,949</u>	<u>25,135,558</u>
Deferred Inflows of Resources			
Taxes levied for next period	<u>130,379</u>	<u>-</u>	<u>130,379</u>
NET POSITION			
Net investment in capital assets	4,949	-	4,949
Unrestricted	<u>46,302</u>	<u>-</u>	<u>46,302</u>
TOTAL NET POSITION	<u>\$ 51,251</u>	<u>\$ -</u>	<u>\$ 51,251</u>

See accompanying notes to financial statements.

CITY OF NEENAH

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - COMPONENT UNITS

For the Year Ended December 31, 2016

	Business Improvement District	Community Development Authority	Totals
OPERATING REVENUES			
Taxes	\$ 129,993	\$ -	\$ 129,993
Total Operating Revenues	<u>129,993</u>	<u>-</u>	<u>129,993</u>
OPERATING EXPENSES			
Current			
Conservation and development	<u>125,752</u>	<u>-</u>	<u>125,752</u>
Total Operating Expenses	<u>125,752</u>	<u>-</u>	<u>125,752</u>
Operating Income	<u>4,241</u>	<u>-</u>	<u>4,241</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	17	942,643	942,660
Interest expense	-	(749,449)	(749,449)
Amortization of loss on advance refunding	<u>-</u>	<u>(193,194)</u>	<u>(193,194)</u>
Total Nonoperating Revenues (Expenses)	<u>17</u>	<u>-</u>	<u>17</u>
Net Change in Net Position	4,258	-	4,258
TOTAL NET POSITION - Beginning	<u>46,993</u>	<u>-</u>	<u>46,993</u>
TOTAL NET POSITION - ENDING	<u>\$ 51,251</u>	<u>\$ -</u>	<u>\$ 51,251</u>

See accompanying notes to financial statements.

CITY OF NEENAH

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE	Page
I. Summary of Significant Accounting Policies	19
A. Reporting Entity	19
B. Government-Wide and Fund Financial Statements	20
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	23
D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Equity	25
1. Deposits and Investments	25
2. Receivables	27
3. Inventories and Prepaid Items	29
4. Restricted Assets	29
5. Capital Assets	29
6. Other Assets	30
7. Land Held for Resale	30
8. Deferred Outflows of Resources	30
9. Basis for Existing Rates – Proprietary Funds	31
10. Compensated Absences	31
11. Long-Term Obligations/Conduit Debt	31
12. Deferred Inflows of Resources	32
13. Equity Classifications	32
14. Pension	33
II. Reconciliation of Government-Wide and Fund Financial Statements	34
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	34
III. Stewardship, Compliance, and Accountability	34
A. Budgetary Information	34
B. Excess Expenditures and Other Financing Uses Over Appropriations	34
C. Deficit Balances	35
D. Limitations on the City's Tax Levy	35
E. Bond Covenant Disclosure	35
IV. Detailed Notes on All Funds	37
A. Deposits and Investments	37
B. Receivables	41
C. Restricted Assets	42
D. Capital Assets	43
E. Interfund Receivables/Payables, Advances and Transfers	47
F. Long-Term Obligations	50
G. Lease Disclosures	57
H. Governmental Activities Net Position/Fund Balances	58
I. Business-type Activities/Net Position	60
J. Component Units	61

CITY OF NEENAH

INDEX TO NOTES TO FINANCIAL STATEMENTS (cont.) As of and for the Year Ended December 31, 2016

NOTE (cont.)	<u>Page</u>
V. Other Information	65
A. Employees' Retirement System	65
B. Risk Management	70
C. Commitments and Contingencies	72
D. Joint Ventures	73
E. Other Postemployment Benefits	75
F. Subsequent Events	76
G. Effect of New Accounting Standards on Current-Period Financial Statements	77
H. Tax Abatement	77

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Neenah, Wisconsin ("City") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and is able to impose its will on that organization; (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government; (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government, or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or had the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and its component unit have substantively the same governing body and a financial benefit or burden relationship exists; (2) the primary government and the component unit have substantially the same governing body and management of the primary government has operational responsibility for the component unit; (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens; or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units

City of Neenah Business Improvement District

The financial statements include the City of Neenah Business Improvement District (“BID”) as a component unit. The BID is a legally separate organization. The BID was created under the provisions of Wisconsin Statute Section 66.1109. The BID, created in 2001, is a separate governmental entity with a separate 11 member board appointed by the mayor subject to common council confirmation. The members serve staggered terms as designated by the City Council. A majority of the members own or occupy real property in the BID. The BID has its own budgetary authority and assessment capabilities. Wisconsin statutes provide for circumstances whereby the City can impose their will on the BID, and also create a potential financial benefit or burden on the City. See Note IV.J. As a component unit, the BID’s financial statements are shown as one discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2016. Separate financial statements may be obtained from the BID’s office at 135 West Wisconsin, Neenah, Wisconsin 54957.

Neenah Community Development Authority

The government-wide financial statements include the Neenah Community Development Authority (“Authority”) as a component unit. The Authority is a legally separate organization. The board of the Authority is appointed by the mayor of Neenah. Wisconsin Statutes provide for circumstances whereby the City can impose their will on the Authority, and also create a potential financial benefit to or burden on the City. See Note IV.J. As a component unit, the Authority’s financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2016. Separate financial statements of the Neenah Community Development Authority are not issued.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

In February 2015, the GASB issued Statement No. 72 – *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard was implemented January 1, 2016.

In August 2015, the GASB issued Statement No. 77 – *Tax Abatement Disclosures*. This statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. This standard was implemented January 1, 2016.

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Government-Wide Financial Statements (cont.)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. 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 or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the City are organized into funds, each of which are considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditure/expenses.

Funds are organized as major funds or nonmajor funds within the governmental, proprietary, and fiduciary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds, and agency funds, even though the latter are excluded from the government-wide financial statements. 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 – accounts for the City's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Special Revenue – TIF District No. 8 – accounts for resources legally restricted (state grants) or committed (lease payments, miscellaneous income) to supporting expenditures of the district.
- Debt Service Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the payment of general long-term debt principal, interest, and related costs, other than TIF or enterprise debt.
- Capital Projects – Public Infrastructure – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of infrastructure.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The City reports the following major enterprise funds:

- Water Utility – accounts for operations of the water system
- Sewerage Disposal Utility – accounts for operations of the sewer system
- Stormwater Utility – accounts for operations of the stormwater system

The City reports the following nonmajor governmental and enterprise funds:

Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

- TIF District No. 5
- TIF District No. 6
- TIF District No. 7
- TIF District No. 9
- TIF District No. 10
- Community Development Block Grant
- Housing and Business Loans
- Industrial Development
- Recycling
- Health Grants
- Parks and Recreation
- Dial-A-Ride
- Civic and Social
- Library
- Clock Tower Renovations
- Other
- Cemetery Perpetual Care
- Cemetery Flowers
- Walnut

Capital Projects Funds – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of equipment and/or major capital facilities.

- TIF District No. 5
- TIF District No. 6
- TIF District No. 7
- TIF District No. 8
- TIF District No. 9
- TIF District No. 10
- Redevelopment
- Facilities
- Capital Equipment
- Equipment Replacement

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The City reports the following nonmajor governmental and enterprise funds: (cont.)

Enterprise Fund – used to report any activity for which a fee is charged to external uses for goods or services.

Parking Utility

In addition, the City reports the following fund types:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

Fleet Management
Benefit Accrual
Insurance
Information Systems

Agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Advance Tax Collections
Municipal Court
Neenah-Menasha Fire Rescue
Other

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used 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 are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met and recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. At December 31, 2016, there were \$416,238 of unrecorded anticipated future assessments in the water utility which are not recorded as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting and do not have a measurement focus.

The water utility records an annual payment in lieu of taxes (PILOT) expense based on the value of its plant and the current assessment ratio and local and school portion of the mill rate. Municipal utilities are exempt from federal and state income taxes. Taxes include the employer's share of social security and medicare, PSCW remainder assessment, and tax equivalent.

The 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 water, sewerage disposal, parking, and stormwater funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

All Financial Statements

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

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of City funds is restricted by state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Investment of most trust funds including cemetery perpetual care funds is regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures. Additional restrictions may arise from local charters, ordinances, resolutions and grant regulations. City funds invested in the cemetery perpetual care funds or endowment funds, including gifts where principal is to be kept intact, may be invested in specific investment types which prudent persons would not acquire or retain for their own accounts as long as the total investment in common stock does not exceed 50% of the total market value of the fund.

The City believes it is in compliance with all restrictions.

As described in Note IV.A., the City is exposed to the following deposit and investment risks: custodial credit risk (deposits and investments), credit risk, interest rate risk, and investments highly sensitive to interest rate changes.

The City's investment policy addresses each of these risks in the following manner:

Custodial Credit Risk: Where allowed by state law and in accordance with the GFOA Recommended Practices on the Collateralization of Public Deposits, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit.

Credit Risk: The City of Neenah will minimize credit risk, which is the risk of loss due to failure of the security issuer or backer, by limiting investments to types of securities listed within the policy; pre-qualifying financial institutions, brokers/dealers, intermediaries and advisers, and; diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Interest Rate Risk: The City of Neenah will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.

The policy does not specifically address custodial credit risk for investments or investments highly sensitive to interest rate changes.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note IV.A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

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, 2016, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.A. for further information.

2. Receivables

Property Taxes

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities – agency funds.

Property tax calendar – 2016 tax roll:

Lien date and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	March 31, 2017
Third installment due	May 31, 2017
Fourth installment due	July 31, 2017
Personal property taxes in full	January 31, 2017
Tax sale – 2016 delinquent real estate taxes	October 2019

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

Uncollectible Accounts

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible utility accounts receivable has been made for the water, sewerage district, and stormwater utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

Interfund Transactions

During the course of operations transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation or by a restricted, committed, or assigned fund balance account, if the funds will ultimately be restricted, committed, or assigned when the advance is repaid.

Loans

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development and housing rehabilitation loans receivable has been reduced by all known uncollectible accounts. An allowance of \$61,228 has been established in the housing/business loans fund at year end.

It is the City's policy to record revenue when the initial loan is made from the federal and state grant funds. The net amount of the loan receivable balance is included in restricted fund balance. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

For economic development loans, the City is limited by the Wisconsin Department of Administration to the amount of program income from economic development loans that it may retain and loan to other businesses and the amount of time for which funds may be held without use. Program income includes the principal and interest received from economic development loans repayments.

At December 31, 2016, the City has not exceeded the maximum amount of program income that it may retain or the amount of time established for which funds may be held without use. When it does, a liability to the state will be recorded.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

3. Inventories and Prepaid Items

Inventories of the proprietary funds are valued at cost based on weighted average cost and charged to construction and/or operation and maintenance expense when used. Governmental fund type inventories are recorded as expenditures when consumed rather than when purchased (consumption method), based on original cost using the FIFO method of accounting.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government –Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$2,000 for utility capital assets, \$5,000 for general and infrastructure capital assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets (cont.)

Government –Wide Statements (cont.)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 Years
Land Improvements	30 Years
Machinery and Equipment	3 – 20 Years
Library Collection	2 – 10 Years
Utility System	4 – 77 Years
Infrastructure	40 – 70 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

6. Other Assets

In 2011, the water utility obtained approval from the PSCW to recognize an extraordinary loss related to amounts recorded as plant in service that were not fully depreciated when retired. This loss will be amortized over five years, which started in 2012.

7. Land Held for Resale

Land held for resale consists of land and improvements and is valued at cost of acquisition, demolition, and site improvements. Properties include both land intended for resale and land designated as a public area. Land held for resale is recorded at lower of cost or market value.

8. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of the debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

9. Basis for Existing Rates – Proprietary Funds

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin in November 2010 and placed into effect January 1, 2011.

Sewerage Disposal Utility

Current wastewater rates were approved by the Common Council and effective March 1, 2014.

Stormwater Utility

Current stormwater rates were approved by the Common Council and effective January 1, 2010.

10. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2016 are determined on the basis of current salary rates and include salary related payments.

11. Long-Term Obligations/Conduit Debt

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable, and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

11. Long-Term Obligations/Conduit Debt (cont.)

The City has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Eight series of IRB's, issued from 1998 through 2013 are outstanding. At year end, the aggregate principal amount of these issues could not be determined. However, their aggregate original issue amounts totaled \$26,608,000.

12. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

13. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either 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.
- c. Unrestricted net position – All other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

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.

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by debt of the governmental activities column. The amount is a reduction of “net investment in capital assets,” and an increase in “unrestricted” net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 81,963,772	\$ 50,651,559	\$ (864,693)	\$ 131,750,638
Unrestricted (deficit)	(1,252,548)	12,954,279	864,693	12,566,424

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)

13. Equity Classifications (cont.)

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either 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.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City has, by resolution, adopted a financial policy authorizing the Common Council to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

See Note IV.H. for further information.

14. Pension

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.”

The details of this \$64,769,543 difference in liabilities are as follows:

Bonds and notes payable	\$ 38,641,112
Capital lease obligations	21,726,251
Compensated absences	1,547,035
Accrued interest	416,628*
Unamortized debt premiums	400,068
Unamortized loss on advance refunding	(149,787)
Other post-employment benefits	335,489
Net pension liability	<u>1,852,747</u>
Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Position – Governmental Activities	<u>\$ 64,769,543</u>

* This amount is included in other accrued liabilities on the Statement of Net Position.

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

A budget has been adopted for the general fund, all special revenue funds, excluding Health Grants, Clock Tower Renovations and Walnut funds, debt service fund, and all capital project funds. Therefore, budgetary comparative schedules are not presented in supplementary information for these funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS

The following individual funds had an excess of expenditures and other financing uses over appropriations at the legal level of budgetary control for the year ended December 31, 2016.

	Excess
Special Revenue – TIF District No. 5	\$ 8,744
Special Revenue – TIF District No. 7	2,309,567
Special Revenue – TIF District No. 8	3,524,039
Special Revenue – TIF District No. 9	1,731
Special Revenue – TIF District No. 10	6,358
Special Revenue – Community development block grant	45,817
Special Revenue – Housing and business loans	10,404
Special Revenue – Parks and recreation	50,447
Special Revenue – Dial-a-ride	9,635
Special Revenue - Library	20,237
Special Revenue – Other	2,270
Debt Service	41,384
Capital Projects – Redevelopment	167,681
Capital Projects – Equipment replacement	11,746

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

B. EXCESS EXPENDITURES AND OTHER FINANCING USES OVER APPROPRIATIONS (cont.)

The City controls expenditures at the cost center level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the City's year-end budget to actual report.

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2016, the following nonmajor individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Special Revenue Funds		
TIF District No. 5	\$ 371,868	Costs exceed accumulated increments
TIF District No. 6	1,430,108	Costs exceed accumulated increments
TIF District No. 9	65,443	Costs exceed accumulated increments
TIF District No. 10	70,055	Costs exceed accumulated increments

TIF District deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995, and 23 years for districts created through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases. TIF District Nos. 5, 6 and 8 have been designated as distressed and can collect increment for an additional 10 years past the original life. Other fund deficits are anticipated to be funded with future contributions, grant revenues, general tax revenues, or long-term borrowing.

D. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the City's equalized value due to new construction, or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The City is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

E. BOND COVENANT DISCLOSURE

The following information is provided in compliance with the resolution creating the revenue bonds.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

E. BOND COVENANT DISCLOSURE (cont.)

Insurance – Water Utility

The water utility is covered under the following insurance policies at December 31, 2016:

Type	Coverage	Expiration Date
<i>Insurance Company of the State of Pennsylvania and The Cities and Villages Mutual Insurance Company</i>		
General Liability	\$ 5,000,000	01/01/2017
Automobile	10,000,000	01/01/2017
<i>Local Government Property Insurance Fund</i>		
Property (entire City)	147,996,303	04/04/2017

Refer to Note V.B. for additional insurance information.

Debt Coverage

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the subsequent year's annual debt service and 1.10 times the highest annual debt service of the bonds for the water and stormwater utility, respectively. The coverage requirement was met for both the water utility and the stormwater utility as follows:

	Water	Stormwater
Operating revenues	\$ 7,968,827	\$ 1,725,929
Investment income	51,402	13,127
Miscellaneous non-operating income	25,848	-
Less: Operation and maintenance expenses	(3,120,136)	(944,388)
Net Defined Earnings	<u>\$ 4,925,941</u>	<u>\$ 794,668</u>
Minimum Required Earnings per Resolution:		
Debt service	\$ 2,781,153	\$ 32,984
Coverage factor	<u>1.25</u>	<u>1.1</u>
Minimum Required Earnings	<u>\$ 3,476,441</u>	<u>\$ 36,282</u>

Number of Customers and Billed Volumes – Water Utility

The water utility has the following number of customers and billed volumes for 2016.

	Customers	Sales (000 gals)
	2016	2016
Residential	9,619	393,595
Commercial	646	159,470
Industrial	89	290,813
Public authority	55	24,428
Multifamily residential	98	24,249
Totals	<u>10,507</u>	<u>892,555</u>

Utility Budget

The 2016 utility budget was prepared and approved as required by the bond resolutions.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments. In addition, investments are separately held by several of the City's funds.

The City's cash and investments at year end were comprised of the following:

	Carrying Value	Bank and Investment Balances	Associated Risks
Deposits and cash on hand	\$ 22,665,128	\$ 23,543,389	Custodial credit
Money markets	5,327,909	5,327,909	Custodial credit
U.S. agencies implicitly guaranteed	1,145,440	1,145,440	Custodial credit, credit, interest rate and highly sensitive to interest rate changes
U.S. agencies explicitly guaranteed	5,804,650	5,804,650	Custodial credit, interest rate and highly sensitive to interest rate changes
U.S. treasuries	1,505,276	1,505,276	Custodial credit and interest rate
Corporate bonds and notes	4,452,190	4,452,190	Custodial credit, credit, and interest rate
Common stock	455,802	455,802	Custodial credit
State and local bonds	2,831,196	2,831,196	Custodial credit, credit and interest rate
LGIP	5,884,491	5,884,491	Credit
Mutual funds	720,198	720,198	Credit and interest rate
Total Cash and Investments	<u>\$ 50,792,280</u>	<u>\$ 51,670,541</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 26,257,218		
Restricted cash and investments	2,147,808		
Per statement of assets and liabilities			
– Agency Funds	<u>22,387,254</u>		
Total Cash and Investments	<u>\$ 50,792,280</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits. Deposits in the credit union are insured by the National Credit Union Administration in the amount of \$250,000 for all share draft accounts and \$250,000 for all share certificate and regular share accounts.

Bank accounts and credit unions are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

The City maintains collateral agreements with its banks. As of December 31, 2016, the bank had pledged various government securities in the amount of \$21,313,775 to secure the City's deposits. In addition, the City had a \$4M letter of credit to collateralize its deposit accounts as well as \$2M of insurance provided by London insurers.

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government). SIPC membership provides account protection up to a maximum of \$500,000 per customer. \$1,000,000 of the City's deposits are covered by SIPC. The City also had insurance on its investments of \$3,394,001 provided by London insurers.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- > Quoted market prices
- > Curve-based approach developed by interactive data
- > IDC is used to price bonds

Investment Type	December 31, 2016			
	Level 1	Level 2	Level 3	Total
US agencies – implicitly guaranteed	\$ -	\$ 1,145,440	\$ -	\$ 1,145,440
US agencies – explicitly guaranteed	997,998	4,806,652	-	5,804,650
US treasuries	1,505,276	-	-	1,505,276
Corporate bonds	-	4,452,190	-	4,452,190
Equity securities/stocks	455,802	-	-	455,802
State and local bonds	-	2,831,196	-	2,831,196
Mutual funds	720,198	-	-	720,198
Totals	<u>\$ 3,679,274</u>	<u>\$ 13,235,478</u>	<u>\$ -</u>	<u>\$ 16,914,752</u>

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City.

As of December 31, 2016, \$1,972,539 of the City's total bank balances of \$28,871,298 were uninsured and uncollateralized and therefore exposed to custodial credit risk.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2016, \$6,571,896 of the City's investments were neither insured nor registered and held by counterparty, and therefore, exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2016, the City's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's Investor Service
U.S. Agencies Implicitly Guaranteed		
Federal Home Loan Bank	AA+	Aaa
Federal Home Loan Mortgage Corporation	AA+	Aaa
Federal National Mortgage Association	AA+	Aaa
Corporate Bonds and Notes		
Korea Finance Corporation	A+	Aa3
Nexen Incorporated	AA-	Aa3
Commonwealth Bank	AA-	Not available
Toyota Mtr Credit Corporation	AA-	Aa3
Microsoft Corporation	AAA	Aaa
Coca Cola Corporation	AA-	Aa3
General Electric Corporation	AA+	A1
Westpac Bank	AA-	Aa2
Apple Inc.	AA+	Aa1
Bank of Nova Scotia	Not available	Aa2e
IBM Corporation Bullet	AA-	Aa3
PNC Bank	A	A2
General Electric Corporation Floater	AA+	Not available
Disney Corporation	A	A2

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

Investment Type	Standard & Poor's	Moody's Investor Service
State and Local Bonds		
State of Wisconsin	AA-	Aa3
State of Wisconsin - Department of Transportation	AA+	Aa2
Oklahoma City Tax	AAA	Aaa
Oak Creek, WI	Not available	Aa2
Monona, WI City Tax	AA+	Not available
New York State Tax	AAA	Aa1
Tacoma, WA City Tax	AA+	A1
Brooklyn Center, MN	AA	Not available
State of Georgia	AAA	Aaa
Verona Schools	Not available	Aa2
Mutual Funds		
Templeton Institutional Fds Inc Foreign	Not available	Not available
Vanguard Extended Market Index Fd Invest	Not available	Not available
Vanguard Index TR 500 Admiral Shs	Not available	Not available

The City also had investments in the following external pool which is not rated:

LGIP

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2016, the City's investments were as follows:

Specific Investment	Maturity Date	Fair Value
Mutual Funds		
TIF International Equity Ser Fund	Not applicable	\$ 34,887
Vanguard Extended Market Index Fd Invest	Not applicable	84,145
Vanguard Index TR 500 Admiral Shs	Not applicable	601,166
Total		<u>\$ 720,198</u>

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk (cont.)

Investment Type	Fair Value	1-5 Years	5-30 Years
U.S. Agencies Implicitly Guaranteed	\$ 1,145,440	\$ -	\$ 1,145,440
U.S. Agencies Explicitly Guaranteed	5,804,650	1,081,848	4,722,802
U.S. Treasuries	1,505,276	1,248,935	256,341
Corporate Bonds and Notes	4,452,190	4,201,178	251,012
State and Local Bonds	2,831,196	2,394,554	436,642
Totals	<u>\$ 15,738,752</u>	<u>\$ 8,926,515</u>	<u>\$ 6,812,237</u>

Investments Highly Sensitive to Interest Rate Changes

At December 31, 2016, \$5,294,155 of the \$15,738,753 reported above had maturity dates beyond ten years classifying them as highly sensitive to interest rate changes.

B. RECEIVABLES

All receivable balances are expected to be collected within one year with the exception of \$53,283 in delinquent personal property taxes; \$440,158 in special assessments; and \$520,359 of loans receivable.

Governmental funds report *unavailable and unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Property taxes receivable for subsequent year	\$ -	\$ 21,221,212
Special assessments/special charges not yet due	566,632	-
Unearned revenue: pet licenses, rent	-	40,594
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 566,632</u>	<u>\$ 21,261,806</u>

On the statement of net position, \$14,663 of unearned revenue is reported from the internal service funds for total unearned revenue of \$21,276,469.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long Term Debt Accounts

- Redemption – Used to segregate resources accumulated for debt service payments over the next twelve months.
- Depreciation – Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account as required by the bond resolution.
- Reserve – Used to report resources set aside to make up potential future deficiencies in the redemption account.

