

BASIC FINANCIAL STATEMENTS

TOWN OF GRAND CHUTE, WISCONSIN

Statement of Net Assets

December 31, 2005

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 20,034,718	\$ 7,420,818	\$ 27,455,536
Receivables			
Taxes	5,614,994	-	5,614,994
Special assessments	2,752,491	1,881,268	4,633,759
Accounts	700,830	1,278,747	1,979,577
Interest	75,221	54,064	129,285
Receivable from fiduciary funds	9,221	356,773	365,994
Due from other governments	159,744	-	159,744
Inventories and prepaid items	129,598	14,334	143,932
Deferred charges	173,178	100,957	274,135
Restricted assets			
Cash and investments	-	4,510,905	4,510,905
Capital assets, nondepreciable			
Land	2,938,801	52,459	2,991,260
Construction in progress	3,433,225	824,639	4,257,864
Capital assets, depreciable			
Land improvements	5,007,828	-	5,007,828
Buildings	8,702,922	168,702	8,871,624
Machinery and equipment	5,059,099	1,485,596	6,544,695
Infrastructure	54,316,330	37,146,028	91,462,358
Less: Accumulated depreciation	(18,755,709)	(8,624,164)	(27,379,873)
TOTAL ASSETS	90,352,491	46,671,126	137,023,617
LIABILITIES			
Accounts payable	1,564,031	690,352	2,254,383
Accrued and other current liabilities	94,807	9,748	104,555
Accrued interest payable	314,624	79,947	394,571
Due to other governments	5,101	491,958	497,059
Unearned revenues	8,153,462	27,000	8,180,462
Long-term obligations			
Due within one year	3,995,710	1,002,510	4,998,220
Due in more than one year	27,411,919	5,581,325	32,993,244
TOTAL LIABILITIES	41,539,654	7,882,840	49,422,494
NET ASSETS			
Invested in capital assets, net of related debt	35,300,736	25,990,723	61,291,459
Restricted for			
Debt service	163,860	1,148,475	1,312,335
Capital projects	-	1,841,953	1,841,953
Unrestricted	13,348,241	9,807,135	23,155,376
TOTAL NET ASSETS	\$ 48,812,837	\$ 38,788,286	\$ 87,601,123

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

TOWN OF GRAND CHUTE, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2005

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 1,564,343	\$ 93,857	\$ 1,590	\$ -
Public safety	4,705,069	601,599	141,370	-
Public works	6,856,366	2,045,010	1,359,321	2,883,265
Health and human services	1,733	765	-	-
Culture and recreation	210,467	97,360	2,367	-
Conservation and development	922,315	264,110	4,035	-
Interest on debt	1,203,447	-	-	-
Total Governmental Activities	15,463,740	3,102,701	1,508,683	2,883,265
Business-type Activities				
Water utility	3,566,674	3,412,699	-	507,514
Sewer utility	2,484,119	2,731,849	-	390,850
Total Business-type Activities	6,050,793	6,144,548	-	898,364
Total	\$ 21,514,533	\$ 9,247,249	\$ 1,508,683	\$ 3,781,629

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for specific purposes

Other taxes and franchise fees

Federal and state grants and other contributions

not restricted to specific functions

Interest and investment earnings

Miscellaneous

Gain on sale of asset

Total general revenues

Change in net assets

Net assets - January 1

Net assets - December 31

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

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total

\$ (1,468,896)	\$ -	\$ (1,468,896)
(3,962,100)	-	(3,962,100)
(568,770)	-	(568,770)
(968)	-	(968)
(110,740)	-	(110,740)
(654,170)	-	(654,170)
(1,203,447)	-	(1,203,447)
<u>(7,969,091)</u>	<u>-</u>	<u>(7,969,091)</u>

-	353,539	353,539
-	638,580	638,580
<u>-</u>	<u>992,119</u>	<u>992,119</u>

<u>(7,969,091)</u>	<u>992,119</u>	<u>(6,976,972)</u>
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4,448,841	36,664	4,485,505
2,130,500	-	2,130,500
1,116,554	-	1,116,554

460,520	679	461,199
696,692	376,438	1,073,130
761,609	-	761,609
447,210	-	447,210
<u>10,061,926</u>	<u>413,781</u>	<u>10,475,707</u>

2,092,835	1,405,900	3,498,735
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<u>46,720,002</u>	<u>37,382,386</u>	<u>84,102,388</u>
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<u>\$ 48,812,837</u>	<u>\$ 38,788,286</u>	<u>\$ 87,601,123</u>
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TOWN OF GRAND CHUTE, WISCONSIN

Balance Sheet
 Governmental Funds
 December 31, 2005

	General	Special Assessment	Sanitary District No. 3	Debt Service
ASSETS				
Cash and investments	\$ 5,294,317	\$ 4,334,977	\$ 3,816,709	\$ 973,932
Receivables	3,528,619	495,117	-	1,473,735
Taxes	-	2,752,491	-	-
Special assessments	66,109	-	298,419	82,493
Accounts	15,452	18,094	17,050	-
Interest	9,221	-	-	-
Receivable from fiduciary fund	71,051	-	-	-
Due from other funds	159,744	-	-	-
Due from other governments	129,598	-	-	-
Inventories and prepaid items	-	-	-	-
TOTAL ASSETS	\$ 9,274,111	\$ 7,600,679	\$ 4,132,178	\$ 2,530,160
LIABILITIES AND FUND BALANCES				
Liabilities	\$ 374,879	\$ -	\$ 158,447	\$ -
Accounts payable	94,632	-	175	-
Accrued and other current liabilities	-	-	-	-
Due to other funds	5,101	-	-	-
Due to other governments	5,591,962	3,570,793	-	2,366,300
Deferred revenues	6,066,574	3,570,793	158,622	2,366,300
Total Liabilities				
Fund Balances				
Reserved for	129,598	-	-	-
Inventories and prepaid items	-	-	-	163,860
Debt service	-	-	-	-
Unreserved				
Designated for	781,823	4,029,886	3,973,556	-
Subsequent year's expenditures	-	-	-	-
Capital projects	865,000	-	-	-
Equipment replacement	-	-	-	-
Undesignated, reported in	1,431,116	-	-	-
General fund	3,207,537	4,029,886	3,973,556	163,860
Total Fund Balances				
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,274,111	\$ 7,600,679	\$ 4,132,178	\$ 2,530,160

