# BASIC FINANCIAL STATEMENTS

**TOWN OF GRAND CHUTE, WISCONSIN**
Statement of Net Assets
December 31, 2007

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| ASSETS | | | |
| Cash and investments | $ 17,969,596 | $ 9,138,913 | $ 27,108,509 |
| Receivables | | | |
| Taxes | 6,524,357 | - | 6,524,357 |
| Special assessments | 3,457,587 | 2,698,144 | 6,155,731 |
| Accounts | 1,157,153 | 1,362,288 | 2,519,441 |
| Interest | 38,275 | - | 38,275 |
| Receivable from fiduciary fund | - | 494,631 | 494,631 |
| Inventories and prepaid items | 165,639 | 27,795 | 193,434 |
| Deferred charges | 117,117 | 83,309 | 200,426 |
| Restricted assets | | | |
| Cash and investments | - | 2,196,968 | 2,196,968 |
| Capital assets, nondepreciable | | | |
| Land | 2,998,375 | 58,559 | 3,056,934 |
| Construction in progress | 529,882 | 252,471 | 782,353 |
| Capital assets, depreciable | | | |
| Land improvements | 6,075,831 | - | 6,075,831 |
| Buildings | 8,702,922 | 177,432 | 8,880,354 |
| Machinery and equipment | 5,216,820 | 1,694,609 | 6,911,429 |
| Infrastructure | 62,892,064 | 41,839,898 | 104,731,962 |
| Less: Accumulated depreciation | (23,395,403) | (10,035,464) | (33,430,867) |
| TOTAL ASSETS | 92,450,215 | 49,989,553 | 142,439,768 |
| LIABILITIES | | | |
| Accounts payable | 1,176,068 | 259,220 | 1,435,288 |
| Accrued and other current liabilities | 140,682 | 17,513 | 158,195 |
| Accrued interest payable | 257,860 | 64,074 | 321,934 |
| Due to other governments | 12,162 | 586,332 | 598,494 |
| Unearned revenues | 8,790,900 | 18,400 | 8,809,300 |
| Long-term obligations | | | |
| Due within one year | 3,655,312 | 1,024,480 | 4,679,792 |
| Due in more than one year | 22,278,335 | 5,243,121 | 27,521,456 |
| TOTAL LIABILITIES | 36,311,319 | 7,213,140 | 43,524,459 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 40,241,146 | 27,905,339 | 68,146,485 |
| Restricted for | | | |
| Debt service | 144,301 | - | 144,301 |
| Unrestricted | 15,753,449 | 14,871,074 | 30,624,523 |
| TOTAL NET ASSETS | $ 56,138,896 | $ 42,776,413 | $ 98,915,309 |

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, 2007

| Functions/Programs | Expenses | Program Revenues | | |
|---|---|---|---|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities | | | | |
| General government | $ 2,076,291 | $ 297,217 | $ 4,930 | $ - |
| Public safety | 5,533,907 | 526,396 | 243,093 | - |
| Public works | 4,321,735 | 2,008,162 | 1,404,347 | 2,899,253 |
| Health and human services | 15,361 | 950 | - | - |
| Culture and recreation | 178,257 | 32,264 | 900 | - |
| Conservation and development | 924,639 | 127,460 | 1,832 | - |
| Interest on debt | 1,022,246 | - | - | - |
| Total Governmental Activities | 14,072,436 | 2,992,449 | 1,655,102 | 2,899,253 |
| Business-type Activities | | | | |
| Water utility | 4,484,651 | 3,810,820 | - | 570,801 |
| Sewer utility | 2,377,004 | 2,701,745 | - | 967,864 |
| Total Business-type Activities | 6,861,655 | 6,512,565 | - | 1,538,665 |
| Total | $ 20,934,091 | $ 9,505,014 | $ 1,655,102 | $ 4,437,918 |

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
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 |
| $ (1,774,144) | $ - | $ (1,774,144) |
| (4,764,418) | - | (4,764,418) |
| 1,990,027 | - | 1,990,027 |
| (14,411) | - | (14,411) |
| (145,093) | - | (145,093) |
| (795,347) | - | (795,347) |
| (1,022,246) | - | (1,022,246) |
| (6,525,632) | - | (6,525,632) |
| - | (103,030) | (103,030) |
| - | 1,292,605 | 1,292,605 |
| - | 1,189,575 | 1,189,575 |
| (6,525,632) | 1,189,575 | (5,336,057) |
| 5,052,000 | 199,168 | 5,251,168 |
| 2,852,600 | - | 2,852,600 |
| 984,018 | - | 984,018 |
| 473,872 | 5,985 | 479,857 |
| 1,024,922 | 639,081 | 1,664,003 |
| 437,916 | - | 437,916 |
| 10,825,328 | 844,234 | 11,669,562 |
| 4,299,696 | 2,033,809 | 6,333,505 |
| 51,839,200 | 40,742,604 | 92,581,804 |
| $ 56,138,896 | $ 42,776,413 | $ 98,915,309 |

