SUPPLEMENTAL INFORMATION

TOWN OF GRAND CHUTE, WISCONSIN
General Fund
Detailed Comparison of Budgeted and Actual Revenues
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Taxes				
General property taxes	$ 7,409,343	$ 7,409,343	$ 7,409,307	$ (36)
Payment in lieu of taxes	5,000	5,000	5,286	286
Other taxes	1,600	1,600	12,008	10,408
Total Taxes	7,415,943	7,415,943	7,426,601	10,658
Special Assessments	105,000	105,000	107,536	2,536
Intergovernmental				
Federal aids				
Law enforcement	-	-	10,631	10,631
State aids				
State shared taxes	345,910	345,910	349,547	3,637
Tax exempt computer aid	64,000	64,000	64,692	692
Fire insurance	71,498	71,498	76,140	4,642
Law enforcement	6,410	6,410	5,220	(1,190)
Transportation	939,107	939,107	949,819	10,712
Recycling	215,800	215,800	227,146	11,346
Other grants	100,000	100,000	91,240	(8,760)
Local aids				
Mass transit	456,597	456,597	469,258	12,661
Total Intergovernmental	2,199,322	2,199,322	2,243,693	44,371
Licenses and Permits				
Licenses				
Business and occupational licenses	73,000	73,000	109,575	36,575
Bicycle	-	-	3	3
Dog	-	-	4,823	4,823
Permits				
Building	238,825	238,825	205,179	(33,646)
Utility	9,000	9,000	13,349	4,349
Cable TV	240,000	240,000	280,068	40,068
Zoning	128,500	128,500	133,212	4,712
Other permits	18,000	18,000	17,460	(540)
Total Licenses and Permits	707,325	707,325	763,669	56,344
Fines and Forfeitures				
Court penalties and costs	385,000	385,000	343,046	(41,954)
Judgments and damages	500	500	1,082	582
Total Fines, Forfeits and Penalties	385,500	385,500	344,128	(41,372)

(Continued)

TOWN OF GRAND CHUTE, WISCONSIN
General Fund
Detailed Comparison of Budgeted and Actual Revenues (Continued)
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Public Charges for Services				
General government	10,000	10,000	9,995	(5)
SAC fee (1% administration)	-	-	1,022	1,022
Refuse and yard waste fees	-	-	(332)	(332)
Law enforcement fees	69,000	69,000	40,916	(28,084)
Fire department	16,536	16,536	26,953	10,417
Street related charges	8,000	8,000	9,753	1,753
Cemetery fees	100	100	93	(7)
Weed control	4,500	4,500	2,492	(2,008)
Park and recreation charges	15,200	15,200	11,581	(3,619)
Garbage collection	830,100	830,100	808,892	(21,208)
Total Public Charges for Services	953,436	953,436	911,365	(42,071)
Intergovernmental charges for services				
Public safety	21,216	21,216	22,301	1,085
Public works	209,900	209,900	205,062	(4,838)
Total Intergovernmental Charges for Services	231,116	231,116	227,363	(3,753)
Miscellaneous				
Interest income	251,800	251,800	115,921	(135,879)
Rental income	14,700	14,700	14,134	(566)
Insurance recoveries, dividends and refunds	6,000	6,000	30,184	24,184
Donations	4,950	4,950	5,874	924
Other	12,500	12,500	24,737	12,237
Total Miscellaneous	289,950	289,950	190,850	(99,100)
Total Revenues	$ 12,287,592	$ 12,287,592	$ 12,215,205	$ (72,387)