(Continued)

Capital Projects	Other Governmental Funds	Total Governmental Funds
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\$ 5,597,747 \$ 17,036 \$ 20,034,718

117,523 - 5,614,994

- - 2,752,491

20,000 233,809 700,830

24,625 - 75,221

- - 9,221

- - 71,051

- - 159,744

- - 129,598

\$ 5,759,895 \$ 250,845 \$ 29,547,868

\$ 867,947 \$ 162,758 \$ 1,564,031

- - 94,807

- 71,051 71,051

- - 5,101

188,700 6,500 11,724,255

1,056,647 240,309 13,459,245

- - 129,598

- - 163,860

4,270,248 10,536 13,066,049

433,000 - 433,000

- - 865,000

- - 1,431,116

4,703,248 10,536 16,088,623

\$ 5,759,895 \$ 250,845 \$ 29,547,868

TOWN OF GRAND CHUTE, WISCONSIN
Balance Sheet (Continued)
Governmental Funds
December 31, 2005

Reconciliation to the Statement of Net Assets

Total Fund Balances as shown on previous page		\$ 16,088,623
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		60,702,496
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		3,570,793
Special assessments		
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	\$ (30,928,330)	
Compensated absences	(479,299)	
Deferred charges - bond issues	173,178	
Accrued interest on long-term obligations	(314,624)	(31,549,075)
Net Assets of Governmental Activities as Reported on the Statement of Net Assets (see page 3)		<u>\$ 48,812,837</u>

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

TOWN OF GRAND CHUTE, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Special Assessment	Sanitary District No. 3	Debt Service
Revenues	\$ 4,465,760	\$ -	\$ -	\$ 1,804,900
Taxes	67,502	1,483,150	-	-
Special assessments	1,705,360	-	-	-
Intergovernmental	805,369	-	-	-
Licenses and permits	257,549	-	-	-
Fines and forfeitures	655,411	-	1,249,365	-
Public charges for services	226,437	-	-	-
Intergovernmental charges for services	255,136	251,593	100,667	141,619
Miscellaneous	8,438,524	1,734,743	1,350,032	1,946,519
Total Revenues				
Expenditures				
Current	1,211,255	-	-	-
General government	4,695,628	-	-	-
Public safety	2,385,387	-	116,590	-
Public works	1,733	-	-	-
Health and human services	153,850	-	-	-
Culture and recreation	276,277	-	-	-
Conservation and development	-	-	-	-
Debt service	-	-	-	3,378,480
Principal	-	-	4,161	978,010
Interest and fiscal charges	-	-	2,791,179	-
Capital outlay	8,724,130	-	2,911,930	4,356,490
Total Expenditures				
Excess of Revenues Over (Under) Expenditures	(285,606)	1,734,743	(1,561,898)	(2,409,971)
Other Financing Sources (Uses)				
Long-term debt issued	-	-	2,540,000	2,395,000
Sale of capital assets	13,515	-	-	-
Transfers in	336,259	34,000	-	2,419,700
Transfers out	(435,000)	(1,274,700)	(1,113,805)	-
Payment to refunded bond escrow agent	-	-	(688,992)	(2,390,905)
Total Other Financing Sources (Uses)	(85,226)	(1,240,700)	737,203	2,423,795
Net Change in Fund Balances	(370,832)	494,043	(824,695)	13,824
Fund Balances - January 1	3,578,369	3,535,843	4,798,251	150,036
Fund Balances - December 31	<u>\$ 3,207,537</u>	<u>\$ 4,029,886</u>	<u>\$ 3,973,556</u>	<u>\$ 163,860</u>

(Continued)

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 325,600	\$ 923,725	\$ 7,519,985
-	-	1,550,652
252,500	2,067	1,959,927
-	-	805,369
-	-	257,549
-	84,480	1,989,256
-	-	226,437
773,232	1,330	1,523,577
<u>1,351,332</u>	<u>1,011,602</u>	<u>15,832,752</u>

-	-	1,211,255
-	-	4,695,628
-	-	2,501,977
-	-	1,733
-	2,067	155,917
-	643,471	919,748
-	-	3,378,480
6,550	-	988,721
3,507,983	-	6,299,162
<u>3,514,533</u>	<u>645,538</u>	<u>20,152,621</u>
<u>(2,163,201)</u>	<u>366,064</u>	<u>(4,319,869)</u>

4,718,000	-	9,653,000
433,695	-	447,210
435,000	-	3,224,959
(34,000)	(367,454)	(3,224,959)
-	-	(3,079,897)
<u>5,552,695</u>	<u>(367,454)</u>	<u>7,020,313</u>
3,389,494	(1,390)	2,700,444
<u>1,313,754</u>	<u>11,926</u>	<u>13,388,179</u>
<u>\$ 4,703,248</u>	<u>\$ 10,536</u>	<u>\$ 16,088,623</u>

TOWN OF GRAND CHUTE, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2005

Reconciliation to the Statement of Activities

\$ 2,700,444

Net Change in Fund Balances as shown on previous page

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 activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

\$ 3,925,524
533,023
(2,381,347)

Capital assets reported as capital outlay in governmental fund statements
Donated capital assets

2,077,200

Depreciation expense reported in the statement of activities

Amount by which capital outlays are greater than depreciation in current period

Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits increased by:

(19,050)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.

743,590

Some capital assets acquired during the year were financed with debt. In addition, the Town issued debt to advance refund debt issues from prior years. The amount of the debt is reported in the governmental funds as a source of financing. In the statement of net assets, however, debt constitutes a long-term liability. The amount of debt reported in the governmental funds statement is:

(9,653,000)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:

3,378,480
3,079,897

Current year maturities

Payment to refunded bond escrow agent

Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid, in the statement of activities interest is reported as it accrues.