Following is a list of restricted assets at December 31, 2016:

	<u>2016</u>
Restricted Assets	
Redemption account	\$ 1,098,271
Depreciation account	250,000
Reserve account	799,537
Interest receivable	<u>2,281</u>
 Total Restricted Assets	 <u><u>\$ 2,150,089</u></u>

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 12,870,233	\$ 746,134	\$ -	\$ 13,616,367
Right-of-ways	13,112,194	7,400	-	13,119,594
Land improvements ⁽¹⁾	10,354,074	67,198	35,159	10,386,113
Total Capital Assets Not Being Depreciated	36,336,501	820,732	35,159	37,122,074
Capital assets being depreciated				
Improvements	11,786,493	55,590	-	11,842,083
Buildings	35,927,425	233,234	-	36,160,659
Equipment, furniture and fixtures	13,449,559	1,045,035	157,247	14,337,347
Collections (library)	3,682,024	297,328	376,026	3,603,326
Streets	54,278,608	1,276,769	668,014	54,887,363
Bridges	20,111,044	-	-	20,111,044
Street lighting	919,287	206,725	-	1,126,012
Traffic signals	1,245,331	17,955	15,213	1,248,073
Sidewalks	5,739,375	257,172	-	5,996,547
Trails	776,042	-	-	776,042
Retaining walls	1,305,001	-	-	1,305,001
Steam tunnel	390,374	-	-	390,374
Total Capital Assets Being Depreciated	149,610,563	3,389,808	1,216,500	151,783,871
Less: Accumulated depreciation for				
Improvements	(4,855,607)	(416,892)	-	(5,272,499)
Buildings	(14,055,276)	(783,147)	-	(14,838,423)
Equipment, furniture and fixtures	(7,955,141)	(697,315)	166,464	(8,485,992)
Collections (library)	(3,320,886)	(325,889)	376,026	(3,270,749)
Streets	(20,319,978)	(1,097,747)	703,173	(20,714,552)
Bridges	(3,412,887)	(287,301)	-	(3,700,188)
Street lighting	(166,914)	(12,581)	-	(179,495)
Traffic signals	(263,236)	(17,084)	4,577	(275,743)
Sidewalks	(3,465,179)	(119,931)	-	(3,585,110)
Trails	(222,930)	(18,928)	-	(241,858)
Retaining walls	(130,500)	(26,100)	-	(156,600)
Steam tunnel	(58,555)	(9,760)	-	(68,315)
Total Accumulated Depreciation	(58,227,089)	(3,812,675)	1,250,240	(60,789,524)
Capital Assets, Net of Depreciation	\$ 127,719,975	\$ 397,865	\$ 1,419	\$ 128,116,421

⁽¹⁾ This represents the nondepreciable portion of City streets.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Governmental Activities (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 507,805
Public safety	244,830
Public works, which includes the depreciation of infrastructure	2,080,729
Parks, recreation, and education	979,311
	<u>979,311</u>
Total Governmental Activities Depreciation Expense	<u>\$ 3,812,675</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Water Utility				
Capital assets not being depreciated				
Land and land rights	\$ 122,180	\$ -	\$ -	\$ 122,180
Construction in progress	-	1,095,437	1,095,437	-
Total Capital Assets Not Being Depreciated	<u>122,180</u>	<u>1,095,437</u>	<u>1,095,437</u>	<u>122,180</u>
Capital assets being depreciated				
Source of supply	130,978	-	-	130,978
Pumping	3,384,153	-	-	3,384,153
Treatment	23,854,551	-	56,649	23,797,902
Transmission and distribution	30,981,580	798,261	106,578	31,673,263
Administrative and general assets	2,138,431	123,395	55,065	2,206,761
Total Capital Assets Being Depreciated	<u>60,489,693</u>	<u>921,656</u>	<u>218,292</u>	<u>61,193,057</u>
Less: Accumulated depreciation for				
Source of supply	(130,978)	-	-	(130,978)
Pumping	(1,185,597)	(107,730)	-	(1,293,327)
Treatment	(8,408,529)	(836,292)	56,649	(9,188,172)
Transmission and distribution	(4,852,442)	(618,729)	106,578	(5,364,593)
Administrative and general assets	(1,740,680)	(169,788)	55,065	(1,855,403)
Total Accumulated Depreciation	<u>(16,318,226)</u>	<u>(1,732,539)</u>	<u>218,292</u>	<u>(17,832,473)</u>
Capital Assets, Net of Depreciation	<u>\$ 44,293,647</u>			<u>\$ 43,482,764</u>

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Sewerage Disposal Utility				
Capital assets being depreciated				
Collection system	\$ 25,226,932	\$ 893,521	\$ 38,137	\$ 26,082,316
Collection system pumping	860,164	23,056	1,200	882,020
Flow meters	11,315	-	-	11,315
Computer software	10,359	-	-	10,359
Total Capital Assets				
Being Depreciated	<u>26,108,770</u>	<u>916,577</u>	<u>39,337</u>	<u>26,986,010</u>
Less: Accumulated depreciation for				
Collection system	(9,013,767)	(359,719)	38,137	(9,335,349)
Collection system pumping	(314,655)	(10,889)	1,200	(324,344)
Flow meters	(2,828)	(1,131)	-	(3,959)
Computer software	(10,359)	-	-	(10,359)
Total Accumulated Depreciation	<u>(9,341,609)</u>	<u>(371,739)</u>	<u>39,337</u>	<u>(9,674,011)</u>
Capital Assets, Net of Depreciation	<u>\$ 16,767,161</u>			<u>\$ 17,311,999</u>
Stormwater Utility				
Capital assets not being depreciated				
Detention ponds	\$ 3,421,404	\$ -	\$ -	\$ 3,421,404
Capital assets being depreciated				
Collection system	13,817,696	395,800	24,862	14,188,634
Detention basins	4,013,921	-	14,817	3,999,104
Detention pond equipment	113,052	-	-	113,052
Computer software	10,359	-	-	10,359
Total Capital Assets				
Being Depreciated	<u>17,955,028</u>	<u>395,800</u>	<u>39,679</u>	<u>18,311,149</u>
Less: Accumulated depreciation for				
Collection system	(4,292,829)	(175,037)	24,862	(4,443,004)
Detention basins	(1,778,777)	(50,081)	14,817	(1,814,041)
Detention pond equipment	(113,052)	-	-	(113,052)
Computer software	(10,359)	-	-	(10,359)
Total Accumulated Depreciation	<u>(6,195,017)</u>	<u>(225,118)</u>	<u>39,679</u>	<u>(6,380,456)</u>
Capital Assets, Net of Depreciation	<u>\$ 15,181,415</u>			<u>\$ 15,352,097</u>

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Parking Utility</u>				
Capital assets not being depreciated				
Land and land rights	\$ 158,267	\$ -	\$ -	\$ 158,267
Capital assets being depreciated				
Land improvements	26,717	-	-	26,717
Administrative and general assets	74,392	-	-	74,392
Total Capital Assets Being Depreciated	101,109	-	-	101,109
Less: Accumulated depreciation for				
Land improvements	(26,717)	-	-	(26,717)
Administrative and general assets	(62,378)	(728)	-	(63,106)
Total Accumulated Depreciation	(89,095)	(728)	-	(89,823)
Capital Assets, Net of Depreciation	\$ 170,281			\$ 169,553
Total Business-type Activities	\$ 76,412,504			\$ 76,316,413

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 1,580,527
Sewerage disposal	371,739
Stormwater	225,118
Parking	728
Total Business-type Activities Depreciation Expense	\$ 2,178,112

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Enterprise fund – water utility	\$ 1,032,167
Capital projects – public infrastructure	Debt service	164,000
Enterprise fund – water utility	General	180
Enterprise fund – sewerage disposal utility	General	80,628
Enterprise fund – stormwater utility	General	266
Internal service fund – benefit accrual	Internal service fund - insurance	229,270
Sub-Total – Fund Financial Statements		1,506,511
Less: Elimination to government-wide statements		(555,418)
Total – Government-Wide Financial Statements		\$ 951,093
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental activities	Business-type activities	\$ 1,032,167
Less: Business-type activities	Governmental activities	(81,074)
Total Internal Balances – Government-Wide Financial Statements		\$ 951,093

All of these amounts are due within one year.

The principal purpose of these interfunds is the PILOT due from the water utility to the general fund in the amount of \$1,032,167 and tax roll items.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Advances

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
Capital projects – public infrastructure	Special revenue – TIF District No. 5	\$ 891,000	\$ 891,000
Debt service	Special revenue – TIF District No. 8	3,268,417	3,268,417
Debt service	Special revenue – TIF District No. 6	1,250,000	1,250,000
Capital projects – TIF District No. 10	Special revenue – TIF District No. 8	473,380	473,380
Special revenue – TIF District No. 5	Special revenue – TIF District No. 8	519,130	519,130
Capital projects – TIF District No. 9	Special revenue – TIF District No. 9	65,450	65,450
Capital projects – TIF District No. 7	Capital projects – TIF District No. 8	901,410	901,410
Capital projects – TIF District No. 8	Special revenue – TIF District No. 8	170,000	170,000
Capital projects – TIF District No. 5	Special revenue – TIF District No. 6	180,110	180,110
Capital projects – TIF District No. 10	Special revenue – TIF District No. 10	70,060	70,060
Sub-Totals – Fund Financial Statements		7,788,957	<u>\$ 7,788,957</u>
Less: Eliminations		<u>(7,788,957)</u>	
Total – Government-Wide Financial Statements		<u>\$ -</u>	

The principal purpose of the advances is due to expenditures exceeding revenues. No repayment schedules have been established.

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>	<u>Principal Purpose</u>
General fund	Special revenue – dial-a-ride	\$ 12,000	Operating subsidy
Special Revenue			
TIF District No. 5	General fund	71,595	Administrative and finance costs
TIF District No. 5	Debt service	234,812	Debt service
TIF District No. 6	General fund	58,308	Administrative and finance costs
TIF District No. 6	Debt service	287,686	Debt service
TIF District No. 7	General fund	106,000	Administrative and finance costs
TIF District No. 7	Debt service	1,204,325	Debt service
TIF District No. 7	TIF District No. 8	2,293,717	Excess funds

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Transfers (cont.)

Fund Transferred From	Fund Transferred To	Amount	Principal Purpose
Special Revenue (cont.)			
TIF District No. 8	General fund	\$ 130,340	Administrative and finance costs
TIF District No. 8	Debt service	923,388	Debt service
TIF District No. 8	Capital projects – TIF District No. 8	170,000	Budgeted transfer
TIF District No. 9	General fund	36,000	Administrative charge
TIF District No. 9	Debt Service	3,373	Debt service
TIF District No. 10	General fund	36,000	Administrative and finance costs
TIF District No. 10	Debt Service	42,563	Debt service
Community development block grant	General fund	14,870	
Housing/business loans	General fund	40,000	Administrative charge
Industrial development	General fund	5,000	Operating subsidy as budgeted
Recycling	General fund	22,000	Administrative charge
Other	General fund	8,382	K9 unit funds
Cemetery perpetual care	General fund	16,739	Interest
Health grants	Capital equipment	22,000	Equipment purchase
Special revenue – Dial-a-Ride	General fund	5,000	Administrative costs
Enterprise			
Water utility	General fund	1,359,329	PILOT and interest
Sewerage disposal utility	General fund	762,638	2016 expenditures, interest, and administrative costs
Stormwater utility	General fund	377,068	City and public works support overhead
Parking utility	General fund	102,076	Administrative charges
Sub-Total – Fund Financial Statements		8,345,209	
Less: Fund Eliminations		(5,744,098)	
Total Transfers – Government-wide Statement of Activities		<u>\$2,601,111</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt					
General	\$ 36,925,947	\$ 4,975,000	\$ 4,609,835	\$ 37,291,112	\$ 5,001,298
Note anticipation notes	1,350,000	-	-	1,350,000	1,350,000
Premiums	378,086	97,954	75,972	400,068	-
Sub-Totals	<u>38,654,033</u>	<u>5,072,954</u>	<u>4,685,807</u>	<u>39,041,180</u>	<u>6,351,298</u>
Other Liabilities					
Vested compensated absences					
General	1,509,688	414,769	377,422	1,547,035	386,759
Internal service	2,358,607	896,831	1,015,885	2,239,553	1,195,436
Other post-employment benefits					
General	322,049	13,440	-	335,489	-
Net pension liability	-	1,852,747	-	1,852,747	-
Capital leases	22,090,611	3,235,640	3,600,000	21,726,251	886,179
Total Other Liabilities	<u>26,280,955</u>	<u>6,413,427</u>	<u>4,993,307</u>	<u>27,701,075</u>	<u>2,468,374</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 64,934,988</u>	<u>\$ 11,486,381</u>	<u>\$ 9,679,114</u>	<u>\$ 66,742,255</u>	<u>\$ 8,819,672</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt	\$ 8,518,933	\$ 1,525,000	\$ 1,483,681	\$ 8,560,252	\$ 1,632,626
Revenue bonds	30,214,472	10,869	2,793,260	27,432,081	2,874,787
Premiums	251,601	19,156	38,935	231,822	-
Sub-Totals	<u>38,985,006</u>	<u>1,555,025</u>	<u>4,315,876</u>	<u>36,224,155</u>	<u>4,507,413</u>
Other Liabilities:					
Vested compensated absences	146,079	20,740	22,912	143,907	25,149
Other post-employment benefits	53,283	1,687	-	54,970	-
Net pension liability	-	171,768	-	171,768	-
Total Other Liabilities	<u>199,362</u>	<u>194,195</u>	<u>22,912</u>	<u>370,645</u>	<u>25,149</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 39,184,368</u>	<u>\$ 1,749,220</u>	<u>\$ 4,338,788</u>	<u>\$ 36,594,800</u>	<u>\$ 4,532,562</u>

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of \$99,583,005. Total general obligation debt outstanding at year end was \$45,851,364.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-16
Governmental Activities					
General Obligation Debt					
General Obligation Promissory Notes 2016	04/06/16	03/01/26	1.00 - 2.00%	\$ 4,975,000	\$ 4,975,000
General Obligation Promissory Notes 2015	05/27/15	03/01/25	2.00 - 2.50%	5,080,000	4,660,000
General Obligation Promissory Notes 2014	05/28/14	09/01/24	2.00%	3,230,000	3,015,000
General Obligation Refunding Bonds 2013	03/01/13	03/01/20	2.00 - 3.00%	6,147,826	3,471,112
General Obligation Promissory Notes 2013	06/05/13	03/01/23	1.50 - 2.50%	3,765,000	3,360,000
General Obligation Taxable Refunding Bonds 2013	12/02/13	03/01/24	0.65 - 3.85%	1,030,000	765,000
General Obligation Promissory Notes, Series 2012A	06/27/12	03/01/22	1.25 - 2.00%	2,565,000	1,765,000
General Obligation Community Development Bonds, Series 2012B	06/27/12	03/01/31	2.75 - 3.30%	1,635,000	1,635,000
General Obligation Refunding Bonds, Series 2012C	12/03/12	03/01/26	2.00%	4,186,092	3,275,000
General Obligation Promissory Notes, Series 2011	01/26/11	09/01/20	1.50 - 2.90%	3,335,000	1,960,000
General Obligation Promissory Notes, Series 2010A	01/26/10	03/01/19	2.00 - 3.50%	1,965,000	790,000
General Obligation Community Development Bonds, Series 2010B	01/26/10	03/01/29	3.25 - 4.25%	2,315,000	2,205,000
General Obligation Promissory Notes, Series 2009A	06/10/09	03/01/19	2.00 - 4.00%	700,000	295,000
General Obligation Community Development Bonds, Series 2009B	06/10/09	03/01/29	4.00 - 4.40%	2,590,000	2,590,000
General Obligation Refunding Bonds, Series 2009C	12/02/09	03/01/18	2.00 - 3.50%	3,830,314	780,000
General Obligation Promissory Notes, Series 2007B	06/01/07	03/01/21	3.875%	2,820,000	300,000
General Obligation Community Development Bonds, Series 2004C	06/01/04	03/01/23	4.00 - 5.00%	2,225,000	<u>1,450,000</u>
Total Governmental Activities – General Obligation Debt					<u>\$ 37,291,112</u>

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12-31-16
Business-type Activities					
General Obligation Debt					
General Obligation Promissory Notes 2016	04/06/16	03/01/26	1.00 - 2.00%	\$ 1,525,000	\$ 1,525,000
General Obligation Promissory Notes 2015	05/27/15	03/01/25	2.00 - 2.50%	1,170,000	1,070,000
General Obligation Promissory Note, Series 2014	05/28/14	09/01/24	2.00%	1,455,000	1,190,000
General Obligation Refunding Bonds, Series 2013	03/01/13	09/01/20	2.00 - 3.00%	1,397,174	718,888
General Obligation Promissory Note, Series 2013	06/05/13	03/01/20	1.50 - 2.00%	1,505,000	1,090,000
General Obligation Promissory Note, Series 2012	06/27/12	03/01/22	1.25 - 2.00%	1,390,000	870,000
General Obligation Promissory Notes, Series 2011	01/26/11	09/01/20	1.50 - 2.90%	1,660,000	810,000
General Obligation Promissory Notes, Series 2010	01/26/10	03/01/19	2.00 - 3.50%	810,000	295,000
Clean Water Fund General Obligation Debt	05/12/10	05/01/30	2.20%	411,652	306,364
General Obligation Promissory Notes, Series 2009A	06/10/09	03/01/19	2.00 - 4.00%	2,015,000	<u>685,000</u>
Total Business-type Activities General Obligation Debt					<u>\$ 8,560,252</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt			Business-type Activities General Obligation Debt		
	Principal	Interest	Totals	Principal	Interest	Totals
2017	\$ 5,001,298	\$ 973,545	\$ 5,974,843	\$ 1,632,626	\$ 181,687	\$ 1,814,313
2018	5,104,814	776,789	5,881,603	1,504,526	136,032	1,640,558
2019	4,745,000	650,623	5,395,623	1,259,766	102,669	1,362,435
2020	4,480,000	535,338	5,015,338	945,201	77,221	1,022,422
2021	3,815,000	434,133	4,249,133	740,645	59,903	800,548
2022 – 2026	12,180,000	1,045,221	13,225,221	2,380,240	105,697	2,485,937
2027 – 2031	<u>1,965,000</u>	<u>140,499</u>	<u>2,105,499</u>	<u>97,248</u>	<u>4,338</u>	<u>101,586</u>
Totals	<u>\$ 37,291,112</u>	<u>\$ 4,556,148</u>	<u>\$ 41,847,260</u>	<u>\$ 8,560,252</u>	<u>\$ 667,547</u>	<u>\$ 9,227,799</u>

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt

Revenue bonds are payable only from revenues derived from the operation of the water and stormwater utilities.

The water utility has pledged future sales revenues, net of specified operating expenses, to repay revenue bonds issued between 2004-2013. Proceeds from the bonds provided financing for the water utility. The bonds are payable solely from sales revenues and are payable through 2026. Annual principal and interest payments on the bonds are expected to require 24% of gross revenues on average. The total principal and interest remaining to be paid on the bonds is \$19,309,944. Principal and interest paid for the current year and total customer gross revenues were \$2,781,153 and \$7,968,828, respectively.

All revenue debt was issued for capital related purposes.

All stormwater utility revenues net of specified operating expenses are pledged as security to the revenue bonds until the bonds are defeased. Principal and interest paid for 2016 was \$32,984. Total customer gross revenues as defined for the same period were \$1,739,056. Annual principal and interest payments are expected to require 2% of gross revenues on average.

Revenue debt payable at December 31, 2016 consists of the following:

Business-type Activities Revenue Debt					
	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-16
<u>Water Utility</u>					
Water Utility Revenue Refunding Bonds 2013	12/02/13	12/01/21	2.00-2.50%	\$ 3,545,000	\$ 2,290,000
Water Utility Revenue Advance Refunding Bonds 2012	09/26/12	12/01/21	2.12%	1,350,000	615,000
Water Utility Revenue Bonds 2007	06/01/07	12/01/26	4.00-4.125%	2,345,000	1,395,000
Water Utility Revenue Bonds 2006	01/25/06	05/01/25	2.365%	8,788,354	4,870,616
Water Utility Revenue Bonds 2005	04/27/05	05/01/24	2.365%	16,666,667	7,990,173
Water Utility Revenue Advance Refunding Bonds 2004	11/15/04	12/01/17	2.50-3.90%	4,210,000	285,000

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Business-type Activities Revenue Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-16
<u>Sewerage Disposal Utility</u>					
Sewer System 2013 Clean Water Fund Loan (1)	02/13/13	05/01/32	2.65%	\$ 10,952,442	\$ 9,635,215
<u>Stormwater Utility</u>					
Stormwater System Revenue Bonds, Series 2009	12/09/09	05/01/29	3.15%	471,087	351,077
Total Business-type Activities Revenue Debt					<u>\$ 27,432,081</u>

- (1) The proceeds of the Sewer Utility's 2013 Sewer Clean Water Fund Loan were paid directly to the Neenah-Menasha Sewerage Commission for expansion of the regional plant. Principal and interest payments on this debt will be paid by the Neenah-Menasha Sewerage Commission under an agency agreement. The debt service is recovered by Neenah-Menasha Sewerage Commission as part of its annual use charges. The resulting "due from other governments" and "revenue bonds" of a like amount has been recorded by the City of Neenah Sewer Utility and will be reduced as payments are made.

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Revenue Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017	\$ 2,874,787	\$ 679,314	\$ 3,554,101
2018	2,661,866	604,850	3,266,716
2019	2,725,099	538,475	3,263,574
2020	2,794,516	471,794	3,266,310
2021	2,865,106	400,830	3,265,936
2022 – 2026	9,325,487	1,088,851	10,414,338
2027 – 2031	3,458,647	327,944	3,786,591
2032	726,573	9,622	736,195
Totals	<u>\$ 27,432,081</u>	<u>\$ 4,121,680</u>	<u>\$ 31,553,761</u>

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Note Anticipation Notes

Note anticipation notes at December 31, 2016, consist of the following:

Governmental Activities

Note Anticipation Notes	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-16
Note Anticipation Notes 2015	05/27/15	09/01/17	2.50%	\$ 1,350,000	\$ 1,350,000
Total Governmental Activities Note Anticipation Notes					<u>\$ 1,350,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Note Anticipation Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,350,000	\$ 33,750
Totals	<u>\$ 1,350,000</u>	<u>\$ 33,750</u>

Capital Leases

Refer to Note IV.G.

Other Debt Information

Estimated payments of compensated absences and other post-employment benefits obligations are not included in the debt service requirement schedules. The compensated absences liability and other post-employment benefits obligations attributable to governmental activities will be liquidated primarily by the general fund.

A statutory mortgage lien upon the City's system and any additions, improvements and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The City's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Prior-Year Defeasance of Debt

In prior years, the City and CDA defeased certain general obligation and lease revenue bonds, respectively, by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's or CDA's financial statements. At December 31, 2016, \$5,630,000 of City bonds and \$16,190,000 of CDA bonds outstanding are considered defeased.

