

TOWN OF GRAND CHUTE, WISCONSIN

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2012

TOWN OF GRAND CHUTE, WISCONSIN
December 31, 2012

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INDEPENDENT AUDITORS' REPORT

To the Town Board
Town of Grand Chute, Wisconsin

Report on the Financial Statements

We have audited the accompanying 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, 2012, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note A.6, the Town has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended December 31, 2012. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2013, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Certified Public Accountants
Green Bay, Wisconsin
June 8, 2013

BASIC FINANCIAL STATEMENTS

TOWN OF GRAND CHUTE, WISCONSIN
Statement of Net Position
December 31, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 21,233,219	\$ 13,364,576	\$ 34,597,795
Receivables			
Taxes	7,127,878	-	7,127,878
Special assessments	4,855,490	4,461,411	9,316,901
Accounts	778,771	2,331,809	3,110,580
Interest	-	1,342	1,342
Internal balances	2,246,912	(2,246,912)	-
Receivable from fiduciary fund	-	465,605	465,605
Inventories and prepaid items	203,873	68,383	272,256
Restricted assets			
Cash and investments	-	2,818,023	2,818,023
Capital assets, nondepreciable			
Land	2,586,389	961,059	3,547,448
Construction in progress	6,317,915	2,081,340	8,399,255
Capital assets, depreciable			
Land improvements	1,439,361	6,165,383	7,604,744
Buildings	12,775,942	177,432	12,953,374
Machinery and equipment	6,141,920	2,175,783	8,317,703
Infrastructure	59,836,283	58,023,438	117,859,721
Less: Accumulated depreciation	(39,085,693)	(17,268,470)	(56,354,163)
TOTAL ASSETS	86,458,260	73,580,202	160,038,462
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	16,479	73,069	89,548
LIABILITIES			
Accounts payable	1,165,001	542,922	1,707,923
Accrued and other current liabilities	471,952	24,682	496,634
Accrued interest payable	172,092	92,487	264,579
Due to other governments	1,516	743,459	744,975
Long-term obligations			
Due within one year	3,929,086	2,250,914	6,180,000
Due in more than one year	19,701,679	7,849,242	27,550,921
TOTAL LIABILITIES	25,441,326	11,503,706	36,945,032
DEFERRED INFLOWS OF RESOURCES			
Property taxes	10,904,379	20,892	10,925,271
NET POSITION			
Net investment in capital assets	34,967,056	42,440,087	77,407,143
Restricted for			
Debt service	5,808,246	-	5,808,246
Fire impact fees	95,746	-	95,746
Unrestricted	9,257,986	19,688,586	28,946,572
TOTAL NET POSITION	\$ 50,129,034	\$ 62,128,673	\$ 112,257,707

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, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 1,909,385	\$ 395,770	\$ 8,066	\$ -
Public safety	6,758,899	551,243	139,027	-
Public works	7,064,189	1,247,671	1,599,362	2,657,463
Culture and recreation	228,478	71,815	10,709	-
Conservation and development	1,326,255	399,127	-	-
Interest on debt	650,318	-	-	-
Total Governmental Activities	17,937,524	2,665,626	1,757,164	2,657,463
Business-type Activities				
Water utility	5,328,769	5,017,552	-	243,998
Sewer utility	2,990,806	2,924,912	-	122,892
Storm water utility	943,395	2,863,044	-	1,551,921
Total Business-type Activities	9,262,970	10,805,508	-	1,918,811
Total	\$ 27,200,494	\$ 13,471,134	\$ 1,757,164	\$ 4,576,274

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

Transfers

Total general revenues and transfers

Change in net position

Cumulative Effect of Change in Accounting Principle

Net position - January 1

Net position - December 31

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

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

\$ (1,505,549)	\$ -	\$ (1,505,549)
(6,068,629)	-	(6,068,629)
(1,559,693)	-	(1,559,693)
(145,954)	-	(145,954)
(927,128)	-	(927,128)
(650,318)	-	(650,318)
<u>(10,857,271)</u>	<u>-</u>	<u>(10,857,271)</u>