(156,525)

Bond issue costs are reported in the governmental funds as an expenditure. In the statement of activities, these costs are capitalized and amortized over the life of the bonds.

(58,201)

Change in Net Assets of Governmental Activities as Reported in the Statement of Activities (see pages 4 - 5)

\$ 2,092,835

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

TOWN OF GRAND CHUTE, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 4,447,000	\$ 4,447,000	\$ 4,465,760	\$ 18,760
Special assessments	67,000	67,000	67,502	502
Intergovernmental	1,669,600	1,669,600	1,705,360	35,760
Licenses and permits	762,500	762,500	805,369	42,869
Fines and forfeitures	288,000	288,000	257,549	(30,451)
Public charges for services	679,231	679,231	655,411	(23,820)
Intergovernmental charges for services	207,800	207,800	226,437	18,637
Miscellaneous	182,400	182,400	255,136	72,736
Total Revenues	8,303,531	8,303,531	8,438,524	134,993
Expenditures				
Current				
General government	1,369,500	1,369,500	1,211,255	158,245
Public safety	4,629,100	4,629,100	4,695,628	(66,528)
Public works	2,340,000	2,340,000	2,385,387	(45,387)
Health and human services	6,400	6,400	1,733	4,667
Culture and recreation	154,400	154,400	153,850	550
Conservation and development	298,031	298,031	276,277	21,754
Total Expenditures	8,797,431	8,797,431	8,724,130	73,301
Excess of Revenues Over (Under) Expenditures	(493,900)	(493,900)	(285,606)	208,294
Other Financing Sources (Uses)				
Sale of capital assets	12,000	12,000	13,515	1,515
Transfers in	380,000	380,000	336,259	(43,741)
Transfers out	-	-	(435,000)	(435,000)
Total Other Financing Sources (Uses)	392,000	392,000	(85,226)	(477,226)
Net Change in Fund Balances	(101,900)	(101,900)	(370,832)	(268,932)
Fund Balances - January 1	3,578,369	3,578,369	3,578,369	-
Fund Balances - December 31	\$ 3,476,469	\$ 3,476,469	\$ 3,207,537	\$ (268,932)

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

TOWN OF GRAND CHUTE, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Special Assessment Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues	\$ 726,000	\$ 726,000	\$ 1,483,150	\$ 757,150
Special assessments	160,000	160,000	251,593	91,593
Miscellaneous	886,000	886,000	1,734,743	848,743
Total Revenues				
Expenditures	-	-	-	-
Capital outlay			1,734,743	848,743
Excess of Revenues Over (Under) Expenditures	886,000	886,000	1,734,743	848,743
Other Financing Sources (Uses)	-	-	34,000	34,000
Transfers in	(1,274,700)	(1,274,700)	(1,274,700)	-
Transfers out	(1,274,700)	(1,274,700)	(1,240,700)	34,000
Total Other Financing Sources (Uses)	(388,700)	(388,700)	494,043	882,743
Net Change in Fund Balances	3,535,843	3,535,843	3,535,843	-
Fund Balances - January 1	\$ 3,147,143	\$ 3,147,143	\$ 4,029,886	\$ 882,743
Fund Balances - December 31				

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

TOWN OF GRAND CHUTE, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Sanitary District No. 3 Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Public charges for services	\$ 1,326,800	\$ 1,326,800	\$ 1,249,365	\$ (77,435)
Miscellaneous	89,500	89,500	100,667	11,167
Total Revenues	<u>1,416,300</u>	<u>1,416,300</u>	<u>1,350,032</u>	<u>(66,268)</u>
Expenditures				
Current				
Public works	167,500	167,500	116,590	50,910
Debt service				
Interest and fiscal charges	18,000	18,000	4,161	13,839
Capital outlay	3,326,400	3,326,400	2,791,179	535,221
Total Expenditures	<u>3,511,900</u>	<u>3,511,900</u>	<u>2,911,930</u>	<u>599,970</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,095,600)</u>	<u>(2,095,600)</u>	<u>(1,561,898)</u>	<u>533,702</u>
Other Financing Sources				
Long-term debt issued	1,359,900	1,359,900	2,540,000	1,180,100
Transfers out	(1,158,900)	(1,158,900)	(1,113,805)	45,095
Payment to refunded bond escrow agent	-	-	(688,992)	(688,992)
Total Other Financing Sources (Uses)	<u>201,000</u>	<u>201,000</u>	<u>737,203</u>	<u>536,203</u>
Net Change in Fund Balances	(1,894,600)	(1,894,600)	(824,695)	1,069,905
Fund Balances - January 1	<u>4,798,251</u>	<u>4,798,251</u>	<u>4,798,251</u>	<u>-</u>
Fund Balances - December 31	<u>\$ 2,903,651</u>	<u>\$ 2,903,651</u>	<u>\$ 3,973,556</u>	<u>\$ 1,069,905</u>

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

TOWN OF GRAND CHUTE, WISCONSIN

Statement of Net Assets

Proprietary Funds

December 31, 2005

	Sanitary District No. 1	Sanitary District No. 2	East Side Utility	Total Enterprise Funds
ASSETS				
Current assets				
Cash and investments	\$ 1,367,995	\$ 5,960,497	\$ 92,326	\$ 7,420,818
Receivables				
Accounts	642,410	630,368	5,969	1,278,747
Interest	19,045	35,019	-	54,064
Receivable from fiduciary fund	195,979	133,794	27,000	356,773
Inventories and prepaid expenses	14,334	-	-	14,334
Total Current Assets	2,239,763	6,759,678	125,295	9,124,736
Noncurrent assets				
Receivables				
Special assessments	621,076	1,260,192	-	1,881,268
Restricted assets				
Cash and investments	2,557,042	1,953,863	-	4,510,905
Deferred charges	83,722	17,235	-	100,957
Capital assets, nondepreciable				
Land	52,459	-	-	52,459
Construction in progress	768,556	56,083	-	824,639
Capital assets, depreciable				
Buildings	168,702	-	-	168,702
Machinery and equipment	786,136	696,460	3,000	1,485,596
Infrastructure	19,039,270	17,012,064	1,094,694	37,146,028
Less: Accumulated depreciation	(3,955,499)	(4,397,261)	(271,404)	(8,624,164)
Total Capital Assets, Net of Accumulated Depreciation	16,859,624	13,367,346	826,290	31,053,260
Total Noncurrent Assets	20,121,464	16,598,636	826,290	37,546,390
TOTAL ASSETS	22,361,227	23,358,314	951,585	46,671,126