TOWN OF GRAND CHUTE, WISCONSIN
General Fund
Detailed Comparison of Budgeted and Actual Expenditures
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Government				
Town board	$ 110,500	$ 110,500	$ 81,464	$ 29,036
Municipal court	169,672	169,672	169,668	4
Legal	60,000	60,000	30,600	29,400
General administration	518,300	518,300	609,507	(91,207)
Town clerk	131,400	131,400	134,817	(3,417)
Elections	35,300	35,300	24,714	10,586
Treasurer	12,100	12,100	7,837	4,263
Accounting and auditing	11,000	11,000	10,355	645
General building/town hall	264,300	264,300	256,477	7,823
Insurance	250,000	250,000	252,095	(2,095)
Uncollectible taxes and tax refunds	5,000	5,000	78,083	(73,083)
Contingency	181,208	181,208	-	181,208
Total General Government	1,748,780	1,748,780	1,655,617	93,163
Public Safety				
Police - Patrol	2,826,374	2,826,374	2,867,088	(40,714)
Police - Administration	476,775	476,775	468,143	8,632
Police - Investigations	630,334	630,334	606,600	23,734
Fire protection/EMS	2,665,200	2,665,200	2,612,779	52,421
Animal control	4,500	4,500	10,279	(5,779)
Total Public Safety	6,603,183	6,603,183	6,564,889	38,294
Public Works				
Highway department	1,339,250	1,339,250	1,338,758	492
Street lighting	276,400	276,400	275,686	714
Mass transit	606,134	606,134	603,162	2,972
Refuse collection	662,200	662,200	730,290	(68,090)
Recycling	431,400	431,400	378,119	53,281
Weed control	7,400	7,400	3,922	3,478
Cemetery	1,500	1,500	520	980
Total Public Works	3,324,284	3,324,284	3,330,457	(6,173)
Culture and Recreation				
Parks	198,020	198,020	156,200	41,820
Conservation and Development				
Assessment of property	152,700	152,700	152,723	(23)
Building inspection	310,300	310,300	322,349	(12,049)
Zoning and planning	223,200	223,200	223,481	(281)
Code enforcement	500	500	-	500
Total Conservation and Development	686,700	686,700	698,553	(11,853)
Total Expenditures	$ 12,560,967	$ 12,560,967	$ 12,405,716	$ 155,251

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Room Tax Fund

To account for collections of room tax from Town businesses and record disbursements to the Convention and Visitor's Bureau and transfers to the General Fund.

Park Development Fund

To account for monies received from developers of vacant lots for the purpose of financing park facilities and corresponding park development expenditures. Developers have the option of dedicating land for park purposes in lieu of a cash payment.

Fire Impact Fees

To account for fire impact fees collected by the Town.

Fire Donations

To account for donations for fire prevention.

K-9 Unit

To account for donations for the K-9 unit.

TOWN OF GRAND CHUTE, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	Room Tax	Park Development	Fire Impact Fees	Fire Donations	K-9 Unit	Total Nonmajor Governmental Funds
ASSETS						
Cash and investments	$ 86,127	$ 95,366	$ 59,424	$ 2,172	$ 5,451	$ 248,540
Receivables						
Accounts	232,905	-	-	-	-	232,905
TOTAL ASSETS	$ 319,032	$ 95,366	$ 59,424	$ 2,172	$ 5,451	$ 481,445
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	$ 173,301	$ -	$ -	$ -	$ -	$ 173,301
Due to other funds	71,066	-	-	-	-	71,066
Deferred revenues	6,500	-	-	-	-	6,500
Total Liabilities	250,867	-	-	-	-	250,867
Fund Balances						
Restricted						
Fire impact fees	-	-	59,424	-	-	59,424
Committed						
Assigned						
Economic development	68,165	-	-	-	-	68,165
Park development	-	95,366	-	-	-	95,366
Public safety donations	-	-	-	2,172	5,451	7,623
Total Fund Balances	68,165	95,366	59,424	2,172	5,451	230,578
TOTAL LIABILITIES AND FUND BALANCES	$ 319,032	$ 95,366	$ 59,424	$ 2,172	$ 5,451	$ 481,445

TOWN OF GRAND CHUTE, WISCONSIN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2011