City bonds:

<u>Call Date</u>	<u>Amount</u>
03/01/2017	\$ 1,950,000
03/01/2018	1,800,000
12/01/2018	290,000
03/01/2019	775,000
03/01/2020	815,000

CDA bonds (see Note IV. J.):

<u>Call Date</u>	<u>Amount</u>
12/01/2017	\$ 415,000
12/01/2018	890,000
12/01/2020	1,885,000
12/01/2023	3,300,000
12/01/2026	4,930,000
12/01/2028	4,770,000

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

G. LEASE DISCLOSURES

Lessee – Capital Leases

In 2008, the CDA borrowed \$6,285,000 in lease revenue bonds. In 2013, the CDA issued \$17,620,000 to advance refund the 2004 lease revenue bonds. In 2016, the CDA issued \$3,500,000 to partially advance refund the 2008 lease revenue bonds. The funds from the 2008 issue were used for the construction of TIF No. 8 projects as part of a capital lease agreement. The annual lease payments to be paid will be the same as the CDA's annual debt service payments on the lease revenue bonds (See Note IV.J.). The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2016, are as follows:

	Governmental Activities		
	Principal	Interest	Totals
2017	\$ 886,179	\$ 752,599	\$ 1,638,778
2018	986,179	731,648	1,717,827
2019	1,071,179	714,076	1,785,255
2020	1,151,179	689,601	1,840,780
2021	1,236,179	657,118	1,893,297
2022 – 2026	8,723,588	2,527,962	11,251,550
2027 – 2031	7,106,768	612,235	7,719,003
2032	565,000	16,385	581,385
Totals	<u>\$ 21,726,251</u>	<u>\$ 6,701,624</u>	<u>\$ 28,427,875</u>

The gross amount of assets capitalized under the lease are as follows:

> Parking structure	\$10,915,041
> Land held for resale	\$773,000

The remainder of the costs were related to environmental clean-up and demolition.

Lessee – Operating Leases

The City has no material operating leases with a remaining noncancellable term, exceeding one year.

Lessor – Capital Leases

The City has no material outstanding sales-type or direct financing leases.

Lessor – Operating Leases

The City does not receive material lease payments from property rented to others.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

H. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2016 includes the following:

Governmental Activities

Net investment in capital assets		
Land	\$	13,616,367
Right-of-way		13,119,594
Land improvements		10,386,113
Other capital assets, net of accumulated depreciation		90,994,347
Less: Related long-term debt outstanding, premium and loss on refunding	\$ (48,909,817)	
Add: Unspent debt proceeds	<u>2,757,168</u>	<u>(46,152,649)</u>
Total Net Investment in Capital Assets		<u>81,963,772</u>
Restricted		
Debt service		4,685,761
TIF Districts		594,257
Loans		861,135
Grant programs		92,484
Library		1,391,401
Cemetery		<u>1,272,265</u>
Total Restricted		<u>8,897,303</u>
Unrestricted (deficit)		<u>(1,252,548)</u>
Total Governmental Activities Net Position	\$	<u>89,608,527</u>

Governmental fund balances reported on the fund financial statements at December 31, 2016 include the following:

Governmental Funds

Nonspendable

Major Fund

General Fund

Delinquent personal property taxes	\$	53,283
Inventories		1,020
Prepaid items		<u>14,780</u>
Total	\$	<u>69,083</u>

Restricted

Major Funds

Debt Service	\$	<u>4,552,191</u>
--------------	----	------------------

Capital Projects – Public infrastructure – unspent bond proceeds	\$	<u>422,080</u>
--	----	----------------

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

H. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

Assigned

Major Funds

General Fund

Library operations	\$ 55,140
Carryforwards	55,000
Applied to 2017 budget	<u>181,870</u>

Total	<u><u>\$ 292,010</u></u>
-------	--------------------------

Capital Projects – Public Infrastructure

Capital projects	<u><u>\$ 3,664,712</u></u>
------------------	----------------------------

Unassigned (deficit)

Major Funds

General Fund

	<u><u>\$ 3,825,574</u></u>
--	----------------------------

Special Revenue – TIF District No. 8

	<u><u>\$ (4,418,455)</u></u>
--	------------------------------

Nonmajor Funds – Details of Fund Balance

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned (Deficit)</u>
Special Revenue Funds					
TIF District No. 5	\$ -	\$ -	\$ -	\$ -	\$ (371,868)
TIF District No. 6	-	-	-	-	(1,430,108)
TIF District No. 9	-	-	-	-	(65,443)
TIF District No. 10	-	-	-	-	(70,055)
Community Development Block Grant	-	28,276	-	-	-
Housing/business loans	-	832,859	-	-	-
Industrial development	-	-	60,164	-	-
Recycling	-	-	174,261	-	-
Health grants	-	92,459	-	-	-
Parks and recreation	-	-	315,555	-	-
Dial-A-Ride	-	-	72,847	-	-
Civic and social	-	-	150,429	-	-
Library	-	1,391,401	-	-	-
Clock tower renovations	-	25	-	-	-
Other	-	-	121,202	-	-
Cemetery perpetual care	-	1,272,265	-	-	-
Cemetery flowers	-	-	169,231	-	-
Walnut	-	-	906	-	-
Sub-Total – Special Revenue Funds	<u>-</u>	<u>3,617,285</u>	<u>1,064,595</u>	<u>-</u>	<u>(1,937,474)</u>

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

H. GOVERNMENTAL ACTIVITIES NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

Nonmajor Funds – Details of Fund Balance (cont.)

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned (Deficit)</u>
Capital Projects Fund					
TIF District No. 5	\$ -	\$ 222,664	\$ -	\$ -	\$ -
TIF District No. 6	-	94,539	-	-	-
TIF District No. 7	-	1,046,646	-	-	-
TIF District No. 8	-	1,919,465	-	-	-
TIF District No. 9	-	370,449	-	-	-
TIF District No. 10	-	575,989	-	-	-
Redevelopment	-	-	-	15,165	-
Facilities	21,805	-	-	358,233	-
Capital equipment	-	-	-	770,554	-
Equipment replacement	-	-	-	161,352	-
Sub-Total – Capital Projects Funds	<u>21,805</u>	<u>4,229,752</u>	<u>-</u>	<u>1,305,304</u>	<u>-</u>
Totals	<u>\$ 21,805</u>	<u>\$ 7,847,037</u>	<u>\$ 1,064,595</u>	<u>\$ 1,305,304</u>	<u>\$ (1,937,474)</u>
Nonspendable for:					
Prepaid items	<u>\$ 21,805</u>				

I. BUSINESS-TYPE ACTIVITIES/NET POSITION

The following calculation supports the enterprise fund net investment in capital assets:

	<u>Water</u>	<u>Sewerage Disposal Utility</u>	<u>Stormwater Utility</u>	<u>Other Enterprise Funds</u>
Plant in service	\$ 61,315,237	\$ 26,986,010	\$ 21,732,553	\$ 259,376
Accumulated depreciation	<u>(17,832,473)</u>	<u>(9,674,011)</u>	<u>(6,380,456)</u>	<u>(89,823)</u>
Sub-Totals	<u>43,482,764</u>	<u>17,311,999</u>	<u>15,352,097</u>	<u>169,553</u>
Less: Capital related debt				
Current portion of long-term debt	2,360,972	1,030,281	624,611	-
Long-term portion of debt	15,084,817	4,826,730	2,558,846	-
Unamortized loss on advance refunding	(82,282)	(16,732)	(25,534)	-
Unamortized premiums	<u>102,682</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-Totals	<u>17,466,189</u>	<u>5,840,279</u>	<u>3,157,923</u>	<u>-</u>
Add: Unspent Debt Proceeds				
Reserve from borrowing	<u>799,537</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Investment in Capital Assets	<u>\$ 26,816,112</u>	<u>\$ 11,471,720</u>	<u>\$ 12,194,174</u>	<u>\$ 169,553</u>

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNITS

City of Neenah Business Improvement District

This report contains the City of Neenah Business Improvement District (“BID”) which is included as a component unit. Financial information is presented in the discrete column on the combining statement of net position and statement of changes in net position.

In addition to the financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The BID prepares its financial statements in accordance with generally accepted accounting principles. The accounting records are kept on the accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

The district invests its funds in accordance with the provisions of the Wisconsin Statutes 66.0603(1m) and 67.11(2). A separate investment policy does not exist.

At year end, the BID did not report any investments.

The BID’s cash at year end was comprised of the following:

	Carrying Value	Statement Balance	Associated Risks
Demand deposits	<u>\$ 54,911</u>	<u>\$ 54,911</u>	Custodial credit
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	<u>\$ 54,911</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities.

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the BID’s deposits may not be returned to the BID.

The BID does not have any deposits exposed to custodial credit risk.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNITS (cont.)

City of Neenah Business Improvement District (cont.)

c. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Capital assets being depreciated					
Land improvements	\$ 11,000	\$ -	\$ -	\$ 11,000	20
Total Capital Assets	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>11,000</u>	
Less: Accumulated depreciation for					
Land improvements	(5,501)	(550)	-	(6,051)	
Total Accumulated Depreciation	<u>(5,501)</u>	<u>(550)</u>	<u>-</u>	<u>(6,051)</u>	
Net Capital Assets Being Depreciated	<u>\$ 5,499</u>			<u>\$ 4,949</u>	

Community Development Authority

This report contains the Community Development Authority (CDA), which is included as a component unit. Financial information is presented in the discrete column in the combining statement of net position and statement of changes in net position.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The CDA prepares its financial statements in accordance with generally accepted accounting principles. The accounting records are kept on the accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

A separate investment policy does not exist for the CDA.

The Community Development Authority's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balance	Associated Risks
Money market	<u>\$ 2,344,232</u>	<u>\$ 2,344,232</u>	Custodial credit
Reconciliation to financial statements			
Per statement of net position			
Restricted cash and investments	<u>\$ 2,344,232</u>		

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNITS (cont.)

Community Development Authority (cont.)

b. Deposits and Investments (cont.)

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit amounts (interest-bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposits.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing the amounts covered by insurance above.

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the Community Development Authority's deposits may not be returned to the Community Development Authority.

As of December 31, 2016, none of the CDA's total bank balances of \$2,344,232 were exposed to custodial credit risk.

c. Long-Term Obligations

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
2008 community development lease revenue bonds dated September 17, 2008 with interest at 2.40-4.75%. Principal payments vary. Bonds mature December 1, 2032.	\$ 5,530,000	\$ -	\$ 3,385,000	\$ 2,145,000
2013 community development lease revenue bonds dated September 10, 2013 with interest at 0.45-4.20%. Principal payments vary. Bonds mature December 1, 2028.	17,290,000	-	165,000	17,125,000
2016 community development lease revenue bonds dated February 10, 2016 with interest at 0.65-2.40%. Principal payments vary. Bonds mature December 1, 2032.	-	3,500,000	50,000	3,450,000
Totals	<u>\$ 22,820,000</u>	<u>\$ 3,500,000</u>	<u>\$ 3,600,000</u>	<u>\$ 22,720,000</u>

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

J. COMPONENT UNITS (cont.)

Community Development Authority (cont.)

c. Long-Term Obligations (cont.)

Debt service requirements to maturity are as follows:

	Principal	Interest	Totals
2017	\$ 975,000	\$ 752,599	\$ 1,727,599
2018	1,075,000	731,648	1,806,648
2019	1,160,000	714,076	1,874,076
2020	1,240,000	689,601	1,929,601
2021	1,325,000	657,118	1,982,118
2022 – 2026	9,165,000	2,527,962	11,692,962
2027 – 2031	7,215,000	612,235	7,827,235
2032	565,000	16,385	581,385
Totals	<u>\$ 22,720,000</u>	<u>\$ 6,701,624</u>	<u>\$ 29,421,624</u>

Advance Refunding

On February 10, 2016, the CDA issued \$3,500,000 in 2016 lease revenue refunding bonds with an average interest rate of 2.7% to advance refund \$3,030,000 of outstanding 2008 lease revenue bonds with an average interest rate of 4.7%. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from these financial statements.

The cash flow requirements on the refunded bonds and notes prior to the advance refunding was \$5,124,063 from 2016 through 2032. The cash flow requirements on the 2016 refunding bonds are \$4,757,023 from 2016 through 2032. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$307,502.

d. Lease Disclosures

The CDA has entered into a lease agreement with Plexus, Corp. for the use of land and land improvements. The term of the lease is ninety-nine (99) years and went into effect April 28, 2009. Rent is \$1 per year and interest is not being charged. The cost of the land and land improvements is being reported as land held for resale in the governmental activities column at a value of \$773,000 as it was purchased by TIF No. 8.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. 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 and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting. 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.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Post-retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8%	3%
2007	3.0	10
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees 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.

During the reporting period, the WRS recognized \$1,169,693 in contributions from the City.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the City reported a liability of \$2,024,515 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the City's proportion was .124587030%, which was a decrease of .002170070% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the City recognized pension expense of \$2,472,047.

At December 31, 2016, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 342,491	\$ 4,260,557
Changes in assumption	1,416,439	-
Net differences between projected and actual earnings on pension plan investments	8,288,944	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	70,808	-
Employer contributions subsequent to the measurement date	1,215,257	-
Totals	<u>\$ 11,333,939</u>	<u>\$ 4,260,557</u>

\$1,215,257 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 2,627,547	\$ 1,031,063
2018	2,627,547	1,031,063
2019	2,627,547	1,031,063
2020	2,189,414	1,031,063
2021	46,627	136,305

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability (Asset)	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*:	2.1%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
US Equities	27%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
Variable Fund Asset Class				
U.S. Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension liability (asset)	\$14,199,987	\$2,024,515	\$(7,484,746)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

At December 31, 2016, the City reported a payable to the pension plan, which represents contractually required contributions outstanding as of the end of the year.

Private Pension Plan

In addition to the above, the State of Wisconsin administers a cost-sharing, multiple-employer plan for two retired employees of the City police and fire departments. These individuals were covered by a private pension plan prior to the City joining the Wisconsin Retirement System. No new employees are added to the plan. The City's policy is to fund retirement contributions to meet current benefit payments of retired employees. The City of Neenah contributed \$14,920. Total contributions for the years outstanding December 31, 2015 and 2014 were \$14,920 and \$14,920, respectively. Based on the current computation, the total estimated future cost to the City for this plan was approximately \$20,785 as of December 31, 2016, all of which relates to prior service. The estimated remaining period of amortization is one year. This is included in the annual financial report issued by the Department of Employee Trust Fund. This report can be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7391, Madison, WI 53707-7931.

B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The City participates in a public entity risk pool to provide coverage for losses from theft of, damage to, or destruction of assets (torts; errors and omissions; workers compensation; and general liability coverage). Other risks, such as health and dental coverage of its employees are accounted for and financed by the City in an internal service fund – the benefit accrual fund.

Participation in Public Entity Risk Pool

WMIC is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes. It was created in August 1987 for the purpose of facilitating the organization, establishment, and capitalization of CVMIC, and has numerous cities and villages as members.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Participation in Public Entity Risk Pool (cont.)

CVMIC is a municipal mutual insurance company established on September 14, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the cities and villages which make up the membership of WMIC.

CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities. The City's share of such losses is less than 1%.

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The City does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Financial statements of WMIC and CVMIC can be obtained directly from the CVMIC's offices.

The initial investment of WMIC is refundable upon withdrawal from the commission and has been reported at the original amount of \$1,117,155 in the insurance internal service fund.

The City pays an annual premium to CVMIC for its general liability insurance, which provides coverage up to \$5,000,000 per occurrence, less the City's retained liability. The City's retained liability is limited to \$100,000 per occurrence and an annual aggregate limit of \$100,000. An actuarially determined estimate for this liability, as well as for claims incurred but not reported was determined to be \$-0 at December 31, 2016. Changes in the fund's claims loss liability follow:

	<u>Balance January 1</u>	<u>Incurred Claims</u>	<u>Claims Paid/ Settled</u>	<u>Balance December 31</u>
2015	\$ 203,999	\$ 10,372	\$ 170,282	\$ 44,089
2016	44,089	-	-	-

The City is not financially accountable, as defined in Note I, over WMIC or CVMIC.

Dental Care

The City is exposed to various risks of loss related to dental claims. The City's risk management fund (an internal service fund) is used to account for and finance its uninsured risks of loss. Under this program, the risk management fund provides coverage for up to a maximum annual reimbursement per claimant of \$4,000 for basic (Teamsters) members and \$2,000 for all others. There have been no reductions in insurance coverage in 2015.

All funds of the City participate in the program and are charged amounts needed to pay prior and current year claims and to establish a reserve for future claims costs. The estimated liability for self-funded losses is based on reviewing past claim experience, 2015 claim payment data and making assumptions about future claim payments and experiences. The City does not allocate overhead costs or other non-incremental costs to the claims liability. The estimated liability for self-insured losses for this program consisted of the following at December 31, 2016:

Incurred but not reported claims	<u>\$ 20,000</u>
----------------------------------	------------------

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Dental Care (cont.)

Changes in the claims payable follow:

	Balance January 1	Incurred Claims	Claims Paid	Balance December 31
2015	\$ 20,000	\$ 295,016	\$ 295,016	\$ 20,000
2016	20,000	293,449	293,449	20,000

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments is only reported in governmental fund types if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted 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.

The City has incurred costs for sanitary sewer interceptors and transportation systems which will benefit certain areas if they are annexed by the City. Upon annexation, the City could recover the costs from the property owners. City officials estimate the potential recovery at December 31, 2016 aggregated approximately \$4,282,848.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. City management believes such disallowances, if any, would be immaterial.

The City has active construction projects as of December 31, 2016. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures.

The City has the following encumbrances outstanding at year end expected to be honored upon performance by the vendor.

Nonmajor funds	\$ <u>271,147</u>
----------------	-------------------

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

Developer Agreements

In 2015, the City created TIF District No. 10 and signed an agreement with a developer that requires the developer to pay for specified improvements including the construction of an office building. The City and CDA will transfer the building site to the developer to allow for the construction of the project. The City will provide payments to the developer to assist with developer costs solely from future tax increments from the development area and from the WEDC's Community Development Investment Grant. The City contribution for developer costs shall be limited to a maximum of \$420,000 plus interest. A maximum of 70% of the property tax increment revenue attributable to the development project shall be payable in annual installments. Each year beginning September 1, 2018 and continuing each September 1 thereafter until September 1, 2023, the City will pay to the developer 70% of the tax increment revenue received by the City with respect to the development in that year. No payments will be distributed until the property taxes have been paid on the property.

In 2015, the City created TIF District No. 9 and signed an agreement with a developer that allows for a maximum of \$1,550,000 or 70% of the tax increment revenue attributable to the development project, whichever is less, payable in installments over seven years. No payments will be distributed until the property taxes have been paid on the property. Until the City contribution has been paid in full, or a sum sufficient to pay off the City contribution has been set aside to cover payment of the City contribution, the City shall not close the District prior to the expiration date.

In 2016, the City created TIF District No. 11 and signed an agreement with a developer that requires the developer to pay for specified improvements including the construction of a number of commercial buildings. The City will provide payments to the developer to assist with developer costs solely from future tax increments from the development area. The City contribution for developer costs shall be limited to a maximum of \$2.015 million. A maximum of 70% of the property tax increment revenue attributable to the development project shall be payable in annual installments. Each year beginning September 1, 2019 and continuing each September 1 thereafter until September 1, 2030, the City will pay to the developer 70% of the tax increment revenue received by the City with respect to the development in that year. No payments will be distributed until the property taxes have been paid on the property.

D. 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, 2016 was as follows:

City	Number of 2016 Citations	Number of Citations Since Inception	% of Total
City of Menasha	1,340	28,336	40.4%
City of Neenah	2,657	41,731	59.6%
Totals	3,997	70,067	100.0%

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Menasha-Neenah Municipal Court (cont.)

The City of Neenah is the lead agency for purposes of administering the operations of the court. Therefore, all employees of the court, including the judge, are considered City of Neenah employees. The court's offices operate out of the Neenah City Hall building. Court trials are held in the Common Council Chambers at Neenah City Hall.

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, 2016, the court had a deficit of \$295,917. The allocation of this deficit is as follows:

City of Menasha	\$ 123,307
City of Neenah	<u>172,610</u>
Total	<u>\$ 295,917</u>

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

Financial information of the court as of December 31, 2016 is included in the City's CAFR as supplementary information. Separate financial statements are not available. The City of Neenah 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 – 39.99% and City of Neenah – 60.01%.

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.

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.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

D. JOINT VENTURES (cont.)

Neenah-Menasha Fire Rescue (cont.)

The City accounts for its share of the operations in the general fund. The City of Neenah does not have an equity interest in this organization. Financial information related to the Neenah-Menasha Fire Rescue as of December 31, 2016 is included in the City's CAFR as supplementary information. Separate financial statements are not available.

E. OTHER POSTEMPLOYMENT BENEFITS

The City administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The City's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. This results in another postemployment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy.

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the City and the union. The retirees pay 100% of the premium amounts under the plan.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 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 (or funding excess) 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 to the Retiree Health Plan:

Annual required contribution	\$	63,627
Interest on net OPEB obligation		12,950
Adjustment to annual required contribution		(18,550)
Annual OPEB Cost		<u>58,027</u>
Contributions made		<u>(42,900)</u>
Increase in net OPEB obligation		15,127
Net OPEB Obligation – Beginning of Year		<u>375,332</u>
Net OPEB Obligation – End of Year	\$	<u><u>390,459</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/16	\$ 58,026	73.93%	\$ 390,459
12/31/15	101,518	39.34%	375,332

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The funded status of the plan as of January 1, 2016, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 614,543
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 614,543</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 12,099,852
UAAL as a percentage of covered payroll	5.1%

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is 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 benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

In the City's actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial valuation date was January 1, 2016. The actuarial assumptions include a 3.45% investment rate of return and an annual healthcare cost trend rate of 0% initially, with a rate of 5% every year thereafter. Both rates include a 3% inflation assumption. The plan's unfunded actuarial accrued liability is being amortized using the level percent amortization method. The amortization period at December 31, 2016 was 22 years and it is closed.

The City's OPEB plan does not issue a stand-alone financial report.

F. SUBSEQUENT EVENTS

On January 4, 2017, the City approved a resolution to issue general obligation promissory notes in the amount of \$5,610,000 for capital projects.

On January 4, 2017, the City approved a resolution to issue general obligation refunding bonds in the amount of \$3,785,000.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement No. 68*
- > Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- > Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- > Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*
- > Statement No. 81, *Irrevocable Split-Interest Agreements*
- > Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*
- > Statement No. 83, *Certain Asset Retirement Obligations*
- > Statement No. 84, *Fiduciary Activities*
- > Statement No. 85, *Omnibus 2017*
- > Statement No. 86, *Certain Debt Extinguishment Issues*

When they become effective, application of these standards may restate portions of these financial statements.

H. TAX ABATEMENT

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributions to an economic development or otherwise benefits the governments or the citizens of those governments.

The City is disclosing all abatement agreements individually.

CITY OF NEENAH

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2016

NOTE V – OTHER INFORMATION (cont.)

H. TAX ABATEMENT (cont.)

The City through its Tax Incremental Financing Districts (TID) has entered into tax abatement agreements with developers in the form of tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the TID project plans. The developers pay property taxes as they become due, and after meeting the criteria established in the development agreements, are entitled to a future incentive payments that directly correlate to the taxes paid.

Agreement Description	Calculation Method	Developer Commitment	2016 Payment
TID No. 5 Development Agreement – ERA	80% of incremental tax revenue, maximum reimbursement of \$75,000	\$500,000 tax increment	\$ -
TID No. 6 Development Agreement – Plexus	70% of incremental tax revenue, maximum reimbursement of \$640,000	\$45 million investment	175,968
TID No. 7 Development Agreement – Festival	80% of incremental tax revenue, maximum reimbursement of \$853,000	\$5.4 million tax increment	95,000
TID No. 9 Development Agreement – Menasha Corp.	70% of incremental tax revenue, maximum reimbursement of \$1.55 million	\$9 million investment	-
TID No. 10 – Development Agreement – Site 7	70% of incremental tax revenue, maximum reimbursement of \$420,000	\$6 million investment	-

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEENAH

OTHER POSTEMPLOYMENT BENEFITS PLAN SCHEDULE OF FUNDING PROGRESS For the Year Ended December 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
01/01/16	\$	- \$ 614,543	\$ 614,543	0%	\$ 12,099,852	5.1%
01/01/14		- 1,026,865	1,026,865	0%	11,857,056	8.7%
01/01/12		- 1,058,510	1,058,510	0%	11,088,099	9.5%

The City is required to present the above information for the three most recent actuarial studies.