(Continued)

TOWN OF GRAND CHUTE, WISCONSIN

Statement of Net Assets (Continued)

Proprietary Funds

December 31, 2005

	Sanitary District No. 1	Sanitary District No. 2	East Side Utility	Total Enterprise Funds
LIABILITIES				
Current liabilities				
Accounts payable	429,918	255,119	5,315	690,352
Accrued and other current liabilities	5,672	4,076	-	9,748
Accrued interest	58,010	21,937	-	79,947
Due to other governments	491,958	-	-	491,958
Deferred revenue	-	-	27,000	27,000
Current portion of general obligation debt	591,957	410,553	-	1,002,510
Total Current Liabilities	1,577,515	691,685	32,315	2,301,515
Noncurrent liabilities				
General obligation debt	3,906,549	1,594,008	-	5,500,557
Compensated absences	40,384	40,384	-	80,768
Total Noncurrent Liabilities	3,946,933	1,634,392	-	5,581,325
TOTAL LIABILITIES	5,524,448	2,326,077	32,315	7,882,840
NET ASSETS				
Invested in capital assets, net of related debt	13,496,952	11,667,481	826,290	25,990,723
Restricted for				
Debt service	689,357	459,118	-	1,148,475
Capital projects	673,841	1,168,112	-	1,841,953
Unrestricted	1,976,629	7,737,526	92,980	9,807,135
TOTAL NET ASSETS	\$ 16,836,779	\$ 21,032,237	\$ 919,270	\$ 38,788,286

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

TOWN OF GRAND CHUTE, WISCONSIN
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2005

	Sanitary District No. 1	Sanitary District No. 2	East Side Utility	Total
Operating Revenues	\$ 3,280,297	\$ 2,468,640	\$ 23,516	\$ 5,772,453
Charges for services	132,402	239,627	66	372,095
Other	3,412,699	2,708,267	23,582	6,144,548
Total Operating Revenues				
Operating Expenses	3,047,768	1,917,860	45,735	5,011,363
Operations and maintenance	327,044	388,222	18,858	734,124
Depreciation	19,761	13,111	-	32,872
Taxes	3,394,573	2,319,193	64,593	5,778,359
Total Operating Expenses				
	18,126	389,074	(41,011)	366,189
Operating Income (Loss)				
Nonoperating Revenues (Expenses)	-	-	36,664	36,664
Property taxes	679	-	-	679
Intergovernmental	139,244	234,859	2,335	376,438
Interest income	(163,021)	(94,613)	-	(257,634)
Interest expense	(9,080)	(5,720)	-	(14,800)
Amortization of debt discount	(32,178)	134,526	38,999	141,347
Total Nonoperating Revenues (Expenses)				
	(14,052)	523,600	(2,012)	507,536
Income (Loss) Before Contributions				
	507,514	390,850	-	898,364
Capital contributions	493,462	914,450	(2,012)	1,405,900
Change in Net Assets				
	16,343,317	20,117,787	921,282	37,382,386
Net Assets - January 1				
	\$ 16,836,779	\$ 21,032,237	\$ 919,270	\$ 38,788,286
Net Assets - December 31				

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

TOWN OF GRAND CHUTE, WISCONSIN

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2005

	Sanitary District No. 1	Sanitary District No. 2	East Side Utility	Total
Cash Flows from Operating Activities				
Cash received from customers	\$ 3,484,966	\$ 2,774,357	\$ 24,588	\$ 6,283,911
Cash payments to employees	(338,685)	(254,406)	(2,675)	(595,766)
Cash payments to suppliers	(2,693,889)	(1,585,398)	(40,747)	(4,320,034)
Net Cash Provided (Used) by Operating Activities	<u>452,392</u>	<u>934,553</u>	<u>(18,834)</u>	<u>1,368,111</u>
Cash Flows from Noncapital Financing Activities				
Changes in assets and liabilities				
Due from other funds	(21,040)	(13,217)	17,156	(17,101)
Deferred property tax revenue	-	-	(14,798)	(14,798)
Property taxes	-	-	36,664	36,664
Operating grants	679	-	-	679
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(20,361)</u>	<u>(13,217)</u>	<u>39,022</u>	<u>5,444</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(1,929,458)	(321,356)	-	(2,250,814)
Capital contributions	176,964	146,965	-	323,929
Proceeds from long-term debt	660,000	170,000	-	830,000
Principal payments on long-term debt	(687,393)	(569,127)	-	(1,256,520)
Interest payments on long-term debt	(156,767)	(95,751)	-	(252,518)
Bond issuance costs	(1,110)	(278)	-	(1,388)
Net Cash Used by Capital and Related Financing Activities	<u>(1,937,764)</u>	<u>(669,547)</u>	<u>-</u>	<u>(2,607,311)</u>
Cash Flows Provided by Investing Activities				
Interest from investments	<u>122,743</u>	<u>210,724</u>	<u>2,335</u>	<u>335,802</u>
Change in Cash and Cash Equivalents	<u>(1,382,990)</u>	<u>462,513</u>	<u>22,523</u>	<u>(897,954)</u>
Cash and Cash Equivalents - January 1	<u>5,308,027</u>	<u>7,451,847</u>	<u>69,803</u>	<u>12,829,677</u>
Cash and Cash Equivalents - December 31	<u>\$ 3,925,037</u>	<u>\$ 7,914,360</u>	<u>\$ 92,326</u>	<u>\$ 11,931,723</u>