	Room Tax	Park Development	Fire Impact Fees	Fire Donations	K-9 Unit	Total Nonmajor Governmental Funds
Revenues						
Taxes	$ 945,656	$ -	$ -	$ -	$ -	$ 945,656
Public charges for services	-	46,800	23,874	-	-	70,674
Miscellaneous	-	658	457	6,867	30,000	37,982
Total Revenues	945,656	47,458	24,331	6,867	30,000	1,054,312
Expenditures						
Current						
Public safety	-	-	-	9,092	24,549	33,641
Conservation and development	667,598	-	-	-	-	667,598
Total Expenditures	667,598	-	-	9,092	24,549	701,239
Excess of Revenues Over (Under) Expenditures	278,058	47,458	24,331	(2,225)	5,451	353,073
Other Financing Uses						
Transfers out	(291,324)	-	-	-	-	(291,324)
Net Change in Fund Balances	(13,266)	47,458	24,331	(2,225)	5,451	61,749
Fund Balances - January 1	81,431	47,908	35,093	4,397	-	168,829
Fund Balances - December 31	$ 68,165	$ 95,366	$ 59,424	$ 2,172	$ 5,451	$ 230,578

ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS

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

To the Town Board
Town of Grand Chute, Wisconsin

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Grand Chute, Wisconsin ("the Town"), as of and for the year ended December 31, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 8, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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We noted certain matters that we reported to management of the Town in a separate letter dated June 8, 2012.

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Town's response and, accordingly, we express no opinion on it.

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

Schenck sc

Certified Public Accountants
Green Bay, Wisconsin
June 8, 2012

TOWN OF GRAND CHUTE, WISCONSIN
Schedule of Findings and Responses
For the Year Ended December 31, 2011

Section I - Internal Control Over Financial Reporting

Finding No.	Control Deficiencies

2011-01 **Year End Financial Reporting**

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

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

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

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

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

Management Response: Management believes the Town will need to reevaluate whether it would be more beneficial to hire additional staff to prepare year end adjusting, closing, and GASB 34 conversion entries necessary to prepare the financial statements. The Town growth has created more reporting needs not only at year end but throughout the year. The continued use of outside consultants for several reporting activities and various analyses may no longer be cost effective.

Section II - Compliance and Other Matters

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2011.

MANAGEMENT COMMUNICATIONS

TOWN OF GRAND CHUTE, WISCONSIN

DECEMBER 31, 2011

TOWN OF GRAND CHUTE, WISCONSIN
December 31, 2011

TABLE OF CONTENTS

	Page No.
COMMUNICATION TO THE TOWN BOARD	1 - 7
SUMMARY FINANCIAL INFORMATION	
1. Town Governmental Fund Balances	8
2. Sanitary District No.1 Enterprise Fund	9
3. Sanitary District No. 2 Enterprise Fund	10
4. Sanitary District No. 3 Enterprise Fund	11
5. East Side Utility Enterprise Fund	12
6. Restricted and Designated Cash and Investments	13
OTHER COMMENTS AND OBSERVATIONS	
Changes to Government Auditing Standards	14

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To the Town Board
Town of Grand Chute, Wisconsin

We have completed our audit of the basic financial statements of the Town of Grand Chute (the "Town") for the year ended December 31, 2011. The Town's financial statements, including our report thereon dated June 8, 2012, are presented in a separate audit report document. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, noncompliance with the provisions of laws, regulations, contracts and grants or other illegal acts may exist and not be detected by us.

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Town's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters.

Significant Audit Findings

Consideration of Internal Control

In planning and performing our audit of the financial statements of the Town as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control. Our report on internal control over financial reporting and on compliance and other matters is presented on pages 43 - 44 of the annual report.

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Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

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

Finding 2011-01 Year End Financial Reporting

A detailed explanation of the significant deficiency is included in the Town's Annual Financial Report on page 45.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Town are described in Note A to the financial statements. The Town implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate included in the financial statements was:

> Management's estimate of the depreciable life of the capital assets is based upon analysis of the expected useful life of the capital assets. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the depreciable life in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The financial statements reflect all accounting adjustments proposed during our audit. Copies of the audit adjustments are available from management.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 8, 2012. The management representation letter follows this communication.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to conducting the audit. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to completing the services as your auditor.

In addition, during our audit, we noted certain other matters that are presented for your consideration. We will review the status of these comments during our next audit engagement. Our comments and recommendations are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these matters in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized in the other comments and observations attached to this letter.