See independent auditors' report.

CITY OF NEENAH

GENERAL FUND SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES BUDGET AND ACTUAL For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
TAXES				
General property tax	\$ 12,981,140	\$ 12,981,140	\$ 12,981,148	\$ 8
Payment in lieu of taxes	24,900	24,900	28,284	3,384
Total Taxes	13,006,040	13,006,040	13,009,432	3,392
INTERGOVERNMENTAL REVENUES				
State shared revenues	2,235,940	2,235,940	2,236,821	881
Highway maintenance aids	1,039,950	1,039,950	1,038,928	(1,022)
Police, fire, and library aids	78,500	78,500	83,070	4,570
Mass transit aids	283,670	283,670	256,281	(27,389)
Refund of prior year joint fire district payment	70,000	70,000	85,785	15,785
Total Intergovernmental Revenues	3,708,060	3,708,060	3,700,885	(7,175)
LICENSES AND PERMITS				
Licenses				
Liquor and malt beverage	23,000	23,000	23,262	262
Operators	15,000	15,000	16,115	1,115
Cigarette	3,000	3,000	2,300	(700)
Electrical contractor	-	-	139	139
Furnace	2,500	2,500	2,200	(300)
Dog and cat	14,000	14,000	11,591	(2,409)
Sundry	10,200	10,200	10,781	581
Permits				
Building	110,000	110,000	109,809	(191)
Electrical	25,000	25,000	28,056	3,056
Plumbing	29,500	29,500	26,454	(3,046)
Furnace	30,000	30,000	30,260	260
Sundry	21,750	21,750	22,682	932
Total Licenses and Permits	283,950	283,950	283,649	(301)
FINES, FORFEITURES AND PENALTIES				
Court fines	103,000	103,000	82,672	(20,328)
Miscellaneous	3,000	3,000	1,250	(1,750)
Total Fines, Forfeitures and Penalties	106,000	106,000	83,922	(22,078)

See auditors' report and accompanying notes to required supplementary information.

CITY OF NEENAH

GENERAL FUND SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES (cont.) BUDGET AND ACTUAL For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
CHARGES FOR SERVICES				
Other				
General government	\$ 786,950	\$ 786,950	\$ 763,984	\$ (22,966)
Public safety	205,220	205,220	204,291	(929)
Highway and street	103,100	103,100	130,012	26,912
Rental of City property	104,900	104,900	84,480	(20,420)
Public library	799,600	799,600	822,303	22,703
Cemetery	100,000	100,000	111,938	11,938
Park and recreation	538,630	538,630	551,179	12,549
Sundry	13,100	13,100	12,220	(880)
Total Other	2,651,500	2,651,500	2,680,407	28,907
Health and Welfare				
Health inspection fees	30,000	30,000	26,170	(3,830)
Total Charges for Services	2,681,500	2,681,500	2,706,577	25,077
INVESTMENT INCOME AND MISCELLANEOUS				
Investment income	290,000	290,000	244,931	(45,069)
Miscellaneous general revenues	204,130	204,130	181,908	(22,222)
Total Investment Income and Miscellaneous	494,130	494,130	426,839	(67,291)
Total Revenues	20,279,680	20,279,680	20,211,304	(68,376)
OTHER FINANCING SOURCES				
Transfers In				
TIF District No. 5 fund	72,000	72,000	71,595	(405)
TIF District No. 6 fund	55,500	55,500	58,308	2,808
TIF District No. 7 fund	106,000	106,000	106,000	-
TIF District No. 8 fund	116,000	116,000	130,340	14,340
TIF District No. 9 fund	36,000	36,000	36,000	-
TIF District No. 10 fund	36,000	36,000	36,000	-
Community development block grant fund	25,000	25,000	14,870	(10,130)
Housing and business loans fund	40,000	40,000	40,000	-
Industrial development fund	5,000	5,000	5,000	-
Recycling fund	22,000	22,000	22,000	-
Other special revenue fund	12,000	12,000	8,382	(3,618)
Cemetery perpetual care fund	20,000	20,000	16,739	(3,261)
Sewer fund	816,470	816,470	762,638	(53,832)
Stormwater fund	390,870	390,870	377,068	(13,802)
Water utility fund - payment in lieu of tax	1,116,340	1,116,340	1,032,167	(84,173)
Water utility fund	32,270	32,270	327,162	294,892
Dial-A-Ride	5,000	5,000	5,000	-
Parking utility fund	127,230	127,230	102,076	(25,154)
Total Transfers	3,033,680	3,033,680	3,151,345	117,665
Sale of city property	118,200	118,200	7,055	(111,145)
Total Other Financing Sources	3,151,880	3,151,880	3,158,400	6,520
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 23,431,560</u>	<u>\$ 23,431,560</u>	<u>\$ 23,369,704</u>	<u>\$ (61,856)</u>

See auditors' report and accompanying notes to required supplementary information.

CITY OF NEENAH

GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES BUDGET AND ACTUAL For the Year Ended December 31, 2016

CURRENT EXPENDITURES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
Common council	\$ 77,330	\$ 77,330	\$ 70,900	\$ 6,430
Mayor's office	184,180	184,910	190,928	(6,018)
Finance	1,037,770	1,054,520	1,068,336	(13,816)
Municipal buildings	261,530	262,830	272,596	(9,766)
Human resources	209,640	221,240	210,644	10,596
City attorney	536,390	546,710	520,466	26,244
Total General Government	2,306,840	2,347,540	2,333,870	13,670
PUBLIC SAFETY				
Police Department				
Operations	5,886,660	5,903,545	5,748,949	154,596
Police firing range	21,780	21,780	19,015	2,765
Police school liaison program	268,020	268,020	251,946	16,074
Crossing guards	71,120	71,120	60,310	10,810
Capital outlay	19,200	34,404	15,388	19,016
Community service officers/animal control	59,030	59,030	64,277	(5,247)
K-9 unit	11,440	11,440	8,381	3,059
Fire Department				
Operations	4,846,860	4,846,860	4,846,867	(7)
Other				
Pension	14,920	14,920	14,920	-
Police and fire commission	9,720	9,720	9,824	(104)
Total Public Safety	11,208,750	11,240,839	11,039,877	200,962
PUBLIC WORKS				
Engineering	710,460	718,380	713,328	5,052
Repair of streets	374,850	377,500	397,709	(20,209)
Snow and ice control	515,020	516,520	456,842	59,678
Weed cutting	47,000	47,230	46,079	1,151
Forestry program	179,640	180,980	213,565	(32,585)
Street lighting	583,320	583,370	577,938	5,432
Municipal garage	464,600	469,170	494,170	(25,000)
Storm and sanitary sewers and drains	308,770	310,590	264,519	46,071
Refuse collection	639,090	640,930	676,740	(35,810)
Sewer inspection	53,760	53,770	7,151	46,619
Traffic control	309,850	311,810	277,560	34,250
Capital outlay	6,650	6,650	5,028	1,622
Sundry	6,000	6,060	9,446	(3,386)
Total Public Works	4,199,010	4,222,960	4,140,075	82,885

See auditors' report and accompanying notes to required supplementary information.

CITY OF NEENAH

GENERAL FUND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES (cont.) BUDGET AND ACTUAL For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
PARKS, RECREATION AND EDUCATION				
Parks and Recreation				
Administration	\$ 565,380	\$ 572,620	\$ 587,690	\$ (15,070)
Adult programs	33,160	33,160	23,596	9,564
Youth programs	29,320	29,320	25,334	3,986
Municipal pool and recreation building	264,300	264,300	278,855	(14,555)
Playground programs	89,100	89,100	95,800	(6,700)
Parks	890,720	898,540	906,264	(7,724)
Forestry	86,130	86,130	56,036	30,094
Other activities	41,610	41,610	38,638	2,972
Total Parks and Recreation	1,999,720	2,014,780	2,012,213	2,567
Library				
Operations	2,080,870	2,080,870	2,048,774	32,096
Total Parks, Recreation and Education	4,080,590	4,095,650	4,060,987	34,663
HEALTH AND WELFARE				
Assistance Program				
Committee on Aging	250	250	100	150
COMMUNITY DEVELOPMENT				
Operations	765,240	777,548	731,693	45,855
Celebrations and commemorations	68,910	69,030	77,621	(8,591)
Housing authority	7,260	7,260	1,969	5,291
Bus subsidy program	355,630	355,630	356,854	(1,224)
Older adult center	14,230	14,230	14,230	-
Conservation and development	255,100	262,900	261,968	932
Total Community Development	1,466,370	1,486,598	1,444,335	42,263
OTHER				
Cemetery operations	245,630	247,710	249,748	(2,038)
Miscellaneous	106,120	17,070	43,161	(26,091)
Total Other	351,750	264,780	292,909	(28,129)
Total Expenditures	23,613,560	23,658,617	23,312,153	346,464
OTHER FINANCING USES				
Transfers Out To				
Dial-A-Ride	12,000	12,000	12,000	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 23,625,560	\$ 23,670,617	\$ 23,324,153	\$ 346,464

See auditors' report and accompanying notes to required supplementary information.

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 8 - SPECIAL REVENUE FUND For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,311,931	\$ 1,295,978	\$ (15,953)
Intergovernmental	239,980	237,062	(2,918)
Investment income and miscellaneous	5,000	82,662	77,662
Total Revenues	<u>1,556,911</u>	<u>1,615,702</u>	<u>58,791</u>
EXPENDITURES			
Current			
Community development	1,000	8,076	(7,076)
Debt Service			
Principal retirement	-	3,600,000	(3,600,000)
Interest and fiscal charges	<u>1,339,750</u>	<u>1,207,073</u>	<u>132,677</u>
Total Expenditures	<u>1,340,750</u>	<u>4,815,149</u>	<u>(3,474,399)</u>
Deficiency of revenues over expenditures	<u>216,161</u>	<u>(3,199,447)</u>	<u>(3,415,608)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital lease issued	-	3,500,000	3,500,000
Transfer in	-	2,293,717	2,293,717
Premium on debt	-	197	197
Transfers out	<u>(1,174,088)</u>	<u>(1,223,728)</u>	<u>(49,640)</u>
Total Other Financing Sources (Uses)	<u>(1,174,088)</u>	<u>4,570,186</u>	<u>5,744,274</u>
Net Change in Fund Balance	(957,927)	1,370,739	2,328,666
FUND BALANCE (DEFICIT) - Beginning	<u>(5,789,194)</u>	<u>(5,789,194)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - Ending	<u>\$ (6,747,121)</u>	<u>\$ (4,418,455)</u>	<u>\$ 2,328,666</u>

See auditors' report and accompanying notes to required supplementary information.

CITY OF NEENAH

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2016

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/15	0.12675709%	\$ (3,113,501)	\$ 13,691,283	22.74%	102.74%
12/31/16	0.12458703%	2,024,515	13,244,463	15.29%	98.20%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM For the Year Ended December 31, 2016

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
12/31/15	\$ 1,228,134	\$ 1,228,134	\$ -	\$ 13,245,015	9.27%
12/31/16	1,215,257	1,215,257	-	13,689,999	8.88%

See independent auditors' report and accompanying notes to the required supplementary information.

CITY OF NEENAH

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2016

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

The budgeted amounts presented include any amendments made.

The City follows these procedures in establishing the budget versus actual budgetary data reflected in the financial statements:

- a. The Mayor submits to the Common Council a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the City Administration Building to obtain taxpayer comments.
- c. Prior to December 31, the budget is legally adopted through passage of a council resolution.
- d. The budget as adopted, includes total expenditures at the cost center level. A cost center can be a fund, major program, department or other activity for which control of expenditures are considered desirable. Cost centers are defined as follows for the governmental fund types with annual budgets: General at the department level, and Special Revenue and Capital Projects at major program level and Debt Service at total fund level. Expenditures cannot legally exceed appropriations at this level without two-thirds common council approval to amend the budget.
- e. Formal budgetary integration is employed as a management control device during the year for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, Sewerage Disposal Utility, Stormwater Utility, and Parking Utility Enterprise Funds.

A comparison of Actual and Budget is included in the accompanying financial statements for all governmental fund types with a legally adopted annual budget. The budget presentations are at the cost center level (legal level of control for the annual budget).

- f. All budgets adopted conform to generally accepted accounting principles (GAAP) except for the Enterprise Funds, where depreciation is not recognized for budget purposes. Budget amounts are as originally adopted or as amended via the procedures explained above. Individual amendments were legally authorized as described.
- g. Budgets for all non-committed governmental funds lapse at year-end. Carryovers to the following year were \$110,140 in the general fund, which includes library operations.

WISCONSIN RETIREMENT SYSTEM

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

The City is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in benefit terms. There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

Changes in Assumptions. There were no changes in assumptions.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

DEBT SERVICE FUND

CITY OF NEENAH

BALANCE SHEET - DEBT SERVICE FUND As of December 31, 2016

	Debt Service Fund
ASSETS	
Cash and investments	\$ 21,741
Receivables	
Taxes	3,536,101
Special assessments	550,197
Advances to other funds	<u>4,518,417</u>
 TOTAL ASSETS	 <u>\$ 8,626,456</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 68
Due to other funds	<u>164,000</u>
Total Liabilities	<u>164,068</u>
 Deferred Inflows of Resources	
Property tax levied for next period	3,360,000
Unavailable revenue	<u>550,197</u>
Total Deferred Inflows of Resources	<u>3,910,197</u>
 Fund Balance	
Restricted for debt service	<u>4,552,191</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 <u>\$ 8,626,456</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE (MAJOR FUND) For the Year Ended December 31, 2016

	Final Budget	Actual	Variance With Final Budget
REVENUES			
Taxes	\$ 3,285,000	\$ 3,285,000	\$ -
Intergovernmental	104,220	78,166	(26,054)
Special assessments	350,000	471,314	121,314
Total Revenues	<u>3,739,220</u>	<u>3,834,480</u>	<u>95,260</u>
EXPENDITURES			
Debt Service			
Principal retirement	-	4,609,835	(4,609,835)
Interest and fiscal charges	5,610,140	1,041,689	4,568,451
Total Expenditures	<u>5,610,140</u>	<u>5,651,524</u>	<u>(41,384)</u>
Deficiency of revenues over expenditures	<u>(1,870,920)</u>	<u>(1,817,044)</u>	<u>53,876</u>
OTHER FINANCING SOURCES			
Long-term debt issued	-	34,590	34,590
Premium on debt	25,000	83,482	58,482
Transfers in	2,675,840	2,696,147	20,307
Total Other Financing Sources	<u>2,700,840</u>	<u>2,814,219</u>	<u>113,379</u>
Net Change in Fund Balance	829,920	997,175	167,255
FUND BALANCE - Beginning	<u>3,555,016</u>	<u>3,555,016</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 4,384,936</u>	<u>\$ 4,552,191</u>	<u>\$ 167,255</u>

OTHER MAJOR FUNDS

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
PUBLIC INFRASTRUCTURE - CAPITAL PROJECTS FUND (MAJOR FUND)
For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES			
Capital Outlay	<u>2,627,776</u>	<u>1,978,919</u>	<u>648,857</u>
Deficiency of revenues over expenditures	<u>(2,627,776)</u>	<u>(1,978,919)</u>	<u>648,857</u>
OTHER FINANCING SOURCES			
Long-term debt issued	<u>-</u>	<u>2,401,000</u>	<u>2,401,000</u>
Net Change in Fund Balance	<u>(2,627,776)</u>	<u>422,081</u>	<u>3,049,857</u>
FUND BALANCE - Beginning	<u>3,664,711</u>	<u>3,664,711</u>	<u>-</u>
FUND BALANCE - Ending	<u>\$ 1,036,935</u>	<u>\$ 4,086,792</u>	<u>\$ 3,049,857</u>

NONMAJOR GOVERNMENTAL FUNDS

CITY OF NEENAH

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2016

Special Revenue Funds					
	TIF District No. 5	TIF District No. 6	TIF District No. 7	TIF District No. 9	TIF District No. 10
ASSETS					
Cash and investments	\$ 2	\$ 2	\$ -	\$ 7	\$ 5
Taxes receivable	263,832	684,039	1,966,033	112,809	-
Loans	-	-	-	-	-
Other receivables	-	-	-	-	-
Due from component unit	-	-	-	-	-
Prepaid items	-	-	-	-	-
Advances to other funds	519,130	-	-	-	-
TOTAL ASSETS	\$ 782,964	\$ 684,041	\$ 1,966,033	\$ 112,816	\$ 5
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Other liabilities	-	-	-	-	-
Advances from other funds	891,000	1,430,110	-	65,450	70,060
Total Liabilities	891,000	1,430,110	-	65,450	70,060
Deferred Inflows of Resources					
Property taxes levied for next period	263,832	684,039	1,966,033	112,809	-
Fund Balances					
Nonspendable:					
Prepaid items	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	(371,868)	(1,430,108)	-	(65,443)	(70,055)
Total Fund Balances	(371,868)	(1,430,108)	-	(65,443)	(70,055)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 782,964	\$ 684,041	\$ 1,966,033	\$ 112,816	\$ 5

Special Revenue Funds						
Community Development Block Grant	Housing/ Business Loans	Industrial Development	Recycling	Health Grants	Parks and Recreation	Dial-A- Ride
\$ 28,335	\$ 316,185	\$ 58,523	\$ 185,543	\$ 92,459	\$ 341,369	\$ 72,095
-	-	-	327,709	-	-	-
-	522,096	-	-	-	-	-
-	12,540	2,950	-	-	-	8,008
-	-	-	-	-	-	-
-	68	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 28,335</u>	<u>\$ 850,889</u>	<u>\$ 61,473</u>	<u>\$ 513,252</u>	<u>\$ 92,459</u>	<u>\$ 341,369</u>	<u>\$ 80,103</u>
\$ 59	\$ 6,469	\$ 1,309	\$ 6,850	\$ -	\$ 25,814	\$ 7,256
-	11,561	-	4,432	-	-	-
-	-	-	-	-	-	-
<u>59</u>	<u>18,030</u>	<u>1,309</u>	<u>11,282</u>	<u>-</u>	<u>25,814</u>	<u>7,256</u>
-	-	-	327,709	-	-	-
-	-	-	-	-	-	-
28,276	832,859	-	-	92,459	-	-
-	-	60,164	174,261	-	315,555	72,847
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>28,276</u>	<u>832,859</u>	<u>60,164</u>	<u>174,261</u>	<u>92,459</u>	<u>315,555</u>	<u>72,847</u>
<u>\$ 28,335</u>	<u>\$ 850,889</u>	<u>\$ 61,473</u>	<u>\$ 513,252</u>	<u>\$ 92,459</u>	<u>\$ 341,369</u>	<u>\$ 80,103</u>

CITY OF NEENAH

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2016

	Special Revenue Funds				
	Civic and Social	Library	Clock Tower Renovations	Other	Cemetery Perpetual Care
ASSETS					
Cash and investments	\$ 150,587	\$ 1,406,947	\$ 25	\$ 121,143	\$ 1,264,110
Taxes receivable	-	-	-	-	-
Loans	-	-	-	-	-
Other receivables	-	120	-	60	8,155
Due from component unit	-	-	-	-	-
Prepaid items	-	-	-	-	-
Advances to other funds	-	-	-	-	-
TOTAL ASSETS	\$ 150,587	\$ 1,407,067	\$ 25	\$ 121,203	\$ 1,272,265
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 158	\$ 15,666	\$ -	\$ 1	\$ -
Other liabilities	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	158	15,666	-	1	-
Deferred Inflows of Resources					
Property taxes levied for next period	-	-	-	-	-
Fund Balances					
Nonspendable:					
Prepaid items	-	-	-	-	-
Restricted	-	1,391,401	25	-	1,272,265
Committed	150,429	-	-	121,202	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total Fund Balances	150,429	1,391,401	25	121,202	1,272,265
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 150,587	\$ 1,407,067	\$ 25	\$ 121,203	\$ 1,272,265

Continued on
Next Page

Special Revenue Funds		Capital Projects Funds					
Cemetery Flowers	Walnut	TIF District No. 5	TIF District No. 6	TIF District No. 7	TIF District No. 8	TIF District No. 9	TIF District No. 10
\$ 169,656	\$ 1,442	\$ 42,554	\$ 94,539	\$ 147,193	\$ 308,720	\$ 304,999	\$ 110,549
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	2,344,232	-	-
-	-	-	-	-	-	-	-
-	-	180,110	-	901,410	170,000	65,450	543,440
<u>\$ 169,656</u>	<u>\$ 1,442</u>	<u>\$ 222,664</u>	<u>\$ 94,539</u>	<u>\$ 1,048,603</u>	<u>\$ 2,822,952</u>	<u>\$ 370,449</u>	<u>\$ 653,989</u>
\$ 425	\$ 536	\$ -	\$ -	\$ 1,957	\$ 2,077	\$ -	\$ 78,000
-	-	-	-	-	-	-	-
-	-	-	-	-	901,410	-	-
<u>425</u>	<u>536</u>	<u>-</u>	<u>-</u>	<u>1,957</u>	<u>903,487</u>	<u>-</u>	<u>78,000</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
169,231	906	222,664	94,539	1,046,646	1,919,465	370,449	575,989
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>169,231</u>	<u>906</u>	<u>222,664</u>	<u>94,539</u>	<u>1,046,646</u>	<u>1,919,465</u>	<u>370,449</u>	<u>575,989</u>
<u>\$ 169,656</u>	<u>\$ 1,442</u>	<u>\$ 222,664</u>	<u>\$ 94,539</u>	<u>\$ 1,048,603</u>	<u>\$ 2,822,952</u>	<u>\$ 370,449</u>	<u>\$ 653,989</u>

CITY OF NEENAH

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2016

	Capital Projects Funds				Total Nonmajor Governmental Funds
	Redevelop- ment	Facilities	Capital Equipment	Equipment Replacement	
ASSETS					
Cash and investments	\$ 22,076	\$ 400,637	\$ 968,143	\$ 161,993	\$ 6,769,838
Taxes receivable	-	-	-	-	3,354,422
Loans	-	-	-	-	522,096
Other receivables	-	-	-	-	31,833
Due from component unit	-	-	-	-	2,344,232
Prepaid items	-	21,805	-	-	21,873
Advances to other funds	-	-	-	-	2,379,540
TOTAL ASSETS	\$ 22,076	\$ 422,442	\$ 968,143	\$ 161,993	\$ 15,423,834
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 6,911	\$ 42,404	\$ 197,589	\$ 641	\$ 394,122
Other liabilities	-	-	-	-	15,993
Advances from other funds	-	-	-	-	3,358,030
Total Liabilities	6,911	42,404	197,589	641	3,768,145
Deferred Inflows of Resources					
Property taxes levied for next period	-	-	-	-	3,354,422
Fund Balances					
Nonspendable:					
Prepaid items	-	21,805	-	-	21,805
Restricted	-	-	-	-	7,847,037
Committed	-	-	-	-	1,064,595
Assigned	15,165	358,233	770,554	161,352	1,305,304
Unassigned (deficit)	-	-	-	-	(1,937,474)
Total Fund Balances	15,165	380,038	770,554	161,352	8,301,267
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 22,076	\$ 422,442	\$ 968,143	\$ 161,993	\$ 15,423,834