(Continued)

TOWN OF GRAND CHUTE, WISCONSIN
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended December 31, 2005

	Sanitary District No. 1	Sanitary District No. 2	East Side Utility	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	\$ 18,126	\$ 389,074	\$ (41,011)	\$ 366,189
Operating income (loss)				
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				734,124
Depreciation	327,044	388,222	18,858	734,124
Depreciation reimbursement for meters	37,389	(37,389)	-	-
Depreciation charged to other accounts	14,547	-	-	14,547
Changes in assets and liabilities				139,363
Accounts receivable	72,267	66,090	1,006	139,363
Inventories	(1,061)	-	-	(1,061)
Accounts payable	212,384	129,318	2,313	344,015
Accounts payable related to capital assets	(229,728)	-	-	(229,728)
Accrued liabilities	932	385	-	1,317
Due to other governmental units	1,639	-	-	1,639
Compensated absences	(1,147)	(1,147)	-	(2,294)
Net Cash Provided (Used) by Operating Activities	<u>\$ 452,392</u>	<u>\$ 934,553</u>	<u>\$ (18,834)</u>	<u>\$ 1,368,111</u>
Noncash Investing, Capital and Financing Activities				
Capital asset contributions	<u>\$ 462,464</u>	<u>\$ 372,104</u>	<u>\$ -</u>	<u>\$ 834,568</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets				
Cash and investments	\$ 1,367,995	\$ 5,960,497	\$ 92,326	\$ 7,420,818
Restricted assets	2,557,042	1,953,863	-	4,510,905
	<u>\$ 3,925,037</u>	<u>\$ 7,914,360</u>	<u>\$ 92,326</u>	<u>\$ 11,931,723</u>

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

TOWN OF GRAND CHUTE, WISCONSIN

Statement of Net Assets

Fiduciary Funds

December 31, 2005

	Tax Collection	Developer Deposits	Total Agency Funds
ASSETS			
Cash and investments	\$ 12,446,360	\$ 11,077	\$ 12,457,437
Receivables			
Taxes	19,105,411	-	19,105,411
TOTAL ASSETS	<u>\$ 31,551,771</u>	<u>\$ 11,077</u>	<u>\$ 31,562,848</u>
LIABILITIES			
Accounts payable	\$ 21,013	-	\$ 21,013
Payable to primary government	365,994	-	365,994
Due to other governments	31,164,764	-	31,164,764
Deposits	-	11,077	11,077
TOTAL LIABILITIES	<u>\$ 31,551,771</u>	<u>\$ 11,077</u>	<u>\$ 31,562,848</u>

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

TOWN OF GRAND CHUTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Reporting Entity

The Town of Grand Chute is a municipal corporation governed by an elected five member board. In accordance with GAAP, the basic financial statements are required to include the Town (the primary government) and any separate component units that have a significant operational or financial relationship with the Town. The component units discussed below are included in the Town's reporting entity because of the significance of their operational and/or financial relationship with the Town.

2. Individual Component Unit Disclosures

 BLENDED COMPONENT UNITS

The following component units are blended or included in the basic financial statements of the Town of Grand Chute.

The Town of Grand Chute Sanitary District No. 1, the Town of Grand Chute Sanitary District No. 2, Town of Grand Chute Sanitary District No. 3, and the East Side Utility are governed by the five-member Town Board of Grand Chute. Although they are legally separate from the Town, the Districts are reported as if they are part of the primary government because the Town Board is serving as their governing body. The Districts provide water, wastewater, and storm water services to portions of the Town.

3. Joint Venture

The Town is a participant with the Town of Menasha, Town of Greenville and Town of Neenah in a joint venture to operate a wastewater disposal plant. The Grand Chute-Menasha West Sewerage Commission was created for that purpose. The commission is governed by a seven-member board appointed by the aforementioned municipalities. Complete financial statements for the Commission can be obtained from the Commission's office at 1965 W. Butte Des Morts Beach Road, Appleton, Wisconsin.

4. Government-Wide and Fund Financial Statements

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

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

TOWN OF GRAND CHUTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Town reports the following major governmental funds:

GENERAL FUND

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

SPECIAL REVENUE FUNDS

The special assessment fund is used to account for current and deferred property assessments that are used for the repayment of long-term debt.

The Sanitary District No. 3 fund is a blended component unit that accounts for the financial resources to be used to operate a storm water system.

DEBT SERVICE FUND

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

CAPITAL PROJECTS FUND

This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The Town reports the following major enterprise funds:

The Sanitary District No. 1 fund is a blended component unit that accounts for the financial resources to be used to operate a water utility.

The Sanitary District No. 2 fund is a blended component unit that accounts for the financial resources to be used to operate a wastewater utility.

The Town accounts for assets held for developer's deposits and property taxes collected on behalf of other governments in *agency funds*.

TOWN OF GRAND CHUTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

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

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

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

TOWN OF GRAND CHUTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Assets, Liabilities and Net Assets or Equity

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

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

c. Interfund Receivables and Payables
During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet. Noncurrent portions of the interfund receivables for the governmental funds are offset by a reservation of fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net assets for internal balances represents the residual balance outstanding between the governmental activities, business type activities and fiduciary funds.

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

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

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

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

TOWN OF GRAND CHUTE, WISCONSIN

Notes to Basic Financial Statements

December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Capital Assets

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

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

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

Assets	Governmental	Business-Type
	Activities	Activities
	Years	
Land improvements	25 - 30	25 - 30
Buildings	25 - 50	25 - 50
Machinery and equipment	3 - 10	3 - 10
Infrastructure	15 - 50	25 - 100

g. Compensated Absences

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

h. Deferred Revenue

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

i. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

TOWN OF GRAND CHUTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Fund Equity

FUND FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE STATEMENTS

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

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

k. Use of Estimates

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

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

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

- a. During November, Town management submits to the Town Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Town Board action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device for the governmental funds.