**TOWN OF GRAND CHUTE, WISCONSIN**
Balance Sheet
Governmental Funds
December 31, 2007

| | General | Special Assessment | Sanitary District No. 3 | Debt Service |
|---|---|---|---|---|
| ASSETS | | | | |
| Cash and investments | $ 5,652,401 | $ 5,887,167 | $ 2,571,576 | $ 1,030,828 |
| Receivables | | | | |
| Taxes | 3,921,393 | 749,239 | 1,642 | 1,641,073 |
| Special assessments | - | 3,457,587 | - | - |
| Accounts | 374,697 | - | 542,545 | - |
| Interest | 38,275 | - | - | - |
| Due from other funds | 76,230 | - | - | - |
| Inventories and prepaid items | 165,639 | - | - | - |
| TOTAL ASSETS | $ 10,228,635 | $ 10,093,993 | $ 3,115,763 | $ 2,671,901 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | $ 498,899 | $ 186 | $ 12,047 | $ - |
| Accrued and other current liabilities | 140,063 | - | 619 | - |
| Due to other funds | - | - | - | - |
| Due to other governments | 12,162 | - | - | - |
| Deferred revenues | 5,929,900 | 4,613,473 | - | 2,527,600 |
| Total Liabilities | 6,581,024 | 4,613,659 | 12,666 | 2,527,600 |
| Fund Balances | | | | |
| Reserved for | | | | |
| Inventories and prepaid items | 165,639 | - | - | - |
| Debt service | - | - | - | 144,301 |
| Unreserved | | | | |
| Designated for | | | | |
| Subsequent year's expenditures | 652,000 | - | - | - |
| Equipment replacement | 911,400 | - | - | - |
| Undesignated, reported in | | | | |
| General fund | 1,918,572 | - | - | - |
| Special revenue funds | - | 5,480,334 | 3,103,097 | - |
| Capital projects funds | | - | - | - |
| Total Fund Balances | 3,647,611 | 5,480,334 | 3,103,097 | 144,301 |
| TOTAL LIABILITIES AND FUND BALANCES | $ 10,228,635 | $ 10,093,993 | $ 3,115,763 | $ 2,671,901 |

(Continued)

| Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|---|---|
| $ 2,794,909 | $ 32,715 | $ 17,969,596 |
| 211,010 | - | 6,524,357 |
| - | - | 3,457,587 |
| - | 239,911 | 1,157,153 |
| - | - | 38,275 |
| - | - | 76,230 |
| - | - | 165,639 |
| $ 3,005,919 | $ 272,626 | $ 29,388,837 |

| | | |
|---|---|---|
| $ 491,132 | $ 173,804 | $ 1,176,068 |
| - | - | 140,682 |
| - | 76,230 | 76,230 |
| - | - | 12,162 |
| 325,000 | 6,500 | 13,402,473 |
| 816,132 | 256,534 | 14,807,615 |
| - | - | 165,639 |
| - | - | 144,301 |
| - | - | 652,000 |
| - | - | 911,400 |
| - | - | 1,918,572 |
| - | 16,092 | 8,599,523 |
| 2,189,787 | - | 2,189,787 |
| 2,189,787 | 16,092 | 14,581,222 |
| $ 3,005,919 | $ 272,626 | $ 29,388,837 |

**TOWN OF GRAND CHUTE, WISCONSIN**
Balance Sheet (Continued)
Governmental Funds
December 31, 2007

Reconciliation to the Statement of Net Assets

| | | |
|---|---|---|
| Total Fund Balances as shown on previous page | | $ 14,581,222 |
| 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. | | 63,020,491 |
| Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds. | | |
| Special assessments | | 4,611,573 |
| Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Bonds and notes payable | $(25,460,264) | |
| Loss on advance refunding | 63,674 | |
| Compensated absences | (537,057) | |
| Deferred charges - bond issues | 117,117 | |
| Accrued interest on long-term obligations | (257,860) | (26,074,390) |
| Net Assets of Governmental Activities as Reported on the Statement of Net Assets (see page 3) | | $ 56,138,896 |

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, 2007

| | General | Special Assessment | Sanitary District No. 3 | Debt Service |
|---|---|---|---|---|
| Revenues | | | | |
| Taxes | $ 5,062,585 | $ - | $ - | $ 2,527,600 |
| Special assessments | 91,557 | 1,837,288 | - | - |
| Intergovernmental | 2,106,418 | - | 14,700 | - |
| Licenses and permits | 594,036 | - | - | - |
| Fines and forfeitures | 297,932 | - | - | - |
| Public charges for services | 581,571 | - | 1,289,778 | - |
| Intergovernmental charges for services | 202,557 | - | - | - |
| Miscellaneous | 575,826 | 405,741 | 180,806 | 134,184 |
| Total Revenues | 9,512,482 | 2,243,029 | 1,485,284 | 2,661,784 |
| Expenditures | | | | |
| Current | | | | |
| General government | 1,376,667 | - | - | - |
| Public safety | 5,396,842 | - | - | - |
| Public works | 2,630,680 | - | 161,700 | - |
| Health and human services | 15,361 | - | - | - |
| Culture and recreation | 146,170 | - | - | - |
| Conservation and development | 226,545 | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | 4,083,960 |
| Interest and fiscal charges | - | - | - | 1,030,892 |
| Capital outlay | - | - | 596,472 | - |
| Total Expenditures | 9,792,265 | - | 758,172 | 5,114,852 |
| Excess of Revenues Over (Under) Expenditures | (279,783) | 2,243,029 | 727,112 | (2,453,068) |
| Other Financing Sources (Uses) | | | | |
| Sale of capital assets | 15,981 | - | - | - |
| Transfers in | 345,095 | - | - | 2,462,024 |
| Transfers out | - | (1,030,100) | (1,450,520) | - |
| Total Other Financing Sources (Uses) | 361,076 | (1,030,100) | (1,450,520) | 2,462,024 |
| Net Change in Fund Balances | 81,293 | 1,212,929 | (723,408) | 8,956 |
| Fund Balances - January 1 | 3,566,318 | 4,267,405 | 3,826,505 | 135,345 |
| Fund Balances - December 31 | $ 3,647,611 | $ 5,480,334 | $ 3,103,097 | $ 144,301 |