CITY OF NEENAH

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2016

	Special Revenue Funds				
	TIF District No. 5	TIF District No. 6	TIF District No. 7	TIF District No. 9	TIF District No. 10
REVENUES					
Taxes	\$ 230,818	\$ 715,864	\$ 1,943,923	\$ -	\$ -
Intergovernmental	161,446	83,862	52,013	-	-
Contributions	-	-	-	-	-
Investment income and miscellaneous	-	-	14,874	892	3,516
Total Revenues	<u>392,264</u>	<u>799,726</u>	<u>2,010,810</u>	<u>892</u>	<u>3,516</u>
EXPENDITURES					
Current					
Public safety	-	-	-	-	-
Recycling	-	-	-	-	-
Parks, recreation, and education	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community development	-	176,148	95,150	151	149
Conservation and development	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service					
Interest and fiscal charges	150	-	456	2,419	2,209
Total Expenditures	<u>150</u>	<u>176,148</u>	<u>95,606</u>	<u>2,570</u>	<u>2,358</u>
Excess (deficiency) of revenues over expenditures	<u>392,114</u>	<u>623,578</u>	<u>1,915,204</u>	<u>(1,678)</u>	<u>1,158</u>
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	-	-	-	-
Premium on debt	-	-	1,280	6,793	6,202
Sale of city property	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(306,407)	(345,994)	(3,604,042)	(39,373)	(78,563)
Total Other Financing Sources (Uses)	<u>(306,407)</u>	<u>(345,994)</u>	<u>(3,602,762)</u>	<u>(32,580)</u>	<u>(72,361)</u>
Net Change in Fund Balances	85,707	277,584	(1,687,558)	(34,258)	(71,203)
FUND BALANCES (DEFICIT) - Beginning	<u>(457,575)</u>	<u>(1,707,692)</u>	<u>1,687,558</u>	<u>(31,185)</u>	<u>1,148</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (371,868)</u>	<u>\$ (1,430,108)</u>	<u>\$ -</u>	<u>\$ (65,443)</u>	<u>\$ (70,055)</u>

Special Revenue Funds						
Community Development Block Grant	Housing/ Business Loans	Industrial Development	Recycling	Health Grants	Parks and Recreation	Dial-A- Ride
\$ -	\$ -	\$ -	\$ 326,116	\$ -	\$ -	\$ -
247,201	-	25,871	200,032	-	-	31,880
-	-	-	-	-	40,821	8,497
59	5,261	-	11,962	-	1,434	81
<u>247,260</u>	<u>5,261</u>	<u>25,871</u>	<u>538,110</u>	<u>-</u>	<u>42,255</u>	<u>40,458</u>
-	-	-	-	-	-	-
-	-	-	511,733	-	-	-
-	-	-	-	-	90,447	-
-	-	-	-	-	-	-
205,947	4,504	15,109	-	-	-	35,865
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>205,947</u>	<u>4,504</u>	<u>15,109</u>	<u>511,733</u>	<u>-</u>	<u>90,447</u>	<u>35,865</u>
-	-	-	-	-	-	-
41,313	757	10,762	26,377	-	(48,192)	4,593
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	12,000
(14,870)	(40,000)	(5,000)	(22,000)	(22,000)	-	(5,000)
<u>(14,870)</u>	<u>(40,000)</u>	<u>(5,000)</u>	<u>(22,000)</u>	<u>(22,000)</u>	<u>-</u>	<u>7,000</u>
26,443	(39,243)	5,762	4,377	(22,000)	(48,192)	11,593
<u>1,833</u>	<u>872,102</u>	<u>54,402</u>	<u>169,884</u>	<u>114,459</u>	<u>363,747</u>	<u>61,254</u>
<u>\$ 28,276</u>	<u>\$ 832,859</u>	<u>\$ 60,164</u>	<u>\$ 174,261</u>	<u>\$ 92,459</u>	<u>\$ 315,555</u>	<u>\$ 72,847</u>

CITY OF NEENAH

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (cont.) For the Year Ended December 31, 2016

	Special Revenue Funds				
	Civic and Social	Library	Clock Tower Renovations	Other	Cemetery Perpetual Care
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	20,493	-
Contributions	25,878	45,180	-	4,575	-
Investment income and miscellaneous	442	77,344	-	484	51,751
Total Revenues	<u>26,320</u>	<u>122,524</u>	<u>-</u>	<u>25,552</u>	<u>51,751</u>
EXPENDITURES					
Current					
Public safety	-	-	-	28,888	-
Recycling	-	-	-	-	-
Parks, recreation, and education	-	75,237	-	-	-
Health and welfare	-	-	-	-	-
Community development	34,738	-	-	-	-
Conservation and development	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service					
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>34,738</u>	<u>75,237</u>	<u>-</u>	<u>28,888</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(8,418)</u>	<u>47,287</u>	<u>-</u>	<u>(3,336)</u>	<u>51,751</u>
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	-	-	-	-
Premium on debt	-	-	-	-	-
Sale of city property	15,112	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(8,382)	(16,739)
Total Other Financing Sources (Uses)	<u>15,112</u>	<u>-</u>	<u>-</u>	<u>(8,382)</u>	<u>(16,739)</u>
Net Change in Fund Balances	6,694	47,287	-	(11,718)	35,012
FUND BALANCES (DEFICIT) - Beginning	<u>143,735</u>	<u>1,344,114</u>	<u>25</u>	<u>132,920</u>	<u>1,237,253</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 150,429</u>	<u>\$ 1,391,401</u>	<u>\$ 25</u>	<u>\$ 121,202</u>	<u>\$ 1,272,265</u>

Special Revenue Funds		Capital Project Funds					
Cemetery Flowers	Walnut	TIF District No. 5	TIF District No. 6	TIF District No. 7	TIF District No. 8	TIF District No. 9	TIF District No. 10
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
688	875	-	-	-	4,275	-	107,850
688	875	-	-	-	4,275	-	107,850
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,191	-	-	-	-	-	-	-
-	571	-	-	-	-	-	-
-	-	-	-	-	263	-	-
-	-	-	-	27,883	84,651	1,800	1,061,676
-	-	-	-	-	-	-	-
3,191	571	-	-	27,883	84,914	1,800	1,061,676
(2,503)	304	-	-	(27,883)	(80,639)	(1,800)	(953,826)
-	-	-	-	65,000	10,000	345,000	315,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	170,000	-	-
-	-	-	-	-	-	-	-
-	-	-	-	65,000	180,000	345,000	315,000
(2,503)	304	-	-	37,117	99,361	343,200	(638,826)
171,734	602	222,664	94,539	1,009,529	1,820,104	27,249	1,214,815
\$ 169,231	\$ 906	\$ 222,664	\$ 94,539	\$ 1,046,646	\$ 1,919,465	\$ 370,449	\$ 575,989

CITY OF NEENAH

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	Capital Project Funds				Total Nonmajor Governmental Funds
	Redevelop- ment	Facilities	Capital Equipment	Equipment Replacement	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,216,721
Intergovernmental	156,443	20,318	-	-	999,559
Contributions	-	-	-	-	124,951
Investment income and miscellaneous	-	3,000	4,660	13,290	302,738
Total Revenues	<u>156,443</u>	<u>23,318</u>	<u>4,660</u>	<u>13,290</u>	<u>4,643,969</u>
EXPENDITURES					
Current					
Public safety	-	-	-	-	28,888
Recycling	-	-	-	-	511,733
Parks, recreation, and education	-	-	-	-	165,684
Health and welfare	-	-	-	-	3,191
Community development	-	-	-	-	568,332
Conservation and development	-	-	-	-	263
Capital Outlay	175,181	590,909	1,041,399	16,761	3,000,260
Debt Service					
Interest and fiscal charges	-	-	-	-	5,234
Total Expenditures	<u>175,181</u>	<u>590,909</u>	<u>1,041,399</u>	<u>16,761</u>	<u>4,283,585</u>
Excess (deficiency) of revenues over expenditures	<u>(18,738)</u>	<u>(567,591)</u>	<u>(1,036,739)</u>	<u>(3,471)</u>	<u>360,384</u>
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	651,530	1,152,880	-	2,539,410
Premium on debt	-	-	-	-	14,275
Sale of city property	-	-	-	-	15,112
Transfers in	-	-	22,000	-	204,000
Transfers out	-	-	-	-	(4,508,370)
Total Other Financing Sources (Uses)	<u>-</u>	<u>651,530</u>	<u>1,174,880</u>	<u>-</u>	<u>(1,735,573)</u>
Net Change in Fund Balances	(18,738)	83,939	138,141	(3,471)	(1,375,189)
FUND BALANCES (DEFICIT) - Beginning	<u>33,903</u>	<u>296,099</u>	<u>632,413</u>	<u>164,823</u>	<u>9,676,456</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 15,165</u>	<u>\$ 380,038</u>	<u>\$ 770,554</u>	<u>\$ 161,352</u>	<u>\$ 8,301,267</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 5 - SPECIAL REVENUE FUND For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 233,659	\$ 230,818	\$ (2,841)
Intergovernmental	163,434	161,446	(1,988)
Investment income and miscellaneous	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total Revenues	<u>398,093</u>	<u>392,264</u>	<u>(5,829)</u>
EXPENDITURES			
Current			
Community development	1,000	-	1,000
Debt Service			
Interest and fiscal charges	<u>-</u>	<u>150</u>	<u>(150)</u>
Total Expenditures	<u>1,000</u>	<u>150</u>	<u>850</u>
Excess (deficiency) of revenues over expenditures	<u>397,093</u>	<u>392,114</u>	<u>(4,979)</u>
OTHER FINANCING USES			
Transfers out	<u>(296,813)</u>	<u>(306,407)</u>	<u>(9,594)</u>
Net Change in Fund Balances	100,280	85,707	(14,573)
FUND BALANCES (DEFICIT) - Beginning	<u>(457,575)</u>	<u>(457,575)</u>	<u>-</u>
FUND BALANCES (DEFICIT) - ENDING	<u><u>\$ (357,295)</u></u>	<u><u>\$ (371,868)</u></u>	<u><u>\$ (14,573)</u></u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 6 - SPECIAL REVENUE FUND For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 724,675	\$ 715,864	\$ (8,811)
Intergovernmental	84,895	83,862	(1,033)
Investment income and miscellaneous	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total Revenues	<u>810,570</u>	<u>799,726</u>	<u>(10,844)</u>
EXPENDITURES			
Current			
Community development	<u>202,600</u>	<u>176,148</u>	<u>26,452</u>
Excess of revenues over expenditures	<u>607,970</u>	<u>623,578</u>	<u>15,608</u>
OTHER FINANCING USES			
Transfers out	<u>(335,687)</u>	<u>(345,994)</u>	<u>(10,307)</u>
Net Change in Fund Balances	272,283	277,584	5,301
FUND BALANCES (DEFICIT) - Beginning	<u>(1,707,692)</u>	<u>(1,707,692)</u>	<u>-</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (1,435,409)</u>	<u>\$ (1,430,108)</u>	<u>\$ 5,301</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TIF DISTRICT NO. 7 - SPECIAL REVENUE FUND For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 1,967,851	\$ 1,943,923	\$ (23,928)
Intergovernmental	52,653	52,013	(640)
Investment income and miscellaneous	<u>1,000</u>	<u>14,874</u>	<u>13,874</u>
Total Revenues	<u>2,021,504</u>	<u>2,010,810</u>	<u>(10,694)</u>
EXPENDITURES			
Current			
Community development	96,000	95,150	(850)
Debt Service			
Interest and fiscal charges	<u>-</u>	<u>456</u>	<u>-</u>
Total Expenditures	<u>96,000</u>	<u>95,606</u>	<u>(850)</u>
Excess (deficiency) of revenues over expenditures	1,925,504	1,915,204	(11,544)
OTHER FINANCING SOURCES (USES)			
Premium on debt	-	1,280	(1,280)
Transfers out	<u>(1,295,325)</u>	<u>(3,604,042)</u>	<u>(2,308,717)</u>
Total Other Financing Sources (Uses)	<u>(1,295,325)</u>	<u>(3,602,762)</u>	<u>(2,309,997)</u>
Net Change in Fund Balances	630,179	(1,687,558)	(2,317,737)
FUND BALANCES - Beginning	<u>1,687,558</u>	<u>1,687,558</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 2,317,737</u>	<u>\$ -</u>	<u>\$ (2,317,737)</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 9 - SPECIAL REVENUE FUND For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income and miscellaneous	\$ 1,000	\$ 892	\$ (108)
EXPENDITURES			
Current			
Community development	1,000	151	849
Debt Service			
Interest and fiscal charges	<u>-</u>	<u>2,419</u>	<u>2,419</u>
Total Expenditures	<u>1,000</u>	<u>2,570</u>	<u>3,268</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(1,678)</u>	<u>3,160</u>
OTHER FINANCING SOURCES (USES)			
Premium on debt	-	6,793	6,793
Transfers out	<u>(34,374)</u>	<u>(39,373)</u>	<u>(4,999)</u>
Total Other Financing Sources (Uses)	<u>(34,374)</u>	<u>(32,580)</u>	<u>1,794</u>
Net Change in Fund Balances	(34,374)	(34,258)	116
FUND BALANCES (DEFICIT) - Beginning	<u>(31,185)</u>	<u>(31,185)</u>	<u>-</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (65,559)</u>	<u>\$ (65,443)</u>	<u>\$ 116</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 10 - SPECIAL REVENUE FUND For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income and miscellaneous	\$ 1,000	\$ 3,516	\$ 2,516
EXPENDITURES			
Current			
Community development	1,000	149	851
Debt Service			
Interest and fiscal charges	<u>-</u>	<u>2,209</u>	<u>(2,209)</u>
Total Expenditures	<u>1,000</u>	<u>2,358</u>	<u>(1,358)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>1,158</u>	<u>1,158</u>
OTHER FINANCING SOURCES (USES)			
Premium on debt	-	6,202	6,202
Transfers out	<u>(73,563)</u>	<u>(78,563)</u>	<u>(5,000)</u>
Total Other Financing Sources (Uses)	<u>(73,563)</u>	<u>(72,361)</u>	<u>1,202</u>
Net Change in Fund Balances	(73,563)	(71,203)	2,360
FUND BALANCES - Beginning	<u>1,148</u>	<u>1,148</u>	<u>-</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (72,415)</u>	<u>\$ (70,055)</u>	<u>\$ 2,360</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL -
COMMUNITY DEVELOPMENT BLOCK GRANT - SPECIAL REVENUE FUND
For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 175,000	\$ 247,201	\$ 72,201
Investment income and miscellaneous	-	59	59
Total Revenues	<u>175,000</u>	<u>247,260</u>	<u>72,260</u>
EXPENDITURES			
Current			
Community development	<u>175,000</u>	<u>205,947</u>	<u>(30,947)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>41,313</u>	<u>41,313</u>
OTHER FINANCING USES			
Transfers out	<u>-</u>	<u>(14,870)</u>	<u>(14,870)</u>
Net Change in Fund Balances	-	26,443	26,443
FUND BALANCES - Beginning	<u>1,833</u>	<u>1,833</u>	<u>-</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 1,833</u>	<u>\$ 28,276</u>	<u>\$ 26,443</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - HOUSING AND BUSINESS LOANS - SPECIAL REVENUE FUND For the Year Ended December 31, 2016

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Investment income and miscellaneous	\$ 2,000	\$ 5,261	\$ 3,261
EXPENDITURES			
Current			
Community development	4,100	4,504	(404)
Excess (deficiency) of revenues over expenditures	(2,100)	757	2,857
OTHER FINANCING SOURCES (USES)			
Transfers in	25,000	-	(25,000)
Transfers out	(30,000)	(40,000)	(10,000)
Total Other Financing Sources (Uses)	(5,000)	(40,000)	(35,000)
Net Change in Fund Balances	(7,100)	(39,243)	(32,143)
FUND BALANCES - Beginning	872,102	872,102	-
FUND BALANCES - ENDING	\$ 865,002	\$ 832,859	\$ (32,143)

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
INDUSTRIAL DEVELOPMENT - SPECIAL REVENUE FUND
For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	<u>\$ 25,830</u>	<u>\$ 25,871</u>	<u>\$ 41</u>
EXPENDITURES			
Current			
Community development	<u>11,833</u>	<u>15,109</u>	<u>3,276</u>
Excess (deficiency) of revenues over expenditures	<u>13,997</u>	<u>10,762</u>	<u>3,317</u>
OTHER FINANCING USES			
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net Change in Fund Balances	8,997	5,762	(3,235)
FUND BALANCES - Beginning	<u>54,402</u>	<u>54,402</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 63,399</u>	<u>\$ 60,164</u>	<u>\$ (3,235)</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - RECYCLING - SPECIAL REVENUE FUND For the Year Ended December 31, 2016

	Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 335,000	\$ 326,116	\$ (8,884)
Intergovernmental	170,000	200,032	30,032
Investment income and miscellaneous	12,000	11,962	(38)
Total Revenues	<u>517,000</u>	<u>538,110</u>	<u>21,110</u>
EXPENDITURES			
Current			
Recycling	<u>537,620</u>	<u>511,733</u>	<u>25,887</u>
Excess (deficiency) of revenues over expenditures	<u>(20,620)</u>	<u>26,377</u>	<u>46,997</u>
OTHER FINANCING USES			
Transfers out	<u>(22,000)</u>	<u>(22,000)</u>	<u>-</u>
Net Change in Fund Balances	(42,620)	4,377	46,997
FUND BALANCES - Beginning	<u>169,884</u>	<u>169,884</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 127,264</u>	<u>\$ 174,261</u>	<u>\$ 46,997</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
PARKS AND RECREATION - SPECIAL REVENUE FUND
For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Contributions	\$ 40,000	\$ 40,821	\$ 821
Investment income and miscellaneous	<u>400</u>	<u>1,434</u>	<u>1,034</u>
Total Revenues	<u>40,400</u>	<u>42,255</u>	<u>1,855</u>
EXPENDITURES			
Current			
Parks, recreation, and education	<u>40,000</u>	<u>90,447</u>	<u>(50,447)</u>
Deficiency of revenues over expenditures	<u>400</u>	<u>(48,192)</u>	<u>(48,592)</u>
Net Change in Fund Balances	400	(48,192)	(48,592)
FUND BALANCES - Beginning	<u>363,747</u>	<u>363,747</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 364,147</u>	<u>\$ 315,555</u>	<u>\$ (48,592)</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DIAL-A-RIDE - SPECIAL REVENUE FUND For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 42,000	\$ 31,880	\$ (10,120)
Contributions	8,500	8,497	(3)
Investment income and miscellaneous	-	81	81
Total Revenues	<u>50,500</u>	<u>40,458</u>	<u>(10,042)</u>
EXPENDITURES			
Current			
Community development	<u>45,500</u>	<u>35,865</u>	<u>(9,635)</u>
Excess (deficiency) of revenues over expenditures	<u>5,000</u>	<u>4,593</u>	<u>(19,677)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	12,000	12,000
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	-
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>7,000</u>	<u>12,000</u>
Net Change in Fund Balances	-	11,593	11,593
FUND BALANCES - Beginning	<u>61,254</u>	<u>61,254</u>	-
FUND BALANCES - ENDING	<u>\$ 61,254</u>	<u>\$ 72,847</u>	<u>\$ 11,593</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CIVIC AND SOCIAL - SPECIAL REVENUE FUND For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Contributions	\$ 28,000	\$ 25,878	\$ (2,122)
Investment income and miscellaneous	<u>15,000</u>	<u>442</u>	<u>(14,558)</u>
Total Revenues	<u>43,000</u>	<u>26,320</u>	<u>(16,680)</u>
EXPENDITURES			
Current			
Community development	<u>35,500</u>	<u>34,738</u>	<u>762</u>
Deficiency of revenues over expenditures	<u>7,500</u>	<u>(8,418)</u>	<u>(15,918)</u>
OTHER FINANCING SOURCES			
Sale of city property	<u>-</u>	<u>15,112</u>	<u>15,112</u>
Net Change in Fund Balances	7,500	6,694	(806)
FUND BALANCES - Beginning	<u>143,735</u>	<u>143,735</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 151,235</u>	<u>\$ 150,429</u>	<u>\$ (806)</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
LIBRARY - SPECIAL REVENUE FUND
For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Contributions	\$ 40,000	\$ 45,180	\$ 5,180
Investment income and miscellaneous	<u>25,000</u>	<u>77,344</u>	<u>52,344</u>
Total Revenues	<u>65,000</u>	<u>122,524</u>	<u>57,524</u>
EXPENDITURES			
Current			
Parks, recreation, and education	<u>55,000</u>	<u>75,237</u>	<u>(20,237)</u>
Excess (deficiency) of revenues over expenditures	<u>10,000</u>	<u>47,287</u>	<u>37,287</u>
Net Change in Fund Balances	10,000	47,287	37,287
FUND BALANCES - Beginning	<u>1,344,114</u>	<u>1,344,114</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,354,114</u>	<u>\$ 1,391,401</u>	<u>\$ 37,287</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - OTHER - SPECIAL REVENUE FUND For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ -	\$ 20,493	\$ 20,493
Contributions	10,000	4,575	(5,425)
Investment income and miscellaneous	<u>20,100</u>	<u>484</u>	<u>(19,616)</u>
Total Revenues	<u>30,100</u>	<u>25,552</u>	<u>(4,548)</u>
EXPENDITURES			
Current			
Public safety	<u>35,000</u>	<u>28,888</u>	<u>6,112</u>
Excess (deficiency) of revenues over expenditures	<u>(4,900)</u>	<u>(3,336)</u>	<u>1,564</u>
OTHER FINANCING USES			
Transfers out	<u>-</u>	<u>(8,382)</u>	<u>(8,382)</u>
Net Change in Fund Balances	(4,900)	(11,718)	(6,818)
FUND BALANCES - Beginning	<u>132,920</u>	<u>132,920</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 128,020</u>	<u>\$ 121,202</u>	<u>\$ (6,818)</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CEMETERY PERPETUAL CARE - SPECIAL REVENUE FUND
For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income and miscellaneous	<u>\$ 30,000</u>	<u>\$ 51,751</u>	<u>\$ 21,751</u>
Excess of revenues over expenditures	<u>30,000</u>	<u>51,751</u>	<u>21,751</u>
OTHER FINANCING USES			
Transfers out	<u>(20,000)</u>	<u>(16,739)</u>	<u>3,261</u>
Net Change in Fund Balances	10,000	35,012	25,012
FUND BALANCES - Beginning	<u>1,237,253</u>	<u>1,237,253</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,247,253</u>	<u>\$ 1,272,265</u>	<u>\$ 25,012</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CEMETERY FLOWERS - SPECIAL REVENUE FUND
For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income and miscellaneous	\$ 220	\$ 688	\$ 468
EXPENDITURES			
Current			
Health and welfare	3,500	3,191	309
Deficiency of revenues over expenditures	(3,280)	(2,503)	777
Net Change in Fund Balances	(3,280)	(2,503)	777
FUND BALANCES - Beginning	171,734	171,734	-
FUND BALANCES - ENDING	\$ 168,454	\$ 169,231	\$ 777