This communication, which does not affect our report dated June 8, 2012 on the financial statements of the Town, is intended solely for the information and use of the Town Board, management, and others within the Town, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Schenk sc

Certified Public Accountants
Green Bay, Wisconsin
June 8, 2012

June 8, 2012

Schenck SC
2200 Riverside Drive
P.O. Box 23819
Green Bay, WI 54305-3819

We are providing this letter in connection with your audit of the financial statements of the Town of Grand Chute as of December 31, 2011 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Grand Chute and the respective changes in the financial position and where applicable, cash flows thereof, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

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

We confirm, to the best of our knowledge and belief, as of June 8, 2012, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America and include all properly classified funds and other financial information of the primary government as required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.

2. We have made available to you all-

   a. Financial records and related data.

   b. Minutes of the meetings of the Town Board or summaries of actions of recent meetings for which minutes have not yet been prepared.

3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.

5. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

6. We have no knowledge of any fraud or suspected fraud affecting the entity involving:

   a. Management,

   b. Employees who have significant roles in internal control, or

   c. Others where the fraud could have a material effect on the financial statements.

7. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

8. We have a process to track the status of audit findings and recommendations.

9. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

10. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

11. The Town has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

12. The following, if any, have been properly recorded or disclosed in the financial statements:

    a. Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

    b. Guarantees, whether written or oral, under which the Town is contingently liable.

    c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances.

    d. Joint ventures, jointly governed organizations, and other related organizations.

    e. Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line of credit or similar arrangements.

    f. Participation in a public entity risk pool.

13. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

14. There are no—

    a. Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

    b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with generally accepted accounting principles.

    c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by generally accepted accounting principles.

15. As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

16. The Town has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

17. The Town has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

18. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

19. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

20. The financial statements properly classify all funds and activities.

21. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

22. Components of net assets (invested in capital assets, net of related debt, restricted, and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.

23. Provisions for uncollectible receivables have been properly identified and recorded.

24. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

25. Revenues are appropriately classified in the statement of activities within program revenues or general revenues.

26. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

27. Deposits and investment securities and derivative transactions are properly classified as to risk and are properly disclosed.

28. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

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

30. The fact that the amount of "uncollateralized" deposits or "uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the entity's name" during the period significantly exceeded the amounts in those categories as of the balance sheet was properly disclosed in the financial statements.

31. The methods and significant assumptions used to determine fair values of financial instruments are as follows: 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. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.

32. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been appropriately reduced to their estimated net realizable value.

33. Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility.

34. Expenditures of federal awards were below the $500,000 threshold in the year ended December 31, 2011, and we were not required to have an audit in accordance with *OMB Circular A-133.*

35. We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Signed: James March,
Town Administrator

Signed: Amy M Wallace
Amy Wallace,
Finance Director/ Treasurer

SUMMARY FINANCIAL INFORMATION

1. Town Governmental Fund Balances

Presented below is a summary of the various Town governmental fund balances on December 31, 2011 including a comparison to the prior year. This information is provided for assisting management in assessing financial results of 2011 and for indicating financial resources available at the start of the 2012 budget year.

	12/31/11	12/31/10
Governmental Funds		
General Fund		
Nonspendable		
Prepaid items	$ 195,150	$ 196,599
Assigned		
Equipment replacement	590,900	590,900
Dental insurance	27,438	13,641
Unassigned	3,039,485	2,901,806
Total General Fund	3,852,973	3,702,946
Special Revenue Funds		
Restricted		
Fire impact fees	59,424	35,093
Assigned		
Room tax	68,165	81,431
Park development	95,366	47,908
Fire donations	2,172	4,397
K-9 Unit	5,451	-
Total Special Revenue Funds	230,578	168,829
Debt Service Fund		
Restricted for debt service		
Special assessment	5,635,666	7,330,489
Debt service	178,188	149,445
Total	5,813,854	7,479,934
Capital Project Fund		
Debt proceeds	4,136,535	6,808,113
Total Governmental Fund Balances	$ 14,033,940	$ 18,159,822

Additional observations and comments follow:

General Fund

The Town's general fund increased from $3,702,946 to $3,852,973 during 2011. At December 31, 2011, the Town's unassigned general fund totaled $3,039,485. This balance represents approximately 24% of the total 2012 budgeted general fund expenditures. This indicates the general fund is in excellent financial position as it enters the 2012 fiscal year.