TOWN OF GRAND CHUTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2005

NOTE B - STEWARDSHIP AND COMPLIANCE (Continued)

- d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Town. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Town Board.
- e. Encumbrance accounting is not used by the Town to record commitments related to unperformed contracts for goods or services.

The Town did not have any material violations of legal or contractual provisions for the fiscal year ended December 31, 2005.

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

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

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the Town's cash and investments totaled \$44,423,878 on December 31, 2005 as summarized below:

Petty cash funds	\$ 1,775
Deposits with financial institutions	34,823,815
Investments	9,598,288
	<u>\$ 44,423,878</u>
Reconciliation to the basic financial statements:	
Basic financial statements	
Cash and investments	\$ 27,455,536
Restricted cash and investments	4,510,905
Fiduciary funds	
Agency funds	12,457,437
	<u>\$ 44,423,878</u>

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

TOWN OF GRAND CHUTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2005

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Custodial Credit Risk

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

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$100,000 for interest bearing accounts and \$100,000 for non-interest bearing accounts. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2005, \$24,183,855 of the Town's deposits with financial institutions were in excess of federal depository insurance limits and uncollateralized (or collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Town's name).

Credit Risk

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

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
U.S. Treasury notes	\$ 839,503	\$ 839,503	\$ -	\$ -	\$ -
Federal agency securities	3,434,568	-	3,434,568	-	-
Corporate notes	3,092,283	-	1,946,449	1,145,834	1,908,728
Money market mutual funds	1,908,728	-	-	-	-
Wisconsin local government investment pool	323,206	-	-	-	323,206
Totals	\$ 9,598,288	\$ 839,503	\$ 5,381,017	\$ 1,145,834	\$ 2,231,934

Concentration of Credit Risk

The investment policy of the Town contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Town investments are as follows:

Issuer	Investment Type	Reported Amount	Percentage of Total Investments
Federal Home Loan Corporation	Federal Agency Securities	\$ 1,861,319	19%
Federal National Mortgage Association	Federal Agency Securities	1,573,249	16%

TOWN OF GRAND CHUTE, WISCONSIN

Notes to Basic Financial Statements

December 31, 2005

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury notes	\$ 839,503	\$ 839,503	\$ -	\$ -	\$ -
Federal agency securities	3,434,568	1,116,169	1,422,335	896,064	-
Corporate notes	3,092,283	1,316,272	346,618	1,429,393	-
Money market mutual funds	1,908,728	1,908,728	-	-	-
Wisconsin local government investment pool	323,206	323,206	-	-	-
Totals	\$ 9,598,288	\$ 5,503,878	\$ 1,768,953	\$ 2,325,457	\$ -

Investment in Wisconsin Local Government Investment Pool

The Town has investments in the Wisconsin local government investment pool of \$323,206 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2005, the fair value of the Town's share of the LGIP's assets was substantially equal to the carrying value.

Investments in the Wisconsin Local Government Investment Pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, State of Wisconsin Guarantee Fund insurance, and income on the investment during the calendar quarter a loss occurs.

2. Property Taxes

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

The Town bills and collects its own property taxes and also levies and collects taxes for the Appleton Area School District, School District of Hortonville, Outagamie County, Fox Valley Technical College and the State of Wisconsin. Collections and remittances of taxes for other entities are accounted for in the tax collection agency fund.

TOWN OF GRAND CHUTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2005

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

3. Restricted and Other Assets
Restricted and other assets on December 31, 2005 totaled \$4,510,905 and consisted of cash and investments held for the following purposes:

Fund	Amount	Purpose
Sanitary District No. 1		
Other Assets		
General obligation debt retirement fund	\$ 747,367	To be used for subsequent year principal and interest payments on general obligation debt.
Water tower	263,643	To be used for maintenance on the Sanitary District's water tower.
	<u>1,011,010</u>	
Restricted Assets		
Depreciation fund	410,198	To be used for additions and betterments of the District's capital assets.
Bond construction	<u>1,135,834</u>	To be used for future construction projects.
	<u>1,546,032</u>	
Total Sanitary District No. 1	<u>2,557,042</u>	
Sanitary District No. 2		
Other Assets		
Depreciation fund	369,530	To be used for additions and betterments of the District's capital assets.
Service availability charges	593,140	To account for SAC fees collected to be used for future sewerage plant expansion.
General obligation debt retirement fund	481,055	To be used for subsequent year principal and interest payments on general obligation debt
	<u>1,443,725</u>	
Restricted Assets		
DNR replacement fund	205,442	To be used for the replacement of certain equipment of the District in accordance with the Wisconsin Department of Natural Resources requirements.
Bond construction	<u>304,696</u>	To be used for future construction projects
	<u>510,138</u>	
Total Sanitary District No. 2	<u>1,953,863</u>	
Total	<u>\$ 4,510,905</u>	

TOWN OF GRAND CHUTE, WISCONSIN

Notes to Basic Financial Statements

December 31, 2005

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 2,132,046	\$ 806,755	\$ -	\$ 2,938,801
Construction in progress	3,479,330	1,408,070	1,454,175	3,433,225
Total capital assets, not being depreciated	<u>5,611,376</u>	<u>2,214,825</u>	<u>1,454,175</u>	<u>6,372,026</u>
Capital assets, being depreciated:				
Land improvements	4,702,937	304,891	-	5,007,828
Buildings	8,750,484	(47,562)	-	8,702,922
Machinery and equipment	4,880,018	522,919	343,838	5,059,099
Infrastructure	51,398,681	2,917,649	-	54,316,330
Subtotals	<u>69,732,120</u>	<u>3,697,897</u>	<u>343,838</u>	<u>73,086,179</u>
Less accumulated depreciation for:				
Land improvements	603,624	184,619	-	788,243
Buildings	1,685,227	271,592	-	1,956,819
Machinery and equipment	2,404,121	248,381	343,838	2,308,664
Infrastructure	12,025,228	1,676,755	-	13,701,983
Subtotals	<u>16,718,200</u>	<u>2,381,347</u>	<u>343,838</u>	<u>18,755,709</u>
Total capital assets, being depreciated, net	<u>53,013,920</u>	<u>1,316,550</u>	<u>-</u>	<u>54,330,470</u>
Governmental activities capital assets, net	<u>\$ 58,625,296</u>	<u>\$ 3,531,375</u>	<u>\$ 1,454,175</u>	60,702,496
Less related long-term debt outstanding (net of available bond proceeds of \$5,526,570)				<u>25,401,760</u>
Investment in capital assets, net of related debt				<u>\$ 35,300,736</u>