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
TIF DISTRICT NO. 5 - CAPITAL PROJECTS FUND
For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES			
Capital Outlay	<u>30,121</u>	<u>-</u>	<u>30,121</u>
Net Change in Fund Balances	(30,121)	-	30,121
FUND BALANCES - Beginning	<u>222,664</u>	<u>222,664</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 192,543</u>	<u>\$ 222,664</u>	<u>\$ 30,121</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
TIF DISTRICT NO. 6 - CAPITAL PROJECTS FUND
For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-
Net Change in Fund Balances	-	-	-
FUND BALANCES - Beginning	<u>94,539</u>	<u>94,539</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 94,539</u>	<u>\$ 94,539</u>	<u>\$ -</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
TIF DISTRICT NO. 7 - CAPITAL PROJECTS FUND
For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES			
Capital Outlay	<u>65,000</u>	<u>27,883</u>	<u>37,117</u>
Deficiency of revenues over expenditures	<u>(65,000)</u>	<u>(27,883)</u>	<u>37,117</u>
OTHER FINANCING SOURCES			
Long-term debt issued	<u>-</u>	<u>65,000</u>	<u>65,000</u>
Net Change in Fund Balances	(65,000)	37,117	102,117
FUND BALANCES - Beginning	<u>1,009,529</u>	<u>1,009,529</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 944,529</u>	<u>\$ 1,046,646</u>	<u>\$ 102,117</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - TIF DISTRICT NO. 8 - CAPITAL PROJECTS FUND For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ -	\$ 4,275	\$ 4,275
Total Revenues	<u>-</u>	<u>4,275</u>	<u>4,275</u>
EXPENDITURES			
Current			
Conservation and development	-	263	263
Capital Outlay	<u>940,357</u>	<u>84,651</u>	<u>855,706</u>
Total Expenditures	<u>940,357</u>	<u>84,914</u>	<u>855,969</u>
Excess (deficiency) of revenues over expenditures	<u>(940,357)</u>	<u>(80,639)</u>	<u>860,244</u>
OTHER FINANCING SOURCES			
Long-term debt issued	-	10,000	10,000
Transfers in	<u>-</u>	<u>170,000</u>	<u>170,000</u>
Total Other Financing Sources	<u>-</u>	<u>180,000</u>	<u>180,000</u>
Net Change in Fund Balances	(940,357)	99,361	1,039,718
FUND BALANCES - Beginning	<u>1,820,104</u>	<u>1,820,104</u>	<u>-</u>
FUND BALANCES - ENDING	<u><u>\$ 879,747</u></u>	<u><u>\$ 1,919,465</u></u>	<u><u>\$ 1,039,718</u></u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL -
TIF DISTRICT NO. 9 - CAPITAL PROJECTS FUND
For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES			
Capital Outlay	<u>360,816</u>	<u>1,800</u>	<u>359,016</u>
Deficiency of revenues over expenditures	<u>(360,816)</u>	<u>(1,800)</u>	<u>359,016</u>
OTHER FINANCING SOURCES			
Long-term debt issued	<u>-</u>	<u>345,000</u>	<u>345,000</u>
Net Change in Fund Balances	(360,816)	343,200	704,016
FUND BALANCES - Beginning	<u>27,249</u>	<u>27,249</u>	<u>-</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (333,567)</u>	<u>\$ 370,449</u>	<u>\$ 704,016</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
TIF DISTRICT NO. 10 (DEFICIT) - CAPITAL PROJECTS FUND
For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income and miscellaneous	\$ -	\$ 107,850	\$ 107,850
EXPENDITURES			
Capital Outlay	<u>1,597,724</u>	<u>1,061,676</u>	<u>536,048</u>
Deficiency of revenues over expenditures	<u>(1,597,724)</u>	<u>(953,826)</u>	<u>643,898</u>
OTHER FINANCING SOURCES			
Long-term debt issued	<u>-</u>	<u>315,000</u>	<u>315,000</u>
Net Change in Fund Balances	(1,597,724)	(638,826)	958,898
FUND BALANCES - Beginning	<u>1,214,815</u>	<u>1,214,815</u>	<u>-</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (382,909)</u>	<u>\$ 575,989</u>	<u>\$ 958,898</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - REDEVELOPMENT - CAPITAL PROJECTS FUND For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ -	\$ 156,443	\$ 156,443
EXPENDITURES			
Capital Outlay	<u>7,500</u>	<u>175,181</u>	<u>(167,681)</u>
Net Change in Fund Balances	(7,500)	(18,738)	(11,238)
FUND BALANCES - Beginning	<u>33,903</u>	<u>33,903</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 26,403</u>	<u>\$ 15,165</u>	<u>\$ (11,238)</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - FACILITIES - CAPITAL PROJECTS FUND For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ -	\$ 20,318	\$ 20,318
Investment income and miscellaneous	<u>-</u>	<u>3,000</u>	<u>3,000</u>
Total Revenues	<u>-</u>	<u>23,318</u>	<u>23,318</u>
EXPENDITURES			
Capital Outlay	<u>1,012,070</u>	<u>590,909</u>	<u>421,161</u>
Deficiency of revenues over expenditures	<u>(1,012,070)</u>	<u>(567,591)</u>	<u>444,479</u>
OTHER FINANCING SOURCES			
Long-term debt issued	<u>-</u>	<u>651,530</u>	<u>651,530</u>
Net Change in Fund Balances	(1,012,070)	83,939	1,096,009
FUND BALANCES - Beginning	<u>296,099</u>	<u>296,099</u>	<u>-</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (715,971)</u>	<u>\$ 380,038</u>	<u>\$ 1,096,009</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL -
CAPITAL EQUIPMENT - CAPITAL PROJECTS FUND
For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income and miscellaneous	\$ -	\$ 4,660	\$ 4,660
EXPENDITURES			
Capital Outlay	<u>1,950,435</u>	<u>1,041,399</u>	<u>909,036</u>
Excess (deficiency) of revenues over expenditures	<u>(1,950,435)</u>	<u>(1,036,739)</u>	<u>913,696</u>
OTHER FINANCING SOURCES			
Long-term debt issued	-	1,152,880	1,152,880
Transfers in	<u>22,000</u>	<u>22,000</u>	<u>-</u>
Total Other Financing Sources	<u>22,000</u>	<u>1,174,880</u>	<u>1,152,880</u>
Net Change in Fund Balances	(1,928,435)	138,141	2,066,576
FUND BALANCES - Beginning	<u>632,413</u>	<u>632,413</u>	<u>-</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ (1,296,022)</u>	<u>\$ 770,554</u>	<u>\$ 2,066,576</u>

CITY OF NEENAH

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
EQUIPMENT REPLACEMENT - CAPITAL PROJECTS FUND
For the Year Ended December 31, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment income and miscellaneous	\$ -	\$ 13,290	\$ 13,290
EXPENDITURES			
Capital Outlay	<u>5,015</u>	<u>16,761</u>	<u>(11,746)</u>
Net Change in Fund Balances	(5,015)	(3,471)	1,544
FUND BALANCES - Beginning	<u>164,823</u>	<u>164,823</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 159,808</u>	<u>\$ 161,352</u>	<u>\$ 1,544</u>

CITY OF NEENAH

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

As of December 31, 2016

	Fleet Management	Benefit Accrual	Insurance	Information Systems	Totals
ASSETS					
Current Assets					
Cash and investments	\$ 105,141	\$ 2,227,639	\$ 2	\$ 112,174	\$ 2,444,956
Accounts receivable	3,627	260,345	-	10,904	274,876
Due from other funds	-	229,270	-	-	229,270
Inventories	206,886	-	-	-	206,886
Prepaid items	405	52,250	279,196	14,972	346,823
Total Current Assets	<u>316,059</u>	<u>2,769,504</u>	<u>279,198</u>	<u>138,050</u>	<u>3,502,811</u>
Noncurrent Assets					
Deposit with risk pool	-	-	1,117,155	-	1,117,155
Total Assets	<u>316,059</u>	<u>2,769,504</u>	<u>1,396,353</u>	<u>138,050</u>	<u>4,619,966</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
Current Liabilities					
Accounts payable	25,308	342,783	-	10,185	378,276
Claims payable	-	20,000	-	-	20,000
Due to other funds	-	-	229,270	-	229,270
Compensated absences payable	-	1,194,067	-	1,369	1,195,436
Total Current Liabilities	<u>25,308</u>	<u>1,556,850</u>	<u>229,270</u>	<u>11,554</u>	<u>1,822,982</u>
Noncurrent Liabilities					
Compensated absences payable	7,220	1,029,375	-	7,522	1,044,117
Total Liabilities	<u>32,528</u>	<u>2,586,225</u>	<u>229,270</u>	<u>19,076</u>	<u>2,867,099</u>
Deferred Inflows of Resources					
Unearned revenue	-	14,663	-	-	14,663
NET POSITION					
Unrestricted	<u>283,531</u>	<u>168,616</u>	<u>1,167,083</u>	<u>118,974</u>	<u>1,738,204</u>
TOTAL NET POSITION	<u>\$ 283,531</u>	<u>\$ 168,616</u>	<u>\$ 1,167,083</u>	<u>\$ 118,974</u>	<u>\$ 1,738,204</u>

CITY OF NEENAH

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2016

	<u>Fleet Management</u>	<u>Benefit Accrual</u>	<u>Insurance</u>	<u>Information Systems</u>	<u>Totals</u>
OPERATING REVENUES					
Charges for services	\$ 657,076	\$ 7,396,258	\$ 70,567	\$ 811,964	\$ 8,935,865
Total Revenues	<u>657,076</u>	<u>7,396,258</u>	<u>70,567</u>	<u>811,964</u>	<u>8,935,865</u>
OPERATING EXPENSES					
Information technology	-	-	-	729,627	729,627
Retirement system expense	-	3,274,955	-	-	3,274,955
Public works	645,561	-	-	-	645,561
Health claims and other employee benefits	-	3,619,460	-	-	3,619,460
Contractual services	-	-	90,841	-	90,841
Total Operating Expenses	<u>645,561</u>	<u>6,894,415</u>	<u>90,841</u>	<u>729,627</u>	<u>8,360,444</u>
Operating Income (Loss)	11,515	501,843	(20,274)	82,337	575,421
TOTAL NET POSITION (DEFICIT) - Beginning	<u>272,016</u>	<u>(333,227)</u>	<u>1,187,357</u>	<u>36,637</u>	<u>1,162,783</u>
TOTAL NET POSITION - ENDING	<u>\$ 283,531</u>	<u>\$ 168,616</u>	<u>\$ 1,167,083</u>	<u>\$ 118,974</u>	<u>\$ 1,738,204</u>

CITY OF NEENAH

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2016

	Fleet Management	Benefit Accrual	Insurance	Information Systems	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from other funds of the city	\$ 658,397	\$ 7,140,721	\$ 70,567	\$ 811,955	\$ 8,681,640
Paid to suppliers for goods and services	(439,865)	(7,033,800)	(190,877)	(173,202)	(7,837,744)
Paid to employees	(199,705)	-	-	(550,299)	(750,004)
Net Cash Provided (Used) by Operating Activities	<u>18,827</u>	<u>106,921</u>	<u>(120,310)</u>	<u>88,454</u>	<u>93,892</u>
Net Increase (Decrease) in Cash and Cash Equivalents	18,827	106,921	(120,310)	88,454	93,892
CASH AND CASH EQUIVALENTS - Beginning	<u>86,314</u>	<u>2,120,718</u>	<u>120,312</u>	<u>23,720</u>	<u>2,351,064</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 105,141</u>	<u>\$ 2,227,639</u>	<u>\$ 2</u>	<u>\$ 112,174</u>	<u>\$ 2,444,956</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 11,515	\$ 501,843	\$ (20,274)	\$ 82,337	\$ 575,421
Adjustments to operating income (loss) to net cash flows from operating activities:					
Change in assets, liabilities, and deferred inflows:					
Accounts receivable	1,321	(24,961)	-	(9)	(23,649)
Due from other funds	-	(229,270)	-	-	(229,270)
Inventories	(2,599)	-	-	-	(2,599)
Prepaid items	(405)	219,039	(279,196)	3,499	(57,063)
Accounts payable	7,590	(65,852)	(6,021)	497	(63,786)
Claims payable	-	-	(44,089)	-	(44,089)
Due to other funds	-	-	229,270	-	229,270
Compensated absences	1,405	(292,572)	-	2,130	(289,037)
Unearned revenue	-	(1,306)	-	-	(1,306)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 18,827</u>	<u>\$ 106,921</u>	<u>\$ (120,310)</u>	<u>\$ 88,454</u>	<u>\$ 93,892</u>

NONCASH ACTIVITIES

None

CITY OF NEENAH

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS As of December 31, 2016

	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
ADVANCE TAX COLLECTIONS				
Assets				
Cash and investments	\$ 20,420,569	\$ 20,620,658	\$ 20,420,569	\$ 20,620,658
Property taxes receivable	6,572,115	6,107,950	6,572,115	6,107,950
TOTAL ASSETS	\$ 26,992,684	\$ 26,728,608	\$ 26,992,684	\$ 26,728,608
Liabilities				
Accounts payable	\$ 20,599	\$ 10,236	\$ 20,599	\$ 10,236
Due to other governmental units	26,972,085	26,718,372	26,972,085	26,718,372
TOTAL LIABILITIES	\$ 26,992,684	\$ 26,728,608	\$ 26,992,684	\$ 26,728,608
MUNICIPAL COURT				
Assets				
Cash and investments	\$ 107	\$ 100	\$ 107	\$ 100
Accounts receivable	93	(15)	93	(15)
Due from other governmental units	273,152	295,917	273,152	295,917
TOTAL ASSETS	\$ 273,352	\$ 296,002	\$ 273,352	\$ 296,002
Liabilities				
Accounts payable	\$ 45,876	\$ 43,074	\$ 45,876	\$ 43,074
Accrued liabilities	1,303	1,535	1,303	1,535
Advances from other governmental units	226,173	251,393	226,173	251,393
TOTAL LIABILITIES	\$ 273,352	\$ 296,002	\$ 273,352	\$ 296,002
NEENAH MENASHA FIRE RESCUE				
Assets				
Cash and investments	\$ 1,563,117	\$ 1,761,463	\$ 1,563,117	\$ 1,761,463
Accounts receivable	9,266	4,645	9,266	4,645
TOTAL ASSETS	\$ 1,572,383	\$ 1,766,108	\$ 1,572,383	\$ 1,766,108
Liabilities				
Accounts payable	\$ 56,140	\$ 50,503	\$ 56,140	\$ 50,503
Accrued liabilities	1,370,045	1,530,584	1,370,045	1,530,584
Due to other governmental units	146,198	185,021	146,198	185,021
TOTAL LIABILITIES	\$ 1,572,383	\$ 1,766,108	\$ 1,572,383	\$ 1,766,108
OTHER				
Assets				
Cash and investments	\$ 5,033	\$ -	\$ -	\$ 5,033
Liabilities				
Accounts payable	\$ 5,033	\$ -	\$ -	\$ 5,033

CITY OF NEENAH

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS As of December 31, 2016

	Balance January 1, 2016	Additions	Deductions	Balance December 31, 2016
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and investments	\$ 21,988,826	\$ 22,382,221	\$ 21,983,793	\$ 22,387,254
Property taxes receivable	6,572,115	6,107,950	6,572,115	6,107,950
Accounts receivable	9,359	4,630	9,359	4,630
Due from other governmental units	<u>273,152</u>	<u>295,917</u>	<u>273,152</u>	<u>295,917</u>
TOTAL ASSETS	<u>\$ 28,843,452</u>	<u>\$ 28,790,718</u>	<u>\$ 28,838,419</u>	<u>\$ 28,795,751</u>
Liabilities				
Accounts payable	\$ 127,648	\$ 103,813	\$ 122,615	\$ 108,846
Accrued liabilities	1,371,348	1,532,119	1,371,348	1,532,119
Due to other governmental units	27,118,283	26,903,393	27,118,283	26,903,393
Advances from other governmental units	<u>226,173</u>	<u>251,393</u>	<u>226,173</u>	<u>251,393</u>
TOTAL LIABILITIES	<u>\$ 28,843,452</u>	<u>\$ 28,790,718</u>	<u>\$ 28,838,419</u>	<u>\$ 28,795,751</u>

MENASHA-NEENAH MUNICIPAL COURT

OPERATING FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended December 31, 2016

REVENUES

Court Fines and Penalties	
City of Neenah	\$ 227,008
City of Menasha	142,758
Total Revenues	<u>369,766</u>

EXPENDITURES

Salaries	76,835
Fringes	25,868
School/Seminars/Training	243
Postage and Printing	2,007
Audit services	1,275
Telephone	414
Dues and memberships	800
Translator	85
Debit card services	1,077
Office supplies	1,255
Rental of equipment	96
I/S services	7,656
Software maintenance	5,171
Witness fees	352
Transfers	915
City of Menasha	55,123
State of Wisconsin	93,421
Winnebago County	38,798
City of Neenah	81,140
Total Expenditures	<u>392,531</u>

Expenditures Over (Under) Revenues (22,765)

FUND BALANCE (DEFICIT) - Beginning of Year (273,152)

FUND BALANCE (DEFICIT) - END OF YEAR \$ (295,917)

The transactions of the Menasha-Neenah Municipal Court are audited as a part of the City of Neenah. The municipal court fund is accounted for as an agency fund in the City of Neenah's financial statements. The above schedule of revenues, expenditures and changes in fund balance is included for purposes of the Menasha-Neenah Municipal Court.

NEENAH-MENASHA FIRE RESCUE

OPERATING FUND SCHEDULE OF CASH COLLECTIONS, DISBURSEMENTS, AND CHANGES IN THE CASH BALANCE For the Year Ended December 31, 2016

CASH BALANCE - BEGINNING OF YEAR	\$ 1,563,117
CASH COLLECTIONS	
Fire protection fees	
City of Neenah	4,839,933
City of Menasha	3,225,011
Subtotal	8,064,944
Interest on investments	7,290
Sale of property	1,467
Total Cash Collections	8,073,701
CASH DISBURSEMENTS	
Salaries	5,151,853
Fringes	2,062,998
School/seminars/training	12,220
Dues and memberships	1,336
Employee recognition awards	726
Conferences and meetings	1,386
Clothing allowance	31,269
Postage	338
Insurance	44,644
Office supplies	1,738
Safety and other supplies	5,879
Protective equipment	40,865
All other equipment	54,463
Maintenance of software and hardware	8,702
Maintenance of PPE/SCBA	7,825
Computer hardware and software and printers/copiers	11,338
Electricity	50,505
Natural gas	17,055
Telephone and cell phone	12,710
Utilities	13,455
Outside services	30,672
Professional services	13,449
Gasoline and oil	26,009
Vehicles	37,773
Training	2,749
Building	17,404
Equipment maintenance and rental	11,101
Other facility outlay	3,741
Cleaning	12,156
FVTC reimbursements	-
Finance services	22,850
I/S services	128,031
HR services	40,000
Miscellaneous	15,964
Total Cash Disbursements	7,893,204
Collections over Disbursements	180,497
Reconciling items to account for conversion from modified accrual to cash basis:	
Change in accounts receivable and prepaid items	4,621
Change in accounts payable and prepaid items	(5,637)
Change in accrued liabilities	160,539
Change in due to other governments	(141,674)
Total reconciling items	17,849
CASH BALANCE - END OF YEAR	1,761,463
Cash assigned for:	
Distribution back to Neenah	
2016 Operating Funds Not Spent	111,031
Distribution back to Menasha	
2016 Operating Funds Not Spent	73,990
Distribution of future benefits	1,525,939
Payment of outstanding vendor invoices	50,503
	\$ 1,761,463

The transactions of the Neenah-Menasha Fire Rescue are audited as a part of the City of Neenah. The Fire Rescue is accounted for as an agency fund in the City of Neenah's financial statements. The above schedule of cash collections, disbursements, and changes in cash balances is included for purposes of the Neenah-Menasha Fire Rescue.

CITY OF NEENAH

PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS Beginning of Project to December 31, 2016

TIF DISTRICT NO. 5 FUND

TOTAL AUTHORIZATIONS	\$ 7,872,808
REVENUES AND OTHER FINANCING SOURCES	
Intergovernmental	\$ 83,745
Special assessments	25,000
Contributions	18,986
Investment income and miscellaneous	877
Long-term debt issued	6,221,700
Transfers in	1,902,871
Sale of city properties	150,000
Total Revenues and Other Financing Sources	<u>\$ 8,403,179</u>
EXPENDITURES AND OTHER FINANCING USES	
Capital improvements	\$ 8,099,702
Transfers out	80,813
Total Expenditures and Other Financing Uses	<u>\$ 8,180,515</u>
FUND BALANCE - December 31, 2016	<u>\$ 222,664</u>

TIF DISTRICT NO. 6 FUND

TOTAL AUTHORIZATIONS	\$ 4,738,836
REVENUES AND OTHER FINANCING SOURCES	
Intergovernmental	\$ 72,597
Long-term debt issued	5,807,041
Sales of city properties	216,648
Total Revenues and Other Financing Sources	<u>\$ 6,096,286</u>
EXPENDITURES AND OTHER FINANCING USES	
Capital improvements	\$ 4,248,771
Transfers out	1,752,976
Total Expenditures and Other Financing Uses	<u>\$ 6,001,747</u>
FUND BALANCE - December 31, 2016	<u>\$ 94,539</u>

CITY OF NEENAH

PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS Beginning of Project to December 31, 2016

TIF DISTRICT NO. 7 FUND

TOTAL AUTHORIZATIONS	\$ 13,385,000
REVENUES AND OTHER FINANCING SOURCES	
Intergovernmental	\$ 147,236
Special assessments	58,049
Contributions	2,510
Investment income and miscellaneous	47,693
Long-term debt issued	18,735,900
Sales of city properties	42,678
Total Revenues and Other Financing Sources	<u>\$ 19,034,066</u>
EXPENDITURES	
Capital improvements	<u>\$ 17,987,420</u>
FUND BALANCE - December 31, 2016	<u>\$ 1,046,646</u>

TIF DISTRICT NO. 8 FUND

TOTAL AUTHORIZATIONS	\$ 35,218,850
REVENUES AND OTHER FINANCING SOURCES	
Intergovernmental	\$ 2,510,578
Contributions	336,414
Investment income and miscellaneous	726,258
Capital lease issued	22,475,000
Long-term debt issued	11,770,556
Transfers in	1,183,813
Total Revenues and Other Financing Sources	<u>\$ 39,002,619</u>
EXPENDITURES AND OTHER FINANCING USES	
Capital improvements	\$ 33,096,135
Transfers out	3,987,019
Total Expenditures and Other Financing Uses	<u>\$ 37,083,154</u>
FUND BALANCE - December 31, 2016	<u>\$ 1,919,465</u>

CITY OF NEENAH

PROJECT-LENGTH SCHEDULE OF CONSTRUCTION PROJECTS Beginning of Project to December 31, 2016

TIF DISTRICT NO. 9 FUND

TOTAL AUTHORIZATIONS	\$ <u>510,000</u>
OTHER FINANCING SOURCES	
Long-term debt issued	\$ <u>470,000</u>
EXPENDITURES	
Capital improvements	\$ <u>99,551</u>
FUND BALANCE - December 31, 2016	\$ <u>370,449</u>

TIF DISTRICT NO. 10 FUND

TOTAL AUTHORIZATIONS	\$ <u>1,425,000</u>
REVENUES AND OTHER FINANCING SOURCES	
Investment income and miscellaneous	\$ 107,850
Long-term debt issued	<u>1,665,000</u>
Total Revenues and Other Financing Sources	\$ <u>1,772,850</u>
EXPENDITURES	
Capital improvements	\$ <u>1,196,861</u>
FUND BALANCE - December 31, 2016	\$ <u>575,989</u>

**COMMUNITY DEVELOPMENT AUTHORITY
OF THE CITY OF NEENAH**

STATEMENT OF CASH FLOWS
COMPONENT UNIT
For the Year Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Paid to suppliers for goods and services	\$ 12,446
--	-----------

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal received on lease receivable from primary government	364,360
Principal paid on lease revenue bonds	(100,000)
Interest and fiscal charges paid on lease revenue bonds	(948,239)
Net Cash Flows From Capital and Related Financing Activities	<u>(683,879)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income	683,879
Net Cash Flows From Investing Activities	<u>683,879</u>

Net Increase in Cash and Cash Equivalents	12,446
---	--------

CASH AND CASH EQUIVALENTS - Beginning of Year	<u>2,331,786</u>
---	------------------

CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 2,344,232</u></u>
---	----------------------------

**RECONCILIATION OF OPERATING INCOME (LOSS) TO
NET CASH FROM OPERATING ACTIVITIES**

Changes in Assets, Liabilities, and Deferred Inflows	
Due to other funds	<u>\$ 12,446</u>

**RECONCILIATION OF CASH AND CASH EQUIVALENTS TO
THE STATEMENT OF NET POSITION**

Restricted cash and investments	<u>\$ 2,344,232</u>
---------------------------------	---------------------

CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 2,344,232</u></u>
---	----------------------------

NONCASH FINANCING ACTIVITY

Refunding	<u>\$ 3,500,000</u>
-----------	---------------------

CITY OF NEENAH, WISCONSIN
Introduction to the Statistical Section
December 30, 2016

STATISTICAL SECTION

This part of the City's Comprehensive Annual Finance Report presents detailed information as a context for understanding what the information in the financial statements, notes to financial statements, and required supplementary information indicate about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends – Schedules 1 - 5 These schedules contain trends information to help the reader understand how the City's financial performance and well being have changed over time.	137 – 142
Revenue Capacity – Schedules 6 - 9 These schedules contain information to help the reader assess the factors affecting the City's ability to generate the City's most significant one-source revenue, property taxes.	143 – 146
Debt Capacity – Schedules 10 - 14 These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	147 – 151
Demographic and Economic Information – Schedules 15 - 17 These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	152 – 154
Operating Information – Schedules 18 - 19 These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	155 – 156

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB 34 in 2003.