(Continued)

| Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|---|---|
| $ 325,000 | $ 973,433 | $ 8,888,618 |
| - | - | 1,928,845 |
| 2,206 | - | 2,123,324 |
| - | - | 594,036 |
| - | - | 297,932 |
| - | 26,165 | 1,897,514 |
| - | - | 202,557 |
| 177,356 | 656 | 1,474,569 |
| 504,562 | 1,000,254 | 17,407,395 |
| | | |
| - | - | 1,376,667 |
| - | - | 5,396,842 |
| - | - | 2,792,380 |
| - | - | 15,361 |
| - | - | 146,170 |
| - | 695,954 | 922,499 |
| | | |
| - | - | 4,083,960 |
| - | - | 1,030,892 |
| 2,418,331 | - | 3,014,803 |
| 2,418,331 | 695,954 | 18,779,574 |
| | | |
| (1,913,769) | 304,300 | (1,372,179) |
| | | |
| - | - | 15,981 |
| - | - | 2,807,119 |
| - | (326,499) | (2,807,119) |
| - | (326,499) | 15,981 |
| | | |
| (1,913,769) | (22,199) | (1,356,198) |
| | | |
| 4,103,556 | 38,291 | 15,937,420 |
| | | |
| $ 2,189,787 | $ 16,092 | $ 14,581,222 |

**TOWN OF GRAND CHUTE, WISCONSIN**
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2007

Reconciliation to the Statement of Activities

| | | |
|---|---|---|
| Net Change in Fund Balances as shown on previous page | | $ (1,356,198) |
| 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. | | |
| Capital assets reported as capital outlay in governmental fund statements | $ 3,180,491 | |
| Donated capital assets | 303,489 | |
| Depreciation expense reported in the statement of activities | (2,448,176) | |
| Amount by which capital outlays are greater than depreciation in current period | | 1,035,804 |
| In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities only the gain (or loss) on the disposal is reported. | | |
| Proceeds from the disposition of capital assets as reported on the governmental funds operating statement | $ (15,981) | |
| Loss on disposition reported on the statement of activities | 784 | |
| Book value of capital assets disposed of | | (16,765) |
| 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: | | (77,268) |
| 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. | | 662,032 |
| 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: | | |
| The Town advance refunded a portion of its general obligation note depositing note proceeds in escrow until the notes can be called. The amount deposited with an escrow agent exceeded the notes refunded by: | | |
| Current year maturities | | 4,083,960 |
| 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. | | 17,135 |
| In prior years, the Town advance refunded long-term debt. The loss on the advance refunding is not recorded in the governmental funds. In the statement of activities, the loss is amortized over the life of the refunding debt issue. | | (8,489) |
| 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. | | (40,515) |
| Change in Net Assets of Governmental Activities as Reported in the Statement of Activities (see pages 4 - 5) | | $ 4,299,696 |

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, 2007

| | Budgeted Amounts | | Actual Amounts | Variance Final Budget - Positive (Negative) |
|---|---|---|---|---|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | $ 5,063,500 | $ 5,063,500 | $ 5,062,585 | $ (915) |
| Special assessments | 80,500 | 80,500 | 91,557 | 11,057 |
| Intergovernmental | 1,911,300 | 2,103,900 | 2,106,418 | 2,518 |
| Licenses and permits | 703,100 | 703,100 | 594,036 | (109,064) |
| Fines and forfeitures | 300,500 | 300,500 | 297,932 | (2,568) |
| Public charges for services | 621,600 | 621,600 | 581,571 | (40,029) |
| Intergovernmental charges for services | 222,300 | 222,300 | 202,557 | (19,743) |
| Miscellaneous | 499,100 | 499,100 | 575,826 | 76,726 |
| Total Revenues | 9,401,900 | 9,594,500 | 9,512,482 | (82,018) |
| Expenditures | | | | |
| Current | | | | |
| General government | 1,466,700 | 1,466,700 | 1,376,667 | 90,033 |
| Public safety | 5,244,200 | 5,436,800 | 5,396,842 | 39,958 |
| Public works | 2,714,000 | 2,714,000 | 2,630,680 | 83,320 |
| Health and human services | 2,200 | 2,200 | 15,361 | (13,161) |
| Culture and recreation | 155,900 | 155,900 | 146,170 | 9,730 |
| Conservation and development | 234,700 | 234,700 | 226,545 | 8,155 |
| Total Expenditures | 9,817,700 | 10,010,300 | 9,792,265 | 218,035 |
| Excess of Revenues Over (Under) Expenditures | (415,800) | (415,800) | (279,783) | 136,017 |
| Other Financing Sources (Uses) | | | | |
| Sale of capital assets | 6,000 | 6,000 | 15,981 | 9,981 |
| Transfers in | 237,000 | 237,000 | 503,046 | 266,046 |
| Transfers out | - | - | (157,951) | (157,951) |
| Total Other Financing Sources (Uses) | 243,000 | 243,000 | 361,076 | 118,076 |
| Net Change in Fund Balance | (172,800) | (172,800) | 81,293 | 254,093 |
| Fund Balance - January 1 | 3,566,318 | 3,566,318 | 3,566,318 | - |
| Fund Balance - December 31 | $ 3,393,518 | $ 3,393,518 | $ 3,647,611 | $ 254,093 |