Special Assessment Special Revenue Fund

The Town's special assessment fund balance decreased $1,694,823 during the current fiscal year. Expenditures of this fund consist of transfers to the Town's debt service fund to finance principal and interest maturities on the Town's outstanding general obligation debt. At December 31, 2011, the Town has available financial resources of $5,635,666.

Debt Service Fund

The Town's debt service balance totaled $178,188 at December 31, 2011.

2. Sanitary District No. 1 Enterprise Fund

Presented below are financial analyses to assist management in monitoring water utility operations.

Water Utility Income Account

Comparative income accounts for the years ended December 31, 2011 and 2010 follows:

	2011	2010
Operating Revenues		
General customers	$ 4,731,515	$ 4,726,862
Other	153,501	131,179
Total Operating Revenues	4,885,016	4,858,041
Operating Expenses		
Operation and maintenance	4,573,146	4,295,042
Depreciation	439,519	438,079
Taxes	29,590	27,304
Total Operating Expenses	5,042,255	4,760,425
Operating Income (Loss)	(157,239)	97,616
Nonoperating Revenues (Expenses)		
Tax exempt computer aid	403	441
Gain on disposal of capital assets	250	-
Interest income	11,303	21,225
Interest charges	(130,772)	(157,105)
Amortization of debt discount	(17)	(1,025)
Total Nonoperating Revenues (Expenses)	(118,833)	(136,464)
Net Loss	$ (276,072)	$ (38,848)

The water utility reported a net operating loss of $157,239 in 2011 compared to net income of $97,616 for the prior year. The primary reason for the decrease in operating results is an increase in purchased water costs in 2011.

3. Sanitary District No. 2 Enterprise Fund

Presented below are financial analyses to assist management in monitoring sewer utility operations.

Sewer Utility Income Account

Comparative income accounts for the years ended December 31, 2011 and 2010 follows:

	2011	2010
Operating Revenues		
General customers	$ 2,537,796	$ 2,503,165
Other	271,994	220,268
Total Operating Revenues	2,809,790	2,723,433
Operating Expenses		
Operation and maintenance	2,077,886	2,235,572
Depreciation	481,568	477,075
Taxes	13,889	14,865
Total Operating Expenses	2,573,343	2,727,512
Operating Income (Loss)	236,447	(4,079)
Nonoperating Revenues (Expenses)		
Gain on disposal of capital assets	250	-
Interest income	95,520	80,133
Interest charges	(46,712)	(58,124)
Amortization of debt discount	(826)	(1,296)
Total Nonoperating Revenues (Expenses)	48,232	20,713
Net Income	$ 284,679	$ 16,634

The Sanitary District reported operating income of $236,447 for 2011 compared to an operating loss of $4,079 in 2010. The increase in operating income was due primarily to reduced operating costs.

To evaluate the Sanitary District's operations, it is important to review their available cash and investments in relation to future debt maturities and anticipated plant improvements. At December 31, 2010, total cash and investments of Sanitary District No. 2 totaled $9,356,249 with undesignated cash and investments totaling $8,006,385. Outstanding general obligation debt of Sanitary District No. 2 currently totals $1,057,752. Because the Town is a member of the Grand Chute-Menasha West Sewerage Commission, the Town is generally only responsible for a portion of any plant upgrade costs incurred by the Commission. These costs are currently included in the monthly contracted treatment charges and collected from customers as part of the sewer rates. In addition, sewer mains and services connected to the system are generally financed by developer or customer contributions.

4. Sanitary District No. 3 Enterprise Fund

Presented below are financial analyses to assist management in monitoring storm water utility operations.