-	(67,219)	(67,219)
-	56,998	56,998
-	3,471,570	3,471,570
<u>-</u>	<u>3,461,349</u>	<u>3,461,349</u>

<u>(10,857,271)</u>	<u>3,461,349</u>	<u>(7,395,922)</u>
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7,768,350	19,550	7,787,900
2,160,300	-	2,160,300
1,012,203	-	1,012,203

334,262	315	334,577
421,699	197,339	619,038
222,446	7,659	230,105
40,194	(40,194)	-
<u>11,959,454</u>	<u>184,669</u>	<u>12,144,123</u>

1,102,183	3,646,018	4,748,201
<u>(153,954)</u>	<u>(81,065)</u>	<u>(235,019)</u>

<u>49,180,805</u>	<u>58,563,720</u>	<u>107,744,525</u>
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<u>\$ 50,129,034</u>	<u>\$ 62,128,673</u>	<u>\$ 112,257,707</u>
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TOWN OF GRAND CHUTE, WISCONSIN

Balance Sheet
Governmental Funds
December 31, 2012

	General	Special Assessment	Debt Service
ASSETS			
Cash and investments	\$ 6,063,809	\$ 5,864,140	\$ 1,091,420
Receivables			
Taxes	5,404,774	522,020	1,201,084
Special assessments	-	4,855,490	-
Accounts	560,919	-	-
Due from other funds	2,317,075	-	-
Inventories and prepaid items	203,873	-	-
TOTAL ASSETS	\$ 14,550,450	\$ 11,241,650	\$ 2,292,504
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 499,529	\$ 2,012	\$ -
Accrued and other current liabilities	465,452	-	-
Due to other funds	-	-	-
Due to other governments	1,516	-	-
Total Liabilities	966,497	2,012	-
Deferred Inflows of Resources			
Property taxes	8,908,079	-	1,996,300
Special assessments	-	5,727,596	-
Total Deferred Inflows of Resources	8,908,079	5,727,596	1,996,300
Fund Balances			
Nonspendable			
Inventories and prepaid items	203,873	-	-
Restricted			
Retirement of long-term debt	-	5,512,042	296,204
Capital outlay	-	-	-
Fire impact fees	-	-	-
Assigned			
Equipment replacement	490,900	-	-
Dental insurance	33,696	-	-
Economic development	-	-	-
Park development	-	-	-
Public safety donations	-	-	-
Unassigned			
General fund	3,947,405	-	-
Total Fund Balances	4,675,874	5,512,042	296,204
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,550,450	\$ 11,241,650	\$ 2,292,504

(Continued)

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 7,852,584	\$ 361,266	\$ 21,233,219
-	-	7,127,878
-	-	4,855,490
-	217,852	778,771
-	-	2,317,075
-	-	203,873
<u>\$ 7,852,584</u>	<u>\$ 579,118</u>	<u>\$ 36,516,306</u>

\$ 503,523	\$ 159,937	\$ 1,165,001
-	6,500	471,952
-	70,163	70,163
-	-	1,516
<u>503,523</u>	<u>236,600</u>	<u>1,708,632</u>
-	-	10,904,379
-	-	5,727,596
-	-	<u>16,631,975</u>

-	-	203,873
-	-	5,808,246
7,349,061	-	7,349,061
-	95,746	95,746
-	-	490,900
-	-	33,696
-	75,245	75,245
-	165,263	165,263
-	6,264	6,264
-	-	3,947,405
<u>7,349,061</u>	<u>342,518</u>	<u>18,175,699</u>
<u>\$ 7,852,584</u>	<u>\$ 579,118</u>	<u>\$ 36,516,306</u>

TOWN OF GRAND CHUTE, WISCONSIN
 Balance Sheet (Continued)
 Governmental Funds
 December 31, 2012