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, 2007

| | Budgeted Amounts | | Actual Amounts | Variance Final Budget - Positive (Negative) |
|---|---|---|---|---|
| | Original | Final | | |
| Revenues | | | | |
| Special assessments | $ 850,000 | $ 850,000 | $ 1,837,288 | $ 987,288 |
| Miscellaneous | 262,900 | 262,900 | 405,741 | 142,841 |
| Total Revenues | 1,112,900 | 1,112,900 | 2,243,029 | 1,130,129 |
| Expenditures | | | | |
| Capital outlay | - | - | - | - |
| Excess of Revenues Over Expenditures | 1,112,900 | 1,112,900 | 2,243,029 | 1,130,129 |
| Other Financing Uses | | | | |
| Transfers out | (1,030,100) | (1,030,100) | (1,030,100) | - |
| Net Change in Fund Balance | 82,800 | 82,800 | 1,212,929 | 1,130,129 |
| Fund Balance - January 1 | 4,267,405 | 4,267,405 | 4,267,405 | - |
| Fund Balance - December 31 | $ 4,350,205 | $ 4,350,205 | $ 5,480,334 | $ 1,130,129 |

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, 2007

| | Budgeted Amounts | | Actual Amounts | Variance Final Budget - Positive (Negative) |
|---|---|---|---|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | $ 310,500 | $ 310,500 | $ 14,700 | $ (295,800) |
| Public charges for services | 1,308,000 | 1,308,000 | 1,289,778 | (18,222) |
| Miscellaneous | 125,000 | 125,000 | 180,806 | 55,806 |
| Total Revenues | 1,743,500 | 1,743,500 | 1,485,284 | (258,216) |
| Expenditures | | | | |
| Current | | | | |
| Public works | 204,000 | 204,000 | 161,700 | 42,300 |
| Debt service | | | | |
| Interest and fiscal charges | 9,000 | 9,000 | - | 9,000 |
| Capital outlay | 1,450,000 | 1,450,000 | 596,472 | 853,528 |
| Total Expenditures | 1,663,000 | 1,663,000 | 758,172 | 904,828 |
| Excess of Revenues Over Expenditures | 80,500 | 80,500 | 727,112 | 646,612 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 15,000 | 15,000 | - | (15,000) |
| Transfers out | (1,393,200) | (1,393,200) | (1,450,520) | (57,320) |
| Total Other Financing Sources (Uses) | (1,378,200) | (1,378,200) | (1,450,520) | (72,320) |
| Net Change in Fund Balance | (1,297,700) | (1,297,700) | (723,408) | 574,292 |
| Fund Balance - January 1 | 3,826,505 | 3,826,505 | 3,826,505 | - |
| Fund Balance - December 31 | $ 2,528,805 | $ 2,528,805 | $ 3,103,097 | $ 574,292 |

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, 2007

| | Sanitary District No. 1 | Sanitary District No. 2 | East Side Utility | Total Enterprise Funds |
|---|---|---|---|---|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and investments | $ 1,118,315 | $ 7,859,722 | $ 160,876 | $ 9,138,913 |
| Receivables | | | | |
| Accounts | 880,762 | 475,720 | 1,059 | 1,357,541 |
| Receivable from fiduciary fund | 303,600 | 172,631 | 23,147 | 499,378 |
| Inventories and prepaid expenses | 24,833 | 2,962 | - | 27,795 |
| Total Current Assets | 2,327,510 | 8,511,035 | 185,082 | 11,023,627 |
| Noncurrent assets | | | | |
| Receivables | | | | |
| Special assessments | 891,310 | 1,806,834 | - | 2,698,144 |
| Restricted assets | | | | |
| Cash and investments | 781,038 | 1,415,930 | - | 2,196,968 |
| Deferred charges | 75,621 | 7,688 | - | 83,309 |
| Capital assets, nondepreciable | | | | |
| Land | 52,459 | 6,100 | - | 58,559 |
| Construction in progress | 21,214 | 231,257 | - | 252,471 |
| Capital assets, depreciable | | | | |
| Buildings | 177,432 | - | - | 177,432 |
| Machinery and equipment | 965,474 | 724,213 | 4,922 | 1,694,609 |
| Infrastructure | 21,757,103 | 18,988,101 | 1,094,694 | 41,839,898 |
| Less: Accumulated depreciation | (4,575,395) | (5,150,758) | (309,311) | (10,035,464) |
| Total Capital Assets, Net of Accumulated Depreciation | 18,398,287 | 14,798,913 | 790,305 | 33,987,505 |
| Total Noncurrent Assets | 20,146,256 | 18,029,365 | 790,305 | 38,965,926 |
| TOTAL ASSETS | 22,473,766 | 26,540,400 | 975,387 | 49,989,553 |

(Continued)

**TOWN OF GRAND CHUTE, WISCONSIN**
Statement of Net Assets (Continued)
Proprietary Funds
December 31, 2007

| | Sanitary District No. 1 | Sanitary District No. 2 | East Side Utility | Total Enterprise Funds |
|---|---|---|---|---|
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Accounts payable | $ 132,936 | $ 124,675 | $ 1,609 | $ 259,220 |
| Accrued and other current liabilities | 10,575 | 6,938 | - | 17,513 |
| Accrued interest | 44,906 | 19,168 | - | 64,074 |
| Due to other governments | 586,332 | - | - | 586,332 |
| Deferred revenue | - | - | 18,400 | 18,400 |
| Current portion of general obligation debt | 600,951 | 423,529 | - | 1,024,480 |
| Total Current Liabilities | 1,375,700 | 574,310 | 20,009 | 1,970,019 |
| Noncurrent liabilities | | | | |
| General obligation debt | 3,106,675 | 2,038,426 | - | 5,145,101 |
| Compensated absences | 49,010 | 49,010 | - | 98,020 |
| Total Noncurrent Liabilities | 3,155,685 | 2,087,436 | - | 5,243,121 |
| TOTAL LIABILITIES | 4,531,385 | 2,661,746 | 20,009 | 7,213,140 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 14,690,661 | 12,424,373 | 790,305 | 27,905,339 |
| Unrestricted | 3,251,720 | 11,454,281 | 165,073 | 14,871,074 |
| TOTAL NET ASSETS | $ 17,942,381 | $ 23,878,654 | $ 955,378 | $ 42,776,413 |