Schedule 1

**City of Neenah, Wisconsin
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net investment in capital assets	\$74,056,995	\$74,315,573	\$70,310,050	\$70,932,949	\$81,655,241	\$81,646,601	\$81,134,838	\$83,027,527	\$82,609,149	\$81,963,772
Restricted	2,603,454	3,004,174	2,849,403	2,964,224	3,209,959	4,075,167	4,122,877	7,827,128	12,061,179	8,897,303
Unrestricted (deficit)	1,186,530	(1,530,255)	(1,830,075)	(1,668,489)	(8,326,135)	(7,911,929)	(5,474,461)	(9,643,670)	(6,549,356)	(1,252,548)
Total governmental activities net position	77,846,979	75,789,492	71,329,378	72,228,684	76,539,065	77,809,839	79,783,254	81,210,985	88,120,972	89,608,527
Business-Type Activities										
Net investment in capital assets	37,125,606	41,011,047	41,028,914	42,233,174	42,668,356	44,548,856	46,259,804	47,296,614	48,640,340	50,651,559
Restricted	1,091,973	1,117,561	1,148,894	1,164,805	1,314,505	1,431,753	1,232,260	1,273,145	1,696,318	1,284,674
Unrestricted	9,768,518	8,852,065	7,678,523	7,083,762	9,291,469	10,063,882	9,984,282	11,025,769	12,437,647	12,954,279
Total business-type activities net position	47,986,097	50,980,673	49,856,331	50,481,741	53,274,330	56,044,491	57,476,346	59,595,528	62,774,305	64,890,512
Primary Government										
Net investment in capital assets	111,182,601	115,326,620	111,338,964	113,166,123	124,323,597	124,804,227	126,159,388	129,212,427	130,261,286	131,750,638
Restricted	3,695,427	4,121,735	3,998,297	4,129,029	4,524,464	5,506,920	5,355,137	9,100,273	13,757,497	10,181,977
Unrestricted	10,955,048	7,321,810	5,848,448	5,415,273	965,334	3,543,183	5,745,075	2,493,813	6,876,494	12,566,424
Total primary government activities net position	\$125,833,076	\$126,770,165	\$121,185,709	\$122,710,425	\$129,813,395	\$133,854,330	\$137,259,600	\$140,806,513	\$150,895,277	\$154,499,039

Schedule 2

**City of Neenah, Wisconsin
Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal Year				
	2007	2008	2009	2010	2011
Expenses					
Governmental activities:					
General government	\$2,560,879	\$2,710,507	\$2,768,721	\$2,466,994	\$2,365,644
Public safety	9,419,033	9,921,151	10,127,294	10,700,825	11,334,171
Public works	4,274,646	9,040,838	10,373,160	7,232,170	6,444,805
Recycling	522,043	507,984	464,957	507,448	536,598
Parks, recreation & education	4,221,629	4,198,833	4,294,016	4,444,400	4,712,367
Health & welfare	535,684	566,283	603,072	566,791	592,293
Community development	2,844,927	1,578,516	1,494,557	1,741,830	1,720,365
Interest & fiscal charges	2,625,780	2,628,300	2,710,116	2,607,949	2,575,218
Total Governmental Activities Expenses	27,004,621	31,152,412	32,835,893	30,268,407	30,281,461
Business-type activities:					
Water utility	5,624,870	5,757,901	5,567,109	5,664,153	5,515,427
Sewerage disposal utility	2,292,180	2,456,071	3,112,296	2,834,696	3,062,907
Stormwater utility	891,969	1,153,855	1,147,804	1,151,825	1,072,497
Other proprietary fund	201,210	226,243	231,699	192,469	224,971
Total Business-type Activities Expenses	9,010,229	9,594,070	10,058,908	9,843,143	9,875,802
Total Primary Government Expenses	<u>\$36,014,850</u>	<u>\$40,746,482</u>	<u>\$42,894,801</u>	<u>\$40,111,550</u>	<u>\$40,157,263</u>
Program Revenues					
Governmental activities:					
Charges for services:	\$2,613,505	\$2,729,321	\$2,748,538	\$2,715,534	\$3,072,815
Operating grants and contributions	1,512,247	1,612,984	1,482,633	1,488,315	900,733
Capital grants and contributions	1,276,468	1,231,811	454,393	1,023,596	5,341,773
Total Governmental Activities Program Revenues	5,402,220	5,574,116	4,685,564	5,227,445	9,315,321
Business-type activities:					
Charges for services:					
Water utility	7,296,332	6,795,104	6,543,242	6,654,836	8,798,241
Sewerage disposal utility	2,132,176	1,805,365	2,336,669	3,076,452	3,778,864
Stormwater utility	1,094,691	1,150,178	1,282,547	1,648,620	1,676,896
Other proprietary fund	216,370	218,668	177,426	202,106	260,162
Total Charges for Services	10,739,569	9,969,315	10,339,884	11,582,014	14,514,163
Operating grants and contributions	34,760	11,077	-	-	-
Capital grants and contributions	94,584	2,288,806	455,401	820,333	238,508
Total Business-type Activities Program Revenues	10,868,913	12,269,198	10,795,285	12,402,347	14,752,671
Total Primary Government Program Revenues	<u>\$16,271,133</u>	<u>\$17,843,314</u>	<u>\$15,480,849</u>	<u>\$17,629,792</u>	<u>\$24,067,992</u>
Net (Expenses)/Revenue					
Governmental activities	(\$21,602,401)	(\$25,578,296)	(\$28,150,329)	(\$25,040,962)	(\$20,966,140)
Business-type activities	1,858,684	2,675,128	736,377	2,559,204	4,876,869
Total primary government net expense	<u>(\$19,743,717)</u>	<u>(\$22,903,168)</u>	<u>(\$27,413,952)</u>	<u>(\$22,481,758)</u>	<u>(\$16,089,271)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	\$15,595,647	\$16,560,611	\$17,232,207	\$17,782,554	\$18,160,266
Other taxes	45,550	43,678	43,321	38,015	40,008
Intergovernmental revenues not restricted to specific programs	4,173,838	4,256,243	4,307,713	4,108,302	3,985,219
Public gifts and/or grants	3,673	6,181	1,900	-	-
Investment income	1,626,554	625,698	631,389	535,483	348,909
Miscellaneous	525,284	604,963	131,151	594,088	544,059
Transfers	1,378,181	1,423,435	2,115,534	2,108,826	2,198,060
Total Governmental Activities	23,348,727	23,520,809	24,463,215	25,167,268	25,276,521
Business-type Activities:					
Other taxes	148,010	149,760	125,000	75,000	40,000
Investment income	630,033	262,704	66,929	90,897	44,819
Gain on sale of capital asset/miscellaneous	31,847	12,685	62,886	9,135	28,961
Transfers	(1,378,181)	(1,423,435)	(2,115,534)	(2,108,826)	(2,198,060)
Total Business-type Activities	(568,291)	(998,286)	(1,860,719)	(1,933,794)	(2,084,280)
Total Primary Government	<u>\$22,780,436</u>	<u>\$22,522,523</u>	<u>\$22,602,496</u>	<u>\$23,233,474</u>	<u>\$23,192,241</u>
Change in Net Position					
Governmental activities	\$1,746,326	(\$2,057,487)	(\$3,687,114)	\$126,306	\$4,310,381
Business-type activities	1,290,393	1,676,842	(1,124,342)	625,410	2,792,589
Total Primary Government Change in Net Position	<u>\$3,036,719</u>	<u>(\$380,645)</u>	<u>(\$4,811,456)</u>	<u>\$751,716</u>	<u>\$7,102,970</u>

Schedule 2

**City of Neenah, Wisconsin
Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

	2012	2013	2014	2015	2016
Expenses					
Governmental activities:					
General government	\$2,362,306	\$2,648,878	\$2,630,760	\$2,570,344	\$2,217,050
Public safety	10,970,949	10,522,364	11,754,383	11,031,978	11,928,496
Public works	7,491,434	7,785,260	6,956,331	8,195,235	8,566,701
Recycling	477,741	510,705	549,003	513,724	454,962
Parks, recreation & education	4,312,726	3,984,727	4,813,270	4,904,368	4,576,920
Health & welfare	365,020	34,679	10,335	7,345	14,016
Community development	1,622,521	1,511,981	1,867,479	2,037,299	2,083,869
Interest & fiscal charges	2,768,349	3,074,953	1,934,432	2,052,080	1,853,374
Total Governmental Activities Expenses	<u>30,371,046</u>	<u>30,073,547</u>	<u>30,515,993</u>	<u>31,312,373</u>	<u>31,695,388</u>
Business-type activities:					
Water utility	5,729,773	5,977,085	5,640,643	5,227,739	5,294,514
Sewerage disposal utility	2,567,948	3,340,100	2,982,985	3,172,687	3,476,931
Stormwater utility	1,038,419	1,276,294	1,143,761	1,079,751	1,239,923
Other proprietary fund	218,765	250,744	283,933	260,187	210,091
Total Business-type Activities Expenses	<u>9,554,905</u>	<u>10,844,223</u>	<u>10,051,322</u>	<u>9,740,364</u>	<u>10,220,859</u>
Total Primary Government Expenses	<u>\$39,925,951</u>	<u>\$40,917,770</u>	<u>\$40,567,315</u>	<u>\$41,052,737</u>	<u>\$41,916,247</u>
Program Revenues					
Governmental activities:					
Charges for services:	\$3,337,909	\$3,131,765	\$3,134,271	\$3,284,555	\$3,374,019
Operating grants and contributions	721,953	984,782	1,482,908	907,845	1,039,892
Capital grants and contributions	1,773,195	946,701	247,080	824,983	762,455
Total Governmental Activities Program Revenues	<u>5,833,057</u>	<u>5,063,248</u>	<u>4,864,259</u>	<u>5,017,383</u>	<u>5,176,366</u>
Business-type activities:					
Charges for services:					
Water utility	9,143,821	8,343,050	8,000,288	7,986,324	7,968,827
Sewerage disposal utility	3,669,835	3,999,498	4,127,959	4,319,189	4,390,824
Stormwater utility	1,680,337	1,693,528	1,690,301	1,720,630	1,725,929
Other proprietary fund	260,027	290,886	341,840	305,570	261,478
Total Charges for Services	<u>14,754,020</u>	<u>14,326,962</u>	<u>14,160,388</u>	<u>14,331,713</u>	<u>14,347,058</u>
Operating grants and contributions	-	-	63,340	-	-
Capital grants and contributions	(245,447)	157,112	129,041	322,480	521,783
Total Business-type Activities Program Revenues	<u>14,508,573</u>	<u>14,484,074</u>	<u>14,352,769</u>	<u>14,654,193</u>	<u>14,868,841</u>
Total Primary Government Program Revenues	<u>\$20,341,630</u>	<u>\$19,547,322</u>	<u>\$19,217,028</u>	<u>\$19,671,576</u>	<u>\$20,045,207</u>
Net (Expenses)/Revenue					
Governmental activities	(\$24,537,989)	(\$25,010,299)	(\$25,651,734)	(\$26,294,990)	(\$26,519,022)
Business-type activities	4,953,668	3,639,851	4,301,447	4,913,829	4,647,982
Total primary government net expense	<u>(\$19,584,321)</u>	<u>(\$21,370,448)</u>	<u>(\$21,350,287)</u>	<u>(\$21,381,161)</u>	<u>(\$21,871,040)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	\$18,706,015	\$19,658,906	\$19,655,740	\$20,244,744	\$20,452,731
Other taxes	32,021	11,925	11,741	13,082	13,467
Intergovernmental revenues not restricted to specific programs	3,605,254	3,915,415	3,947,213	3,962,895	4,044,741
Public gifts and/or grants	-	-	-	-	-
Investment income	405,024	226,475	367,437	197,483	406,271
Miscellaneous	765,047	883,270	841,591	647,320	488,256
Transfers	2,295,402	2,287,723	2,255,743	2,338,365	2,601,111
Total Governmental Activities	<u>25,808,763</u>	<u>26,983,714</u>	<u>27,079,465</u>	<u>27,403,889</u>	<u>28,006,577</u>
Business-type Activities:					
Other taxes	71,800	50,000	20,000	20,000	-
Investment income	31,566	26,120	45,315	40,773	79,072
Gain on sale of capital asset/miscellaneous	8,529	3,607	8,163	1,282	(9,736)
Transfers	(2,295,402)	(2,287,723)	(2,255,743)	(2,338,365)	(2,601,111)
Total Business-type Activities	<u>(2,183,507)</u>	<u>(2,207,996)</u>	<u>(2,182,265)</u>	<u>(2,276,310)</u>	<u>(2,531,775)</u>
Total Primary Government	<u>\$23,625,256</u>	<u>\$24,775,718</u>	<u>\$24,897,200</u>	<u>\$25,127,579</u>	<u>\$25,474,802</u>
Change in Net Position					
Governmental activities	\$1,270,774	\$1,973,415	\$1,427,731	\$1,108,899	\$1,487,555
Business-type activities	2,770,161	1,431,855	2,119,182	2,637,519	2,116,207
Total Primary Government Change in Net Position	<u>\$4,040,935</u>	<u>\$3,405,270</u>	<u>\$3,546,913</u>	<u>\$3,746,418</u>	<u>\$3,603,762</u>

Schedule 3

**City of Neenah, Wisconsin
Program Revenues by Function/Program
Last Ten Fiscal Years
(accrual basis of accounting)**

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
General government	\$661,268	\$672,933	\$719,570	\$686,787	\$729,751	\$739,512	\$729,554	\$773,523	\$786,360	\$834,436
Public safety	439,285	560,235	498,845	534,162	473,636	470,230	476,169	548,888	425,738	492,683
Public works	1,254,155	1,321,599	821,993	658,687	4,901,668	505,609	677,605	304,100	538,767	883,295
Recycling	384,924	502,217	301,868	405,181	254,650	341,024	496,902	477,051	507,510	526,148
Parks, recreation & education	1,483,918	1,400,488	1,361,552	1,432,587	1,573,637	1,962,575	1,515,604	1,723,505	2,005,106	1,578,062
Health & welfare	328,943	338,447	320,447	301,664	366,466	195,917	79,282	67,525	70,320	79,442
Community development	849,727	778,197	661,289	1,208,377	1,015,513	1,618,190	1,088,132	969,667	683,582	782,300
Total Governmental Activities Program Revenues	5,402,220	5,574,116	4,685,564	5,227,445	9,315,321	5,833,057	5,063,248	4,864,259	5,017,383	5,176,366
Business-type activities:										
Water utility	7,321,225	7,360,675	6,604,807	7,198,503	8,825,597	8,856,374	8,360,827	8,015,556	8,064,463	8,061,895
Sewerage disposal utility	2,145,250	3,150,801	2,348,002	3,077,464	3,778,864	3,709,635	4,137,075	4,240,051	4,518,612	4,730,345
Stormwater utility	1,186,068	1,539,054	1,665,050	1,924,274	1,888,048	1,682,537	1,695,286	1,755,322	1,765,548	1,815,123
Other proprietary fund	216,370	218,668	177,426	202,106	260,162	260,027	290,886	341,840	305,570	261,478
Total Business-type Activities Program Revenues	10,868,913	12,269,198	10,795,285	12,402,347	14,752,671	14,508,573	14,484,074	14,352,769	14,654,193	14,868,841
Total Primary Government Program Revenues	\$16,271,133	\$17,843,314	\$15,480,849	\$17,629,792	\$24,067,992	\$20,341,630	\$19,547,322	\$19,217,028	\$19,671,576	\$20,045,207

Schedule 4

City of Neenah, Wisconsin
Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$95,242	\$220,626	\$100,169	\$89,377	-	-	-	-	-	-
Unreserved	4,634,255	4,312,719	4,177,445	4,044,338	-	-	-	-	-	-
Nonspendable	-	-	-	-	196,731	213,867	100,257	131,047	162,307	69,083
Assigned	-	-	-	-	226,579	117,790	74,421	134,959	286,201	292,010
Unassigned	-	-	-	-	3,290,715	3,621,301	3,782,035	3,747,098	3,692,608	3,825,574
Total General Fund	4,729,497	4,533,345	4,277,614	4,133,715	3,714,025	3,952,958	3,956,713	4,013,104	4,141,116	4,186,667
Other Governmental Funds										
Reserved	9,761,156	14,746,175	14,547,065	9,140,146	-	-	-	-	-	-
Unreserved:										
Special Revenue Funds	(2,967,910)	(3,299,476)	(5,735,291)	(4,260,324)	-	-	-	-	-	-
Capital Project Funds	3,857,304	748,526	3,093,416	(10,667)	-	-	-	-	-	-
Nonspendable	-	-	-	-	5,110,108	4,403,864	892,229	1,300,465	2,211	21,805
Restricted	-	-	-	-	4,703,138	6,815,761	8,318,015	10,270,257	13,200,197	12,821,308
Committed	-	-	-	-	1,191,730	998,859	1,135,457	1,057,197	1,098,278	1,064,595
Assigned	-	-	-	-	658,364	658,786	4,119,924	3,242,555	4,791,949	4,970,016
Unassigned (deficit)	-	-	-	-	(7,704,171)	(8,030,941)	(6,019,537)	(7,388,808)	(7,985,646)	(6,355,929)
Total Other Governmental Funds	10,650,550	12,195,225	11,905,190	4,869,155	3,959,169	4,846,329	8,446,088	8,481,666	11,106,989	12,521,795
Total All Governmental Funds	\$15,380,047	\$16,728,570	\$16,182,804	\$9,002,870	\$7,673,194	\$8,799,287	\$12,402,801	\$12,494,770	\$15,248,105	\$16,708,462

Note: The City implemented GASB Statement No. 54-Fund Balance Reporting and Governmental Fund Type Definitions in 2011. This statement established new fund balance classifications, which are based primarily on the extent to which the City is bound to observe constraints on the use of the resources reported in governmental funds. As a result of implementing this standard, the fund balance categories used beginning in 2011 are not directly comparable to the fund balance categories used prior to 2011.

Schedule 5

City of Neenah, Wisconsin
Change in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$15,647,986	\$16,604,187	\$17,275,468	\$17,463,554	\$18,038,420	\$18,593,242	\$19,897,356	\$19,929,065	\$20,551,635	\$20,807,131
Intergovernmental	5,607,111	5,672,702	5,690,668	5,927,091	5,268,396	5,739,668	5,311,539	5,250,974	5,261,598	5,015,672
Licenses and permits	215,775	298,149	209,369	236,438	272,417	381,153	277,171	243,559	338,491	283,649
Fines, forfeitures and penalties	125,993	134,379	129,116	126,060	114,095	130,272	108,058	92,372	83,306	83,922
Special assessments	246,238	320,726	420,556	485,784	292,000	391,991	339,146	244,090	255,338	471,314
Charges for services	2,229,135	2,343,395	2,367,214	2,394,063	2,455,719	2,501,628	2,534,198	2,590,284	2,676,479	2,706,577
Contributions	228,232	643,043	194,941	146,667	277,420	365,507	211,523	315,592	160,646	124,951
Investment income and miscellaneous	2,116,582	1,174,526	1,104,648	1,024,057	722,474	1,238,270	965,633	1,116,355	709,376	812,239
Total revenues	26,417,052	27,191,107	27,391,980	27,803,714	27,440,941	29,341,731	29,644,624	29,782,291	30,036,869	30,305,455
Expenditures by Function										
General government	2,487,931	2,554,982	2,648,212	2,064,590	2,049,477	2,076,328	2,133,309	2,257,794	2,177,819	2,333,870
Public safety	9,158,116	9,616,636	9,792,701	10,228,844	10,724,329	10,921,135	10,951,421	10,930,803	10,962,262	11,068,765
Public works	3,860,556	4,209,452	3,945,681	4,006,233	4,045,034	4,078,836	4,198,844	4,189,970	4,147,828	4,140,075
Recycling	520,700	510,284	479,741	521,270	589,995	519,326	546,489	583,230	544,038	511,733
Parks, recreation and education	3,783,406	3,718,579	3,769,351	3,868,301	3,868,201	3,804,729	3,901,458	4,065,487	4,094,752	4,226,671
Health and welfare	553,951	553,419	592,711	584,687	602,295	386,549	33,752	9,208	3,328	3,291
Community development	1,560,698	1,572,006	1,532,962	1,669,208	1,674,582	1,612,638	1,465,685	1,820,963	1,981,612	2,020,743
Conservation and development	-	-	-	-	-	-	-	-	7,466	263
Other	242,455	265,678	286,036	299,390	307,525	289,815	276,819	291,005	251,698	292,909
Capital Outlay	7,959,861	7,736,535	6,590,055	6,624,826	2,932,671	5,888,869	3,262,846	3,901,278	3,692,981	4,979,179
Debt service	-	-	-	-	-	-	-	-	-	-
Principal retirement	4,076,432	4,834,790	5,057,494	5,300,816	5,296,152	3,834,466	20,841,286 a)	5,414,820	5,249,257	8,209,835
Interest and fiscal charges	2,534,807	2,514,275	2,833,740	2,677,616	2,597,537	2,571,987	3,723,662	2,037,422	1,988,386	2,253,996
Total expenditures	36,738,913	38,086,636	37,528,684	37,845,781	34,667,798	35,984,678	51,335,571	35,501,980	35,101,427	40,041,330
Excess of Revenues Over(Under) Expenditures	(10,321,861)	(10,895,529)	(10,136,704)	(10,042,067)	(7,226,857)	(6,642,947)	(21,690,947)	(5,719,689)	(5,064,558)	(9,735,876)
Other Financing Sources (Uses)										
Long-term debt issued	4,844,640	6,646,000	3,290,000	4,280,000	3,335,000	4,200,000	3,765,000	3,230,000	6,430,000	4,975,000
Refunding debt issued (principal paid)	-	(2,930,000)	3,830,314	(4,025,000)	-	4,186,092	7,177,826	-	-	-
Premium (discount) on debt	16,517	61,700	137,637	70,686	19,362	113,622	365,525	45,318	130,295	97,954
Payment to escrow agent	-	-	-	-	-	(3,485,965)	(6,358,607)	-	(1,259,854)	-
Proceeds from capital lease issued	-	6,285,000	-	-	-	-	17,620,000	-	-	3,500,000
Sale of city property	117,655	34,695	117,453	65,218	19,759	16,630	70,588	10,597	14,087	22,167
Transfers in	5,734,966	6,899,008	6,523,367	11,707,906	6,231,780	5,802,172	5,616,339	6,417,060	8,017,935	8,345,209
Transfers out	(3,419,982)	(4,752,351)	(4,307,833)	(9,236,677)	(3,708,720)	(3,063,511)	(2,962,210)	(3,891,317)	(5,514,570)	(5,744,098)
Total other financing sources (uses)	7,293,796	12,244,052	9,590,938	2,862,133	5,897,181	7,769,040	25,294,461	5,811,658	7,817,893	11,196,232
Net change in fund balances	(3,028,065)	1,348,523	(545,766)	(7,179,934)	(1,329,676)	1,126,093	3,603,514	91,969	2,753,335	1,460,357
Fund Balance January 1	18,408,112	15,380,047	16,728,570	16,182,804	9,002,870	7,673,194	8,799,287	12,402,801	12,494,770	15,248,105
Fund Balance December 31	15,380,047	16,728,570	16,182,804	9,002,870	7,673,194	8,799,287	12,402,801	12,494,770	15,248,105	16,708,462
** Ratio of Total Debt Service Expenditures to Total Noncapital Expenditures	23.72%	22.40%	22.73%	25.51%	25.53%	20.99%	50.98% a)	23.31%	22.46%	29.20%

** Total noncapital expenditures includes reconciling items found on page 8 of CAFR.

a). For 2013, total Debt Service Principal Retirement and corresponding calculation of Ratio of Total Debt Service Expenditures to Non Capital Expenditures includes a one-time Capital Lease refunding of \$16,190,000. If that amount is excluded, Debt Service Principal Retirement totals \$4,651,286, with the corresponding Ratio of Total Debt Service Expenditures to Non Capital Expenditures recalculated to 25.92%.