Reconciliation to the Statement of Net Position

Total Fund Balances as shown on previous page		\$ 18,175,699
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		50,012,117
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Special assessments		5,727,596
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	\$ (22,394,122)	
Debt premium	(162,781)	
Loss on advance refunding	16,479	
Compensated absences	(1,073,862)	
Accrued interest on long-term obligations	(172,092)	(23,786,378)
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 3)		<u>\$ 50,129,034</u>

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

TOWN OF GRAND CHUTE, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General	Special Assessment	Debt Service
Revenues			
Taxes	\$ 7,777,612	\$ -	\$ 2,160,300
Special assessments	119,618	1,835,405	-
Intergovernmental	2,072,343	-	-
Licenses and permits	832,320	-	-
Fines and forfeitures	440,025	-	-
Public charges for services	1,068,824	-	-
Intergovernmental charges for services	224,084	-	-
Miscellaneous	359,753	176,291	134,280
Total Revenues	<u>12,894,579</u>	<u>2,011,696</u>	<u>2,294,580</u>
Expenditures			
Current			
General government	1,607,611	-	-
Public safety	6,580,927	-	-
Public works	3,547,237	-	-
Culture and recreation	183,590	-	-
Conservation and development	630,122	-	-
Debt service			
Principal	-	-	4,003,442
Interest and fiscal charges	-	-	586,494
Capital outlay	-	-	-
Total Expenditures	<u>12,549,487</u>	<u>-</u>	<u>4,589,936</u>
Excess of Revenues Over (Under) Expenditures	<u>345,092</u>	<u>2,011,696</u>	<u>(2,295,356)</u>
Other Financing Sources (Uses)			
Long-term debt issued	-	-	374,050
Sale of capital assets	37,108	-	-
Transfers in	440,701	-	2,039,322
Transfers out	-	(2,135,320)	-
Total Other Financing Sources (Uses)	<u>477,809</u>	<u>(2,135,320)</u>	<u>2,413,372</u>
Net Change in Fund Balances	822,901	(123,624)	118,016
Fund Balances - January 1	<u>3,852,973</u>	<u>5,635,666</u>	<u>178,188</u>
Fund Balances - December 31	<u>\$ 4,675,874</u>	<u>\$ 5,512,042</u>	<u>\$ 296,204</u>

(Continued)

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,002,941	\$ 10,940,853
-	-	1,955,023
-	-	2,072,343
-	-	832,320
-	-	440,025
-	94,464	1,163,288
-	-	224,084
9,685	16,296	696,305
<u>9,685</u>	<u>1,113,701</u>	<u>18,324,241</u>
-	-	1,607,611
-	5,900	6,586,827
-	-	3,547,237
-	-	183,590
-	691,352	1,321,474
-	-	4,003,442
98,553	-	685,047
<u>3,708,606</u>	<u>-</u>	<u>3,708,606</u>
<u>3,807,159</u>	<u>697,252</u>	<u>21,643,834</u>
<u>(3,797,474)</u>	<u>416,449</u>	<u>(3,319,593)</u>
7,010,000	-	7,384,050
-	-	37,108
-	-	2,480,023
-	(304,509)	(2,439,829)
<u>7,010,000</u>	<u>(304,509)</u>	<u>7,461,352</u>
3,212,526	111,940	4,141,759
<u>4,136,535</u>	<u>230,578</u>	<u>14,033,940</u>
<u>\$ 7,349,061</u>	<u>\$ 342,518</u>	<u>\$ 18,175,699</u>

TOWN OF GRAND CHUTE, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2012

Reconciliation to the Statement of Activities

Net Change in Fund Balances as shown on previous page \$ 4,141,759

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	\$ 3,461,697	
Depreciation expense reported in the statement of activities	<u>(3,766,680)</u>	
Amount by which depreciation exceeds capital outlays in current period		(304,983)

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	\$ (43,095)	
Loss on disposition reported on the statement of activities	<u>11,798</u>	
Book value of capital assets disposed of		(54,893)

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: (10,116)