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 Net Assets
Proprietary Funds
For the Year Ended December 31, 2007

| | Sanitary District No. 1 | Sanitary District No. 2 | East Side Utility | Total |
|---|---|---|---|---|
| Operating Revenues | | | | |
| Charges for services | $ 3,682,661 | $ 2,507,525 | $ 23,765 | $ 6,213,951 |
| Other | 128,159 | 170,269 | 186 | 298,614 |
| Total Operating Revenues | 3,810,820 | 2,677,794 | 23,951 | 6,512,565 |
| Operating Expenses | | | | |
| Operations and maintenance | 3,920,772 | 1,789,196 | 18,000 | 5,727,968 |
| Depreciation | 393,119 | 428,001 | 19,050 | 840,170 |
| Taxes | 23,971 | 14,145 | - | 38,116 |
| Total Operating Expenses | 4,337,862 | 2,231,342 | 37,050 | 6,606,254 |
| Operating Income (Loss) | (527,042) | 446,452 | (13,099) | (93,689) |
| Nonoperating Revenues (Expenses) | | | | |
| Property taxes | 175,166 | - | 24,002 | 199,168 |
| Intergovernmental | 5,985 | - | - | 5,985 |
| Interest income | 156,813 | 474,251 | 8,017 | 639,081 |
| Interest expense | (144,510) | (106,052) | - | (250,562) |
| Amortization of debt discount | (2,279) | (2,560) | - | (4,839) |
| Total Nonoperating Revenues (Expenses) | 191,175 | 365,639 | 32,019 | 588,833 |
| Income (Loss) Before Contributions | (335,867) | 812,091 | 18,920 | 495,144 |
| Capital contributions | 570,801 | 967,864 | - | 1,538,665 |
| Change in Net Assets | 234,934 | 1,779,955 | 18,920 | 2,033,809 |
| Net Assets - January 1 | 17,707,447 | 22,098,699 | 936,458 | 40,742,604 |
| Net Assets - December 31 | $ 17,942,381 | $ 23,878,654 | $ 955,378 | $ 42,776,413 |

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, 2007

| | Sanitary District No. 1 | Sanitary District No. 2 | East Side Utility | Total |
|---|---|---|---|---|
| Cash Flows from Operating Activities | | | | |
| Cash received from customers | $ 3,580,361 | $ 2,859,179 | $ 29,425 | $ 6,468,965 |
| Cash payments to employees | (349,958) | (311,948) | (2,688) | (664,594) |
| Cash payments to suppliers | (3,542,829) | (1,834,970) | (16,256) | (5,394,055) |
| Net Cash Provided (Used) by Operating Activities | (312,426) | 712,261 | 10,481 | 410,316 |
| Cash Flows from Noncapital Financing Activities | | | | |
| Changes in assets and liabilities | | | | |
| Due from other funds | 20,009 | (14,832) | 1,853 | 7,030 |
| Deferred property tax revenue | - | - | (5,602) | (5,602) |
| Property taxes | 175,166 | - | 24,002 | 199,168 |
| Operating grants | 5,985 | - | - | 5,985 |
| Net Cash Provided (Used) by Noncapital Financing Activities | 201,160 | (14,832) | 20,253 | 206,581 |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Acquisition of capital assets | (775,416) | (513,364) | (1,922) | (1,290,702) |
| Capital contributions | 197,066 | 211,211 | - | 408,277 |
| Principal payments on long-term debt | (593,923) | (422,053) | - | (1,015,976) |
| Interest payments on long-term debt | (150,120) | (105,186) | - | (255,306) |
| Net Cash Used by Capital and Related Financing Activities | (1,322,393) | (829,392) | (1,922) | (2,153,707) |
| Cash Flows Provided by Investing Activities | | | | |
| Interest from investments | 170,407 | 498,271 | 8,017 | 676,695 |
| Change in Cash and Cash Equivalents | (1,263,252) | 366,308 | 36,829 | (860,115) |
| Cash and Cash Equivalents - January 1 | 3,162,605 | 8,909,344 | 124,047 | 12,195,996 |
| Cash and Cash Equivalents - December 31 | $ 1,899,353 | $ 9,275,652 | $ 160,876 | $ 11,335,881 |

(Continued)