Storm Water Utility Income Account

Income accounts for the years ended December 31, 2011 and 2010 follows:

	2011	2010
Operating Revenues		
General customers	$ 2,720,313	$ 2,705,817
Other	19,128	24,335
Total Operating Revenues	2,739,441	2,730,152
Operating Expenses		
Operation and maintenance	331,535	215,827
Depreciation	344,505	313,246
Total Operating Expenses	676,040	529,073
Operating Income	2,063,401	2,201,079
Nonoperating Revenues (Expenses)		
Interest income	62,113	73,080
Interest charges	(241,024)	(244,479)
Amortization of debt discount	(1,719)	(14,069)
Total Nonoperating Revenues (Expenses)	(180,630)	(185,468)
Net Income	$ 1,882,771	$ 2,015,611

The fund transferred $15,338 to the general fund for administrative expenses.

Because the storm water utility has significant capital expenditures each year which are financed by debt or special assessments, the charges for services is designed to retire debt service obligations in addition to operating costs. In 2011, the fund made principal and interest payments of $1,595,065.

5. East Side Utility Enterprise Fund

Presented below are financial analyses to assist management in monitoring utility operations.

East Side Utility Income Account

Comparative income accounts for the years ended December 31, 2011 and 2010 follows:

	2011	2010
Operating Revenues		
General customers	$ 17,360	$ 23,551
Other	903	147
Total Operating Revenues	18,263	23,698
Operating Expenses		
Operation and maintenance	23,174	22,870
Depreciation	19,242	19,242
Total Operating Expenses	42,416	42,112
Operating Loss	(24,153)	(18,414)
Nonoperating Revenues		
General property taxes	19,400	19,400
Interest income	2,362	1,782
Total Nonoperating Revenues	21,762	21,182
Net Income (Loss)	$ (2,391)	$ 2,768

East Side Utility currently has unrestricted cash and investment balances of $258,776.

6. Restricted and Designated Cash and Investments

The Town reported restricted and other cash and investments totaling $2,715,097 at December 31, 2011 held for the following purposes:

Funds	Amount	Purpose
Sanitary District No. 1		
Other Assets		
General obligation debt		
Water tower	$ 351,361	To be used for maintenance on the Sanitary District's water tower.
Restricted Assets		
Depreciation fund	490,743	To be used for additions and betterments of the District's capital assets.
Impact fees	114,183	Impact fees collected for future purchases
	604,926	
Total Sanitary District No. 1	956,287	
Sanitary District No. 2		
Other Assets		
Depreciation fund	442,863	To be used for additions and betterments of the District's capital assets.
Service availability charges	910,683	To account for SAC fees collected to be used for future sewerage plant expansion.
	1,353,546	
Restricted Assets		
DNR replacement fund	325,764	To be used for the replacement of certain equipment of the District in accordance with the Wisconsin Department of Natural Resources requirements.
	325,764	
Total Sanitary District No. 2	1,679,310	
Sanitary District No. 3		
Debt proceeds	79,500	Debt proceeds available for capital purchases
Total	$ 2,715,097	

OTHER COMMENTS AND OBSERVATIONS

Changes to Government Auditing Standards

The United States Government Accountability Office recently issued the 2011 revision to the Government Auditing Standards. This revision will be effective for your next audit and creates a framework we must follow to maintain our independence when we perform non-audit services for you.

During the current year audit, we have provided the following non-audit services to the Town:

- Identifying reconciling items for certain general ledger accounts and proposing adjusting entries to your general ledger;
- Proposing GASB 34 conversion entries to convert your fund financial statements to government-wide financial statements; and
- Preparing financial statements, including related notes, state financial reports and public service commission reports based on your adjusted trial balance.

In order for us to maintain our independence and to issue an unqualified opinion on your financial statements, you need to document steps that you take in order to accept responsibility for all non-audit services we provide to you. This includes:

- Understanding the services to be performed sufficiently to oversee them;
- Designating an individual who possess suitable skill, knowledge, or experience to oversee our services;
- Evaluating the adequacy and results of the services performed; and
- Accepting responsibility for the results of the services.

The new standards will be effective for your December 31, 2012 audit. Because the Town has professional staff who oversee our services, these changes will not have a significant impact on the Town and this comment is for informational purposes.