TOWN OF GRAND CHUTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2005

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 52,459	\$ -	\$ -	\$ 52,459
Construction in progress	532,712	863,097	571,170	824,639
Total capital assets, not being depreciated	<u>585,171</u>	<u>863,097</u>	<u>571,170</u>	<u>877,098</u>
Capital assets, being depreciated:				
Buildings	168,702	-	-	168,702
Machinery and equipment	1,475,043	10,553	-	1,485,596
Infrastructure	34,238,848	3,012,630	105,450	37,146,028
Subtotals	<u>35,882,593</u>	<u>3,023,183</u>	<u>105,450</u>	<u>38,800,326</u>
Less accumulated depreciation	<u>7,980,943</u>	<u>748,671</u>	<u>105,450</u>	<u>8,624,164</u>
Total capital assets, being depreciated, net	<u>27,901,650</u>	<u>2,274,512</u>	<u>-</u>	<u>30,176,162</u>
Business-type activities capital assets, net	<u>\$ 28,486,821</u>	<u>\$ 3,137,609</u>	<u>\$ 571,170</u>	31,053,260
Less related long-term debt outstanding (net of available bond proceeds of \$1,440,530)				<u>5,062,537</u>
Investment in capital assets, net of related debt				<u>\$ 25,990,723</u>
Depreciation expense was charged to functions of the Town as follows:				
Governmental activities				
General government				\$ 307,121
Public safety				117,804
Public works				1,920,156
Culture, recreation and education				36,266
Total depreciation expense - governmental activities				<u>\$ 2,381,347</u>
Business-type activities				
Sanitary District No. 1				\$ 327,044
Allocated depreciation				14,547
Sanitary District No. 2				388,222
East Side Utility				18,858
Total depreciation expense - business-type activities				<u>\$ 748,671</u>

TOWN OF GRAND CHUTE, WISCONSIN

Notes to Basic Financial Statements

December 31, 2005

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

5. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the Town, as reported in the fund financial statements, as of December 31, 2005 are detailed below:

Receivable Fund	Payable Fund	Amount
General fund	Room tax special revenue fund	\$ 71,051
Less: Fund eliminations		(71,051)
Total Internal Balances - Government-wide Statement of Net Assets		<u>\$ -</u>

Fund Transferred To	Fund Transferred From	Amount
General fund	Special revenue funds	
	Sanitary district no. 3	\$ 54,905
	Room tax	281,354
Special revenue fund		
Special assessment	Capital projects	34,000
Debt service	Special revenue funds	
	Special assessment	1,274,700
	Sanitary district no. 3	1,058,900
	Park development	86,100
Capital projects	General fund	435,000
		<u>\$ 3,224,959</u>

The purpose of interfund transfers for the year ended December 31, 2005 is as follows:

	Amount
Town portion of room tax funds	\$ 281,354
Operating cost reimbursement	88,905
Retirement of long-term debt	2,419,700
Capital project funded by transfer from general fund	435,000
	<u>\$ 3,224,959</u>

TOWN OF GRAND CHUTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2005

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

6. Deferred Revenues

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

	Unavailable	Unearned	Total
Governmental Activities			
Subsequent year tax levy receivable			
General fund	\$ -	\$ 4,949,220	\$ 4,949,220
Debt service fund	-	2,366,300	2,366,300
Capital project fund	-	188,700	188,700
Special charges placed on 2005 tax roll			
General fund	-	640,675	640,675
Receipts received prior to meeting all eligibility requirements			
General fund	-	2,067	2,067
Special revenue fund			
Room tax	-	6,500	6,500
Special assessment receivable			
Special assessment fund	3,570,793	-	3,570,793
Subtotal	<u>3,570,793</u>	<u>8,153,462</u>	<u>11,724,255</u>
Business-type Activities			
Subsequent year tax levy receivable			
East Side Utility	-	27,000	27,000
Total	<u><u>\$ 3,570,793</u></u>	<u><u>\$ 8,180,462</u></u>	<u><u>\$ 11,751,255</u></u>

Special assessments are generally collectible on annual installments from one to five years while others have been deferred until the property is sold or placed into service.

7. Long-term Debt

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2005:

	Outstanding 1/1/05	Issued	Retired	Outstanding 12/31/05	Due Within One Year
Governmental activities:					
General Obligation Debt					
Notes	\$ 27,730,412	\$ 9,653,000	\$ 6,373,480	\$ 31,009,932	\$ 3,995,710
Loss on advance refunding	-	(84,897)	(3,295)	(81,602)	-
Compensated absences	460,249	19,050	-	479,299	-
Governmental activities					
Long-term obligations	<u>\$ 28,190,661</u>	<u>\$ 9,587,153</u>	<u>\$ 6,370,185</u>	<u>\$ 31,407,629</u>	<u>\$ 3,995,710</u>
Business-type activities:					
General Obligation Debt					
Notes	\$ 6,859,588	\$ 830,000	\$ 1,186,520	\$ 6,503,068	\$ 1,002,510
Revenue bonds	70,000	-	70,000	-	-
Compensated absences	83,062	-	2,293	80,767	-
Business-type activities					
Long-term obligations	<u>\$ 7,012,650</u>	<u>\$ 830,000</u>	<u>\$ 1,258,813</u>	<u>\$ 6,583,835</u>	<u>\$ 1,002,510</u>

Total interest paid during the year on long-term debt totaled \$1,217,998.