**TOWN OF GRAND CHUTE, WISCONSIN**
Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended December 31, 2007

| | 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 | | | | |
| Operating income (loss) | $ (527,042) | $ 446,452 | $ (13,099) | $ (93,689) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities | | | | |
| Depreciation | 393,119 | 428,001 | 19,050 | 840,170 |
| Depreciation reimbursement for meters | 38,533 | (38,533) | - | - |
| Depreciation charged to other accounts | 9,497 | - | - | 9,497 |
| Changes in assets and liabilities | | | | |
| Accounts receivable | (230,459) | 181,385 | 5,474 | (43,600) |
| Inventories | (5,297) | (2,962) | - | (8,259) |
| Accounts payable | (109,126) | (308,261) | (944) | (418,331) |
| Accrued liabilities | 5,942 | 3,222 | - | 9,164 |
| Due to other governmental units | 109,450 | - | - | 109,450 |
| Compensated absences | 2,957 | 2,957 | - | 5,914 |
| Net Cash Provided (Used) by Operating Activities | $ (312,426) | $ 712,261 | $ 10,481 | $ 410,316 |
| Noncash Investing, Capital and Financing Activities | | | | |
| Capital asset contributions | $ 371,418 | $ 295,701 | $ - | $ 667,119 |
| Reconciliation of Cash and Cash Equivalents to Statement of Net Assets | | | | |
| Cash and investments | $ 1,118,315 | $ 7,859,722 | $ 160,876 | $ 9,138,913 |
| Restricted assets | 781,038 | 1,415,930 | - | 2,196,968 |
| | $ 1,899,353 | $ 9,275,652 | $ 160,876 | $ 11,335,881 |

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, 2007

| | Tax Collection | Developer Deposits | Total Agency Funds |
|---|---|---|---|
| ASSETS | | | |
| Cash and investments | $ 13,421,737 | $ 11,077 | $ 13,432,814 |
| Receivables | | | |
| Taxes | 38,911,930 | - | 38,911,930 |
| TOTAL ASSETS | $ 52,333,667 | $ 11,077 | $ 52,344,744 |
| LIABILITIES | | | |
| Accounts payable | $ - | $ 11,077 | $ 11,077 |
| Payable to primary government | 17,851,048 | - | 17,851,048 |
| Due to other governments | 34,482,619 | - | 34,482,619 |
| TOTAL LIABILITIES | $ 52,333,667 | $ 11,077 | $ 52,344,744 |

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

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the 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 are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

   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*.

## 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*.

## 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.

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

## 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:

| | Governmental Activities | Business-Type Activities |
|---|---|---|
| | Years | |
| Assets | | |
| 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.

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

j. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

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

- Restricted net assets - Amount of net assets that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

- Unrestricted net assets - Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

k. 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

Budgets and Budgetary Accounting
The Town follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. 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.

2. 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.

3. During the year, formal budgetary integration is employed as a management control device for the governmental funds.

## NOTE B - STEWARDSHIP AND COMPLIANCE (Continued)

4. 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.

5. 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, 2007.

## 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 $42,738,291 on December 31, 2007 as summarized below:

| | |
|---|---|
| Petty cash funds | $ 1,975 |
| Deposits with financial institutions | 23,735,146 |
| Investments | 19,001,170 |
| | $ 42,738,291 |

| | |
|---|---|
| Reconciliation to the basic financial statements: | |
| Basic financial statements | |
| Cash and investments | $ 27,108,509 |
| Restricted cash and investments | 2,196,968 |
| Fiduciary funds | |
| Agency funds | 13,432,814 |
| | $ 42,738,291 |

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.

## 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, 2007, $15,623,613 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 | $ 593,878 | $ 593,878 | $ - | $ - | $ - |
| Federal agency securities | 6,564,660 | 6,564,660 | - | - | - |
| Corporate notes | 1,942,573 | - | 1,726,619 | 215,954 | - |
| Money market mutual funds | 1,183,819 | - | - | - | 1,183,819 |
| Wisconsin local government investment pool | 8,716,240 | - | - | - | 8,716,240 |
| Totals | $ 19,001,170 | $ 7,158,538 | $ 1,726,619 | $ 215,954 | $ 9,900,059 |

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 | $ 5,507,359 | 29% |
| Federal National Mortgage Association | Federal Agency Securities | $ 1,057,301 | 6% |

## 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:

| | | Remaining Maturity (in Months) | | | |
|---|---|---|---|---|---|
| Investment Type | Amount | 12 Months or Less | 13 to 24 Months | 25 to 60 Months | More Than 60 Months |
| U.S. Treasury notes | $ 593,878 | $ - | $ 462,589 | $ 131,289 | $ - |
| Federal agency securities | 6,564,660 | 1,006,950 | 4,820,308 | 737,402 | - |
| Corporate notes | 1,942,573 | - | 155,963 | 1,786,610 | |
| Money market mutual funds | 1,183,819 | 1,183,819 | - | - | - |
| Wisconsin local government investment pool | 8,716,240 | 8,716,240 | - | - | - |
| Totals | $ 19,001,170 | $ 10,907,009 | $ 5,438,860 | $ 2,655,301 | $ - |

Investment in Wisconsin Local Government Investment Pool

The Town has investments in the Wisconsin local government investment pool of $4,432,383 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, 2007, 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.

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

3. Restricted and Other Assets

Restricted and other assets on December 31, 2007 totaled $4,931,260 and consisted of cash and investments held for the following purposes:

| Funds | Amount | Purpose |
|---|---|---|
| Sanitary District No. 1 | | |
| Other Assets | | |
| General obligation debt | | |
| Water tower | $ 327,040 | To be used for maintenance on the Sanitary District's water tower. |
| Restricted Assets | | |
| Depreciation fund | 453,998 | To be used for additions and betterments of the District's capital assets. |
| Total Sanitary District No. 1 | 781,038 | |
| Sanitary District No. 2 | | |
| Other Assets | | |
| Depreciation fund | 409,704 | To be used for additions and betterments of the District's capital assets. |
| Service availability charges | 681,562 | To account for SAC fees collected to be used for future sewerage plant expansion. |
| | 1,091,266 | |
| Restricted Assets | | |
| DNR replacement fund | 237,249 | To be used for the replacement of certain equipment of the District in accordance with the Wisconsin Department of Natural Resources requirements. |
| Bond construction | 87,415 | To be used for future construction projects |
| | 324,664 | |
| Total Sanitary District No. 2 | 1,415,930 | |
| Total | $ 2,196,968 | |