Schedule 6

CITY OF NEENAH, WISCONSIN

ASSESSED AND EQUALIZED VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years¹
(Dollars in Thousands)

<u>Lewy Year</u>	<u>Fiscal Year</u>	<u>Real Property Equalized Values</u>			<u>Personal Property Equalized Value Combined</u>		<u>Total</u>		<u>Percent of Total Assessed to Total Equalized Value</u>
		<u>Residential</u>	<u>Commercial</u>	<u>Manufacturing</u>	<u>Commercial</u>	<u>& Mfg.</u>	<u>Equalized Value</u>	<u>Assessed Value²</u>	
2007	2008	1,232,353	393,268	161,318	78,003		1,864,942	1,847,539	99.07
2008	2009	1,273,802	410,689	162,819	84,125		1,931,435	1,866,334	96.63
2009	2010	1,300,398	428,355	163,669	88,927		1,981,349	1,896,663	95.75
2010	2011	1,253,720	415,681	162,550	86,894		1,918,845	1,922,975	100.21
2011	2012	1,256,796	416,071	162,351	81,551		1,916,769	1,854,866	96.77
2012	2013	1,223,562	403,408	155,476	81,448		1,840,563	1,863,894	101.27
2013	2014	1,200,957	403,624	159,953	88,374		1,852,908	1,899,744	102.53
2014	2015	1,235,121	418,411	172,767	92,044		1,918,343	1,918,934	100.03
2015	2016	1,248,470	420,132	166,506	97,947		1,933,055	1,937,527	100.23
2016	2017	1,287,210	435,160	172,050	97,240		1,991,660	1,956,029	98.21

¹ Per Wisconsin Department of Revenue/Winnebago County Statistical Report.

² Assessed values are established by the City Assessor on all property except manufacturing property as of January 1 of each year. The Wisconsin Department of Revenue determines manufacturing property assessed values as of January 1 of each year. A revaluation of all property was completed in 2011.

Schedule 7

CITY OF NEENAH, WISCONSIN

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

Per \$1,000 of Equalized Value													
Levy Year	Budget Year	General Fund	Debt Service Fund	Recycling Fund	Capital Projects Fund	Parking Fund	IS Fund	TIF Districts Fund	City Total	Neenah School District	Fox Valley Technical College	County & State	Total Gross
												State Credit	Total Net
2007	2008	5.87	1.50	.14		.08		.47	8.06	8.33	1.67	5.61	23.67
2008	2009	5.84	1.60	.13		.07		.47	8.11	8.06	1.68	5.61	23.46
2009	2010	5.73	1.59	.10		.04	.18	.47	8.11	8.51	1.71	5.72	24.05
2010	2011	6.18	1.67	.10		.02	.08	.49	8.54	8.81	1.78	5.87	25.00
2011	2012	6.37	1.67	.05		.04		.55	8.68	8.57	1.79	5.84	24.88
2012	2013	6.63	1.74			.03		.80	9.20	8.94	1.97	6.02	26.13
2013	2014	6.75	1.73			.01		.78	9.27	8.60	1.97	5.74	25.58
2014	2015	6.68	1.67			.01		.83	9.19	8.55	1.12	5.76	24.62
2015	2016	6.71	1.70					.82	9.23	8.57	1.12	5.61	24.53
2016	2017	6.64	1.69					.83	9.16	8.05	1.11	5.58	23.90

Per \$1,000 of Assessed Value													
Levy Year	Budget Year	General Fund	Debt Service Fund	Recycling Fund	Capital Projects Fund	Parking Fund	IS Fund	TIF Districts Fund	City Total	Neenah School District	Fox Valley Technical College	County & State	Total Gross
												State Credit	Total Net
2007	2008	5.93	1.52	.14		.08		.47	8.14	8.41	1.69	5.66	23.90
2008	2009	6.04	1.66	.13		.07		.49	8.39	8.35	1.74	5.81	24.29
2009	2010	5.99	1.66	.10		.04	.19	.49	8.47	8.89	1.79	5.98	25.13
2010	2011	6.16	1.67	.10		.02	.08	.49	8.52	8.79	1.78	5.85	24.94
2011	2012	6.58	1.73	.05		.04		.57	8.97	8.85	1.85	6.03	25.70
2012	2013	6.55	1.72			.03		.79	9.09	8.82	2.11	5.78	25.80
2013	2014	6.59	1.69			.01		.75	9.04	8.39	1.92	5.60	24.95
2014	2015	6.68	1.67			.01		.83	9.19	8.55	1.12	5.75	24.61
2015	2016	6.70	1.69					.82	9.21	8.55	1.12	5.60	24.48
2016	2017	6.76	1.72					.85	9.33	8.19	1.14	5.68	24.34

Schedule 8

CITY OF NEENAH, WISCONSIN

PRINCIPAL TAXPAYERS
2016 AND NINE YEARS PRIOR

December 31, 2016

	<u>Name</u>	<u>Nature of Business</u>	Percent of Total		2016		2016
			<u>Assessed Value (A)</u>	<u>Equalized Value</u>	<u>Assessed Value</u>	<u>Equalized Value</u>	<u>Equalized Value</u>
1.	Plexus Corporation	Computer Products and Service	1.77%		\$34,623,000	\$35,254,047	
2.	Menasha Corporation	Printing & Container Manufacturing	1.13%		22,053,700	22,455,656	
3.	Alta Resources	Telemarketing & Fulfillment	1.01%		19,751,400	20,111,394	
4.	Bergstrom Consortio Inc.	Auto Sales & Service	0.94%		18,455,400	18,791,773	
5.	Thomas Wright	Rentals	0.91%		17,869,800	18,195,499	
6.	Walmart	Retail Sales	0.73%		14,334,400	14,595,662	
7.	Ireit Neenah Fox Point LLC	Grocery/Commercial	0.69%		13,583,900	13,831,484	
8.	Curwood Wisconsin LLC	Flexible Packaging & Carton Mfg.	0.67%		13,149,300	13,388,962	
9.	Kimberly-Clark	Paper Products	0.65%		12,712,400	12,944,099	
10.	Jewelers Mutual Insurance Co	Insurance	0.64%		12,435,100	12,661,745	
	Total		9.14%		<u>\$178,968,400</u>		<u>\$182,230,321</u>

(A) Based on the City's total 2016 assessed valuation of \$1,956,028,634 established January 1, 2016 for the 2016 levy.

December 31, 2007

	<u>Name</u>	<u>Nature of Business</u>	Percent of Total		2007		2007
			<u>Assessed Value (B)</u>	<u>Equalized Value</u>	<u>Assessed Value</u>	<u>Equalized Value</u>	<u>Equalized Value</u>
1.	Kimberly-Clark Corporation	Paper Products	1.30%		\$24,452,400	\$24,749,393	
2.	Alta Resources	Telemarketing	1.00%		17,637,100	17,851,316	
3.	Wal-Mart	Retail Sales	0.80%		15,185,700	15,370,142	
4.	Neenah Downtown Redevelopment	Commercial Office Space	0.70%		13,545,100	13,709,615	
5.	Neenah Foundry	Cast Metal Products	0.60%		11,701,200	11,843,320	
6.	Jewelers Mutual Insurance Company	Insurance	0.60%		11,527,300	11,667,308	
7.	Plexus Corporation	Computer Products	0.60%		10,600,800	10,729,555	
8.	Fox Point	Retail Sales	0.60%		10,404,300	10,530,668	
9.	Pechiney Plastics	Flexible Packaging & Carton Mfg.	0.60%		10,364,900	10,490,789	
10.	Menasha Corporation	Printing and Container Mfg.	0.50%		9,876,500	9,996,457	
	Total		7.30%		<u>\$135,295,300</u>		<u>\$136,938,563</u>

(B) Based on the City's total 2007 assessed valuation of \$1,847,538,770 established January 1, 2007 for the 2007 levy.

Schedule 9

CITY OF NEENAH, WISCONSIN

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Collections Prior to Transfer of Roll on August 1¹</u>	<u>Percent of Levy Collected</u>	<u>Total Tax Collections As of 12/31</u>	<u>Total Collections as Percent of Current Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as Percent of Current Levy</u>
2007	41,178,746	40,504,725	98.36	41,163,601	99.96	15,145	0.04
2008	44,153,610	43,369,846	98.22	44,126,299	99.94	27,310	0.06
2009	45,323,061	44,350,351	97.85	45,285,803	99.92	37,258	0.08
2010	47,659,333	46,781,439	98.16	47,634,231	99.95	25,102	0.05
2011	47,967,870	46,501,895	96.94	47,944,797	99.95	23,073	0.05
2012	47,683,352	46,841,224	98.23	47,653,038	99.94	30,314	0.06
2013	48,093,781	47,333,417	98.42	48,069,844	99.95	23,937	0.05
2014	47,403,198	46,808,084	98.74	47,371,911	99.93	31,287	0.07
2015	47,224,136	46,672,262	98.83	47,174,518	99.90	49,618	0.10
2016	47,423,113	46,909,803	98.92	47,415,136	99.98	7,977	0.02

¹ The County settles delinquent real estate taxes in full 30 days after transfer of tax roll.

Schedule 10

**City of Neenah, Wisconsin
Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities					Business-Type Activities										Total		City Population	Total Debt Per Capita																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
	G.O. Notes/Bonds	Note Anticipation Notes	Capital Leases	G.O. Notes for Business-Type Activities	Water Revenue	Sanitary Sewer System Clean Water Loan	Storm Water Revenue	Capital Leases	G.O. Notes for Business-Type Activities	Water Revenue	Sanitary Sewer System Clean Water Loan	Storm Water Revenue	Capital Leases	G.O. Notes for Business-Type Activities	Water Revenue	Sanitary Sewer System Clean Water Loan	Storm Water Revenue			Capital Leases	G.O. Notes for Business-Type Activities	Water Revenue	Sanitary Sewer System Clean Water Loan	Storm Water Revenue	Capital Leases																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							
2007	\$ 43,815,195	\$ -	\$ 16,190,000	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -	\$ 3,449,386	\$ 38,115,317	\$ -	\$ -	\$ -</

Schedule 11

CITY OF NEENAH, WISCONSIN

**RATIO OF OUTSTANDING DEBT TO EQUALIZED VALUATION
AND DEBT PER CAPITA
Last Ten Fiscal Years**

Calendar Year Ending 12/31	General Outstanding Debt ¹	Equalized Valuation ²	Percent of Debt to Eq. Valuation	Estimated Population	Debt Per Capita
2007	47,264,608	1,864,942,000	2.53%	25,430	1,858.62
2008	47,044,430	1,931,434,600	2.44%	25,560	1,840.55
2009	50,896,594	1,981,348,900	2.57%	25,800	1,972.74
2010	46,234,546	1,918,845,500	2.41%	25,501	1,813.05
2011	45,302,907	1,916,768,500	2.36%	25,612	* 1,768.82
2012	47,454,944	1,840,562,900	2.58%	25,723	* 1,844.84
2013	47,963,382	1,852,907,500	2.59%	25,750	* 1,862.66
2014	46,507,998	1,918,342,200	2.42%	25,833	* 1,800.33
2015	45,444,880	1,933,055,000	2.35%	25,871	* 1,756.60
2016	45,851,364	1,991,660,100	2.30%	26,050	* 1,760.13

* Estimate

¹ This amount does not include debt of the Neenah Joint School District.

² Set January 1 of the calendar year.

The following issues have been excluded from the calculations shown above: \$4,210,000 Refunding Bonds in 2004, \$16,666,667 Safe Drinking Water Loan Revenue Bonds in 2005/06, \$8,788,354 Safe Drinking Water Loan Revenue Bonds in 2006/08, \$2,345,000 Revenue Bonds in 2008 and \$446,233 in Storm Water Clean Water Loan Revenue Bonds in 2009, \$1,350,000 Water Utility Revenue Refunding Bonds in 2012 and \$3,545,000 Water Utility Revenue Refunding Bonds in 2013.

In addition, the Community Development Authority of the City of Neenah (CDA) issued \$6,285,000 Lease Revenue Bonds in 2008, \$17,620,000 in Lease Revenue Refunding Bonds in 2013, and \$3,500,000 Lease Revenue Refunding Bonds in 2016. These amounts are also excluded from the calculations shown above.

Schedule 12

CITY OF NEENAH, WISCONSIN

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2016

<u>Jurisdiction</u>	<u>Debt Outstanding¹</u>	<u>Percent Applicable to City of Neenah</u>	<u>Amount Applicable to City of Neenah</u>
<u>Direct Debt</u>			
City of Neenah ²	\$ 60,367,363	100.00	\$ 60,367,363
<u>Overlapping Debt</u>			
Neenah Joint School District	100,000	49.58	49,580
Fox Valley Technical College	71,470,000	5.54	3,959,438
Winnebago County	24,278,825	16.16	3,923,458
Total Overlapping Debt	\$95,848,825		\$7,932,476
Total Direct and Overlapping Debt	\$156,216,188		\$68,299,839

¹ Includes outstanding debt for long-term lease purchase agreements and Note Anticipation Notes. Does not include assets in Debt Service Funds.

² This amount excludes general obligation debt for business-type activities.

Schedule 13

CITY OF NEENAH, WISCONSIN

COMPUTATION OF LEGAL DEBT MARGIN

December 31, 2016

Equalized Value of Real and Personal Property	<u>\$ 1,991,660,100</u>	
Debt Limit, Five (5) Percent of Equalized Valuation (Wisconsin Statutory Limitation)	<u>\$ 99,583,005</u>	100.00%
Total General Obligation Debt	<u>\$ 45,851,364</u>	
Amount of Debt Applicable to Debt Limitation:		
Total Obligation Bonds and Loans Applicable to Debt Limit at December 31, 2015	\$45,851,364	46.05%
Less: Assets in Debt Service Fund Available for Payment of Principal	\$21,741	
Net Amount of Debt Applicable to Debt Limit	\$45,829,623	46.02%
Remaining Legal Debt Margin	\$53,753,382	53.98%

Schedule 14

CITY OF NEENAH, WISCONSIN

REVENUE BOND COVERAGE

Water Utility

Last Ten Fiscal Years

Fiscal Year	Direct Operating Revenues	Direct Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements ¹			Coverage
				Principal	Interest	Total	
2007	7,292,307	2,629,412	4,662,895	2,428,038	710,115	3,138,153	1.49
2008	6,795,104	3,117,240	3,677,864	2,441,645	714,360	3,156,005	1.17
2009	6,543,242	3,011,329	3,531,913	2,445,418	715,536	3,160,954	1.12
2010	6,654,836	3,144,405	3,510,431	2,464,633	727,594	3,192,227	1.10
2011	8,798,241	3,051,506	5,746,735	2,445,418	715,537	3,160,955	1.82
2012	9,143,821	3,176,012	5,967,809	2,481,529	600,395	3,081,924	1.94
2013	8,343,050	3,304,263	5,038,787	2,531,529	544,463	3,075,992	1.64
2014	8,000,288	3,289,327	4,710,961	2,531,529	544,463	3,075,992	1.53
2015	7,986,324	2,995,535	4,990,789	2,360,972	420,181	2,781,153	1.79
2016	7,968,827	3,120,136	4,848,691	2,360,972	420,181	2,781,153	1.74

¹ Includes principal and interest of revenue bonds only. It does not include the general obligation notes reported in the Water Utility Enterprise Fund. Amount calculated by using the highest total annual debt service owed (year 2017) on all outstanding bond issues as of December 31, 2016.

² Includes total operating expenses less depreciation.

CITY OF NEENAH, WISCONSIN

WATER UTILITY DATATEN LARGEST WATER USERS

Year Ending December 31, 2016

<u>Name</u>	<u>Nature of Business</u>	<u>Thousands of Gallons (000)</u>	<u>Water Billing¹</u>
1. Galloway	Dairy Products	88,729	\$445,688
2. Neenah Foundry	Castings	77,746	393,660
3. Kimberly Clark Corporation	Paper Research/Paper & Hygiene Products	60,123	305,412
4. Neenah Paper	High Quality Bond Paper	33,237	167,045
5. Theda Clark Regional Medical Center	Health Care	31,271	161,775
6. Plexus	Electronic Components/Corporate Offices	11,833	65,346
7. Georgia Pacific	Paper Research	11,218	60,128
8. Industrial Towel & Uniform	Commercial Laundry	11,079	59,844
9. Bemis	Packaging	8,326	45,450
10. Menasha Packaging	Packaging	6,836	38,131
Total of Ten Largest Retail Users		340,398	\$1,742,478
Total Water Utility		885,305	\$7,698,394
Ten Largest as Percent of Total Water Utility		38%	23%

¹ Total water revenue only.HISTORICAL WATER USAGE(millions of gallons)
Last Five Fiscal YearsDAILY DEMAND STATISTICS
(millions of gallons per day)
Last Five Fiscal Years

<u>Calendar Year</u>	<u>Gallons Billed</u>	<u>Gallons Pumped</u>	<u>Average Daily Demand</u>	<u>Maximum Daily Demand</u>	<u>Maximum Rated System Capacity</u>
2012	1,168	1,494	4.09	6.44	12.00
2013	951	1,385	3.80	5.94	12.00
2014	894	1,230	3.37	4.75	12.00
2015	888	1,069	2.93	4.91	12.00
2016	885	1,069	2.93	4.44	12.00

Schedule 16

CITY OF NEENAH, WISCONSIN

DEMOGRAPHIC & ECONOMIC STATISTICS

Last Ten Fiscal Years

Adjusted Gross Income per Return²

<u>Year</u>	<u>Population¹</u>	<u>City of Neenah</u>	<u>State of Wisconsin</u>	<u>City as % of State</u>	<u>Unemployment Rate³</u>
2006	25,430	\$ 53,579	\$ 48,107	111%	4.6%
2007	25,430	54,328	48,985	111	4.5
2008	25,560	53,345	47,046	113	4.3
2009	25,800	54,626	45,372	120	7.3
2010	25,501	55,830	46,958	118	10.0
2011	25,612	57,680	47,640	121	8.8
2012	25,723	59,870	49,900	120	8.7
2013	25,750	60,070	50,670	119	8.0
2014	25,833	61,320	52,050	118	4.6
2015	25,871	63,798	54,227	118	3.8

Source: ¹ U.S. Census Bureau

² Wisconsin Department of Revenue, Division of Research and Policy

³ Wisconsin Department of Workforce Development

CITY OF NEENAH, WISCONSIN

PRINCIPAL INDUSTRIAL AND COMMERCIAL EMPLOYERS
2016 AND NINE YEARS PRIOR

<u>2016 Company Name</u>	<u>2016 Product or Service</u>	<u>2016 Number of Employees</u>
Kimberly-Clark Corporation	Paper Products	2,150
Plexus Corporation	Computer Products and Services	1,900
Theda Clark Medical Center	Healthcare	1,824
Bemis	Flexible Food & Consumer Product Packaging	1,800
J.J. Keller & Associates	Commercial Printing & Misc. Publishing	1,400
Bergstrom Corp	Automotive Sales & Service	1,200
Neenah Enterprises Inc.	Cast Metal Products	1,100
SCA Tissue North America	Paper Converting & Processing	920
Menasha Corp.	Plastics & Packaging	850
Alta Resources	Telemarketing	650

Source: Fox Cities Regional Partnership Economic Outlook Survey 2016
www.foxcitiesregionalpartnership.com; 2016 WI Business Service Directory; 2017 WI Manufacturers Register.

<u>2007 Company Name</u>	<u>2007 Product or Service</u>	<u>2007 Number of Employees</u>
Kimberly-Clark Corporation	Paper Products	2,666
Plexus Corporation	Computer Products Manufacturing	1,787
Theda Clark Medical Center	Healthcare	1,440
J.J. Keller & Associates	Publisher & Printer Services for Technical & Regulatory Information	1,300
SCA Tissue North America LLC	Paper Napkin Stock	1,060
Neenah Foundry Inc.	Cast Metal Products	850
XSYS Print Solutions Inks LLC	Lithographic Ink & Chemical Products Mfg.	800
Neenah Joint School District	Education	740
N & M Transfer	Local Trucking	625
Menasha Corporation	Printer & Container Mfg.	607

Source: Employer Contacts (April 2008); 2008 Wisconsin Business Services; 2008 Wisconsin Manufacturing Directories.

Schedule 18

CITY OF NEENAH, WISCONSIN

SCHEDULE OF INSURANCE IN FORCE

December 31, 2016

Type of Coverage	Carrier	Limits of Coverage	Premium
Boiler and Machinery	Indian Harbor Insurance Company	\$100,000,000	\$3,761
Buildings, Personal Property & Property in the Open	Municipal Property Insurance Company	\$149,456,092	\$46,332
Contractors Equipment	Municipal Property Insurance Company	\$3,251,192	\$5,104
Pier and Wharf	Municipal Property Insurance Company	\$378,358	\$197
Monies and Securities	Municipal Property Insurance Company	\$25,000	\$207
Auto Physical Damage	Cities and Villages Mutual Insurance Company	\$10,000,000	\$40,791
Workers Compensation	Cities and Villages Mutual Insurance Company	Each E/ee for Disease Each Accident	\$461,456
Liability Coverage (General, Law Enforcement, Public Officials)	Cities and Villages Mutual Insurance Company	\$5,000,000	\$78,674
Excess Public Entity Liability (General, Law Enforcement, Public Officials)	Berkley Insurance Company	\$5,000,000	\$3,677
Employment Practice Liability	Ironshore Specialty Insurance Company	\$1,000,000	\$24,490
Crime Coverage	Hanover Insurance Company	\$3,000,000	\$1,314

CITY OF NEENAH, WISCONSIN

MISCELLANEOUS STATISTICS

December 31, 2016

Date of Incorporation: March 13, 1873

Form of Government: Mayor/Aldermanic (9)

	2016	2015	2016	2015
Population	26,050	25,871		
Area Square Miles				
Acres – Land	9.6	9.6	361.0	361.0
Acres - Water	5,939.35	5,939.35	49.5	49.5
	198.34	198.34	211.9	211.9
			5.6	5.6
Altitude – in feet	754.0	754.0	0	0
			83.5	83.5
Miles of Streets			6.34	6.34
Local Streets	99.08	98.98	12.5	12.5
Arterial/Collector Highways	36.33	36.33		
TOTAL	135.41	135.31		
Number of Street Lights	3,339	3,288		
Municipal Water Utility				
Average Number of Customers	10,507	10,469	4	4
Average Daily Consumption	2,418,866	2,433,184	63	63
Miles of Water Mains	138.70	141.60		
Miles of Sewers				
Storm	97.3	97.2	1	1
Sanitary	126.7	126.6	38	40
Building Permits				
Permits Issued	533	491		
Estimated Cost of Construction	\$39,196,430	\$53,117,752	383	383
Permanent City Employees			25	25
Full Time	235	230	1	1
Part Time	31	33		
			220,959	279,636
			862,715	895,340