TOWN OF GRAND CHUTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2005

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Debt

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

General obligation debt service requirements are direct obligations and pledge the full faith and credit of the Town. General obligation debt outstanding on December 31, 2005 totaled \$37,513,000 and was comprised of the following issues:

Notes

\$4,825,000 issued 11/1/99; \$455,000 to \$1,090,000 due annually through 2009; interest 4.75% to 4.9%	\$ 2,455,000
\$6,795,000 issued 7/12/00; \$450,000 to \$2,700,000 due annually through 2010; interest 4.9% to 5.1%	1,455,000
\$7,890,000 issued 12/1/01; \$650,000 to \$1,960,000 due annually through 2011; interest 3.25% to 4.0%	5,290,000
\$6,115,000 issued 12/1/02; \$445,000 to \$940,000 due annually through 2012; interest 2.25% to 4.0%	3,815,000
\$7,350,000 issued 12/1/03; \$510,000 to \$1,055,000 due annually through 2013; interest 2.0% to 3.35%	5,235,000
\$9,555,000 issued 8/1/04; \$775,000 to \$1,135,000 due annually through 2014; interest 2.25% to 3.55%	8,780,000
\$9,750,000 issued 7/1/05; \$485,000 to \$1,250,000 due annually through 2015; interest 2.25% to 3.55%	9,750,000
\$733,000 issued 7/15/05; \$143,219 to \$155,149 due annually through 2010; interest 3.50%	<u>733,000</u>
 Total Outstanding General Obligation Debt	 <u><u>\$ 37,513,000</u></u>

Annual principal and interest maturities of the outstanding general obligation debt of \$37,513,000 on December 31, 2005 are detailed below:

Year Ended December 31	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 3,995,710	\$ 1,077,393	\$ 1,002,510	\$ 225,912	\$ 4,998,220	\$ 1,303,305
2007	3,738,960	938,301	845,977	193,640	4,584,937	1,131,941
2008	3,410,312	810,492	854,480	163,415	4,264,792	973,907
2009	4,165,365	687,909	759,538	135,060	4,924,903	822,969
2010	3,235,610	535,098	654,538	101,837	3,890,148	636,935
2011-2015	12,463,975	952,543	2,386,025	188,943	14,850,000	1,141,486
	<u>\$31,009,932</u>	<u>\$ 5,001,736</u>	<u>\$ 6,503,068</u>	<u>\$ 1,008,807</u>	<u>\$37,513,000</u>	<u>\$ 6,010,543</u>

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

TOWN OF GRAND CHUTE, WISCONSIN

Notes to Basic Financial Statements

December 31, 2005

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2005 was \$65,970,090 as follows:

Equalized valuation of the County		\$ 2,066,384,600	
Statutory limitation percentage		(x) 5%	
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		103,319,230	
Total outstanding general obligation debt applicable to debt limitation	\$ 37,513,000		
Less: Amounts available for financing general obligation debt			
Debt service fund	163,860		
Net outstanding general obligation debt applicable to debt limitation		37,349,140	
Legal Margin for New Debt		\$ 65,970,090	

8. Conduit Debt Obligations

In prior years, the Town has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Town, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying basic financial statements.

NOTE D - OTHER INFORMATION

1. Retirement Commitments

All eligible Town employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer public employee retirement system. All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.8% of their salary (2.8% for Executives and Elected Officials, 4.9% for Protective Occupations with Social Security, and 3.3% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for Town employees covered by the System for the year ended December 31, 2005 was \$3,834,379; the employer's total payroll was \$4,086,649. The total required contribution for the year ended December 31, 2005 was \$426,713, which consisted of \$239,979, or 6.3% of covered payroll from the employer and \$186,734, or 4.9% of covered payroll from employees. The required contribution for employees for the year ended December 31, 2005 was financed by the Town. Total contributions for the years ending December 31, 2004 and 2003 were \$415,442 and \$360,060 respectively, equal to the required contributions for each year.

TOWN OF GRAND CHUTE, WISCONSIN

Notes to Basic Financial Statements

December 31, 2005

NOTE D - OTHER INFORMATION (Continued)

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

The System also provides death and disability benefits for employees. Eligibility and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

2. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Town completes an annual review of its insurance coverage to ensure adequate coverage.

3. Contingencies

- a. Joint Venture - The Town's valuation and taxing power secures a portion of the outstanding long-term debt of the Grand Chute Menasha West Sewerage commission, a joint venture created by the Town and three other municipalities. As of December 31, 2005, the Town was potentially liable for approximately \$4.2 million, or 60% of the Commission's outstanding long-term debt. The Town would be liable in the unlikely event that the Commission defaulted on the debt.
- b. From time to time, the Town is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the Town Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Town's financial position or results of operations.
- c. The Commission has identified the following items as potential liabilities not recorded on the financial statements:

The Town contracts with Grand Chute Menasha - West Sewage Commission to treat sewage.

The U.S. Fish & Wildlife Service and the Wisconsin Department of Natural Resources are in the process of preparing Natural Resource Damage Assessments to determine the level of damages to the Lower Fox River and Green Bay natural resources resulting from PCB contamination, and the Wisconsin Department of Natural Resources is in the process of preparing a plan for the cleanup of PCB contaminated sediments in the Lower Fox River. Although none of the state or federal agencies has designated the Commission as a responsible party with respect to the natural resource damages or PCB cleanup costs, the seven Fox River Valley paper mills that have been designated as responsible parties have the ability to seek contribution toward such damages and costs from the POTWs (Publicly Owned Treatment Works) on the Lower Fox River, including the Commission. The currently available information indicates that the Commission bears virtually no responsibility for the discharge of PCB's into the Lower Fox River. Therefore, the Commission has a de minimis exposure in the above matters.