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

4. Capital Assets

Capital asset activity for the year ended December 31, 2007 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 2,968,453 | $ 29,922 | $ - | $ 2,998,375 |
| Construction in progress | 485,621 | 586,425 | 542,164 | 529,882 |
| Total capital assets, not being depreciated | 3,454,074 | 616,347 | 542,164 | 3,528,257 |
| Capital assets, being depreciated: | | | | |
| Land improvements | 5,760,912 | 314,919 | - | 6,075,831 |
| Buildings | 8,702,922 | - | - | 8,702,922 |
| Machinery and equipment | 5,037,523 | 278,979 | 99,682 | 5,216,820 |
| Infrastructure | 60,076,165 | 2,815,899 | - | 62,892,064 |
| Subtotals | 79,577,522 | 3,409,797 | 99,682 | 82,887,637 |
| Less accumulated depreciation for: | | | | |
| Land improvements | 901,542 | 113,299 | - | 1,014,841 |
| Buildings | 2,232,216 | 275,397 | - | 2,507,613 |
| Machinery and equipment | 2,399,727 | 216,416 | 82,917 | 2,533,226 |
| Infrastructure | 15,496,659 | 1,843,064 | - | 17,339,723 |
| Subtotals | 21,030,144 | 2,448,176 | 82,917 | 23,395,403 |
| Total capital assets, being depreciated, net | 58,547,378 | 961,621 | 16,765 | 59,492,234 |
| Governmental activities capital assets, net | $ 62,001,452 | $ 1,577,968 | $ 558,929 | 63,020,491 |
| Less related long-term debt outstanding (net of available bond proceeds of $2,680,919) | | | | 22,779,345 |
| Invested in capital assets, net of related debt | | | | $ 40,241,146 |

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| **Business-type activities:** | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 58,559 | $ - | $ - | $ 58,559 |
| Construction in progress | 518,196 | 1,284,428 | 1,550,153 | 252,471 |
| Total capital assets, not being depreciated | 576,755 | 1,284,428 | 1,550,153 | 311,030 |
| Capital assets, being depreciated: | | | | |
| Buildings | 177,432 | - | - | 177,432 |
| Machinery and equipment | 1,661,731 | 46,255 | 13,377 | 1,694,609 |
| Infrastructure | 39,751,595 | 2,171,103 | 82,800 | 41,839,898 |
| Subtotals | 41,590,758 | 2,217,358 | 96,177 | 43,711,939 |
| Less accumulated depreciation | 9,288,163 | 849,667 | 102,366 | 10,035,464 |
| Total capital assets, being depreciated, net | 32,302,595 | 1,367,691 | (6,189) | 33,676,475 |
| Business-type activities capital assets, net | $ 32,879,350 | $ 2,652,119 | $ 1,543,964 | 33,987,505 |
| Less related long-term debt outstanding (net of available bond proceeds of $87,415) | | | | 6,082,166 |
| Invested in capital assets, net of related debt | | | | $ 27,905,339 |

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

| | |
|---|---|
| Governmental activities | |
| General government | $ 285,849 |
| Public safety | 129,069 |
| Public works | 2,001,171 |
| Culture, recreation and education | 32,087 |
| Total depreciation expense - governmental activities | $ 2,448,176 |
| Business-type activities | |
| Sanitary District No. 1 | $ 393,119 |
| Allocated depreciation | 9,497 |
| Sanitary District No. 2 | 428,001 |
| East Side Utility | 19,050 |
| Total depreciation expense - business-type activities | $ 849,667 |

## 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, 2007 are detailed below:

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General fund | Room tax special revenue fund | $ 76,230 |
| Less: Fund eliminations | | (76,230) |
| Total Internal Balances - Government-wide Statement of Net Assets | | $ - |

| Fund Transferred To | Fund Transferred From | Amount |
|---|---|---|
| General fund | Special revenue funds | |
| | Sanitary district no. 3 | $ 39,399 |
| | Room tax | 305,696 |
| Debt service | Special revenue funds | |
| | Special assessment | 1,030,100 |
| | Sanitary district no. 3 | 1,411,121 |
| | Park development | 20,803 |
| | | $ 2,807,119 |

The purpose of interfund transfers for the year ended December 31, 2007 is as follows:

| | Amount |
|---|---|
| Town portion of room tax funds | $ 305,696 |
| Operating cost reimbursement | 39,399 |
| Retirement of long-term debt | 2,462,024 |
| | $ 2,807,119 |

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

6. Deferred Revenues

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

| | Unavailable | Unearned | Total |
|---|---|---|---|
| Governmental Activities | | | |
| Subsequent year tax levy receivable | | | |
| General fund | $ - | $ 5,357,100 | $ 5,357,100 |
| Debt service fund | - | 2,527,600 | 2,527,600 |
| Capital project fund | - | 325,000 | 325,000 |
| Special charges placed on 2007 tax roll | | | |
| General fund | - | 570,116 | 570,116 |
| Receipts received prior to meeting all eligibility requirements | | | |
| General fund | - | 2,684 | 2,684 |
| Special revenue fund | | | |
| Room tax | - | 6,500 | 6,500 |
| Special assessment receivable | | | |
| Special assessment fund | 4,611,573 | 1,900 | 4,613,473 |
| Subtotal | 4,611,573 | 8,790,900 | 13,402,473 |
| Business-type Activities | | | |
| Subsequent year tax levy receivable | | | |
| East Side Utility | - | 18,400 | 18,400 |
| Total | $ 4,611,573 | $ 8,809,300 | $ 13,420,873 |

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.

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

7. Long-term Debt

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2007:

| | Outstanding 1/1/07 | Issued | Retired | Outstanding 12/31/07 | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| General Obligation Debt | | | | | |
| Notes | $ 29,544,224 | $ - | $ 4,083,960 | $ 25,460,264 | $ 3,655,312 |
| Loss on advance refunding | (72,163) | - | (8,489) | (63,674) | - |
| Compensated absences | 459,789 | 77,268 | - | 537,057 | - |
| Governmental activities Long-term obligations | $ 29,931,850 | $ 77,268 | $ 4,075,471 | $ 25,933,647 | $ 3,655,312 |
| **Business-type activities:** | | | | | |
| General Obligation Debt | | | | | |
| Notes | $ 7,185,557 | $ - | $ 1,015,976 | $ 6,169,581 | $ 1,024,480 |
| Compensated absences | 92,106 | 5,914 | - | 98,020 | - |
| Business-type activities Long-term obligations | $ 7,277,663 | $ 5,914 | $ 1,015,976 | $ 6,267,601 | $ 1,024,480 |

Total interest paid during the year on long-term debt totaled $1,286,198.

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, 2007 totaled $31,629,845 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 4.9% | $ 1,545,000 |
| $6,795,000 issued 7/12/00; $510,000 due in 2008; interest 5.05% | 510,000 |
| $7,890,000 issued 12/1/01; $670,000 to $1,960,000 due annually through 2011; interest 3.5% to 4.0% | 3,990,000 |
| $6,115,000 issued 12/1/02; $465,000 to $515,000 due annually through 2012; interest 3.05% to 4.0% | 2,425,000 |
| $7,350,000 issued 12/1/03; $510,000 to $530,000 due annually through 2013; interest 2.75% to 3.35% | 3,150,000 |
| $9,555,000 issued 8/1/04; $910,000 to $1,135,000 due annually through 2014; interest 3.25% to 3.55% | 7,145,000 |
| $9,750,000 issued 7/1/05; $600,000 to $1,250,000 due annually through 2015; interest 3.5% | 8,715,000 |
| $733,000 issued 7/15/05; $144,792 to $155,149 due annually through 2010; interest 3.5% | 449,845 |
| $4,215,000 issued 12/21/06; $395,000 to $415,000 due annually through 2016; interest 3.875% | 3,700,000 |
| Total Outstanding General Obligation Debt | $ 31,629,845 |

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

Annual principal and interest maturities of the outstanding general obligation debt of $31,629,845 on December 31, 2007 are detailed below:

| Year Ended | Governmental Activities | | Business-type Activities | | Totals | |
|---|---|---|---|---|---|---|
| December 31 | Principal | Interest | Principal | Interest | Principal | Interest |
| 2008 | $ 3,655,312 | $ 895,161 | $ 1,024,480 | $ 222,121 | $ 4,679,792 | $ 1,117,282 |
| 2009 | 4,410,365 | 763,084 | 929,538 | 187,179 | 5,339,903 | 950,263 |
| 2010 | 3,480,611 | 600,779 | 824,538 | 147,368 | 4,305,149 | 748,147 |
| 2011 | 4,690,462 | 476,204 | 839,538 | 118,036 | 5,530,000 | 594,240 |
| 2012 | 2,853,502 | 301,632 | 841,498 | 87,656 | 3,695,000 | 389,288 |
| 2013-2016 | 6,370,012 | 370,008 | 1,709,989 | 118,294 | 8,080,001 | 488,302 |
| | $ 25,460,264 | $ 3,406,868 | $ 6,169,581 | $ 880,654 | $ 31,629,845 | $ 4,287,522 |

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

Legal Margin for New Debt
The Town's legal margin for creation of additional general obligation debt on December 31, 2007 was $89,128,386 as follows:

| | | |
|---|---|---|
| Equalized valuation of the County | | $ 2,412,278,600 |
| Statutory limitation percentage | | (x) 5% |
| General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes | | 120,613,930 |
| Total outstanding general obligation debt applicable to debt limitation | $ 31,629,845 | |
| Less: Amounts available for financing general obligation debt | | |
| Debt service fund | 144,301 | |
| Net outstanding general obligation debt applicable to debt limitation | | 31,485,544 |
| Legal Margin for New Debt | | $ 89,128,386 |

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 (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All permanent employees expected to work over 600 hours a year are eligible to participate in the WRS. Covered employees in the General category are required by statute to contribute 6.0% of their salary (3.0% for Executives and Elected Officials, 5.1% for Protective Occupations with Social Security, and 3.4% 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 WRS for the year ended December 31, 2007 was $4,222,467; the employer's total payroll was $4,666,938. The total required contribution for the year ended December 31, 2007 was $514,708, which consisted of $284,006, or 6.7% of covered payroll from the employer and $230,702, or 5.5% of covered payroll from employees. The required contribution for employees for the year ended December 31, 2007 was financed by the Town. Total contributions for the years ending December 31, 2006 and 2005 were $480,442 and $450,690 respectively, equal to the required contributions for each year.

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

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

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.

## NOTE D - OTHER INFORMATION (Continued)

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, 2007, the Town was potentially liable for approximately $3.5 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.