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. 681,259

Some capital assets acquired during the year were financed with debt. The amount of the debt is reported in the governmental funds as a source of financing. In the statement of net position, however, debt constitutes a long-term liability. The amount of debt reported in the governmental funds statement is: (7,384,050)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is: 4,003,442

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. 11,818

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. (6,591)

Debt premium is reported in the governmental funds as an other financing source. In the statement of activities, these costs are capitalized and amortized over the life of the debt issue. 24,538

Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see pages 4 - 5) \$ 1,102,183

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 Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 7,719,363	\$ 7,719,363	\$ 7,777,612	\$ 58,249
Special assessments	113,000	113,000	119,618	6,618
Intergovernmental	1,993,621	1,993,621	2,072,343	78,722
Licenses and permits	713,325	713,325	832,320	118,995
Fines and forfeitures	385,500	385,500	440,025	54,525
Public charges for services	1,035,277	1,035,277	1,068,824	33,547
Intergovernmental charges for services	227,781	227,781	224,084	(3,697)
Miscellaneous	319,758	319,758	359,753	39,995
Total Revenues	12,507,625	12,507,625	12,894,579	386,954
Expenditures				
Current				
General government	1,825,755	1,825,755	1,607,611	218,144
Public safety	6,647,231	6,647,231	6,580,927	66,304
Public works	3,762,284	3,762,284	3,547,237	215,047
Culture and recreation	177,305	177,305	183,590	(6,285)
Conservation and development	648,300	648,300	630,122	18,178
Total Expenditures	13,060,875	13,060,875	12,549,487	511,388
Excess of Revenues Over (Under) Expenditures	(553,250)	(553,250)	345,092	898,342
Other Financing Sources				
Sale of capital assets	5,000	5,000	37,108	32,108
Transfers in	548,250	548,250	440,701	(107,549)
Total Other Financing Sources	553,250	553,250	477,809	(75,441)
Net Change in Fund Balance	-	-	822,901	822,901
Fund Balance - January 1	3,852,973	3,852,973	3,852,973	-
Fund Balance - December 31	\$ 3,852,973	\$ 3,852,973	\$ 4,675,874	\$ 822,901

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

TOWN OF GRAND CHUTE, WISCONSIN

Statement of Net Position

Proprietary Funds

December 31, 2012

	Sanitary District No. 1	Sanitary District No. 2	Sanitary District No. 3	East Side Utility	Total Enterprise Funds
ASSETS					
Current assets					
Cash and investments	\$ -	\$ 7,676,473	\$ 5,409,630	\$ 278,473	\$ 13,364,576
Receivables					
Accounts	994,257	667,956	664,830	4,766	2,331,809
Interest	-	-	-	1,342	1,342
Receivable from fiduciary fund	217,964	120,610	106,139	20,892	465,605
Inventories and prepaid expenses	42,294	21,440	4,649	-	68,383
Total Current Assets	1,254,515	8,486,479	6,185,248	305,473	16,231,715
Noncurrent assets					
Receivables					
Special assessments	1,095,418	1,725,432	1,640,561	-	4,461,411
Restricted and other assets					
Cash and investments	1,017,457	1,800,566	-	-	2,818,023
Capital assets, nondepreciable					
Land	12,809	6,100	942,150	-	961,059
Construction in progress	381,114	454,544	1,245,682	-	2,081,340
Capital assets, depreciable					
Land improvements	-	-	6,165,383	-	6,165,383
Buildings	177,432	-	-	-	177,432
Machinery and equipment	1,151,527	912,142	106,362	5,752	2,175,783
Infrastructure	24,564,437	20,666,593	11,697,714	1,094,694	58,023,438
Less: Accumulated depreciation	(6,552,497)	(7,283,231)	(3,027,221)	(405,521)	(17,268,470)
Total Capital Assets, Net of Accumulated Depreciation	19,734,822	14,756,148	17,130,070	694,925	52,315,965
Total Noncurrent Assets	21,847,697	18,282,146	18,770,631	694,925	59,595,399
TOTAL ASSETS	23,102,212	26,768,625	24,955,879	1,000,398	75,827,114
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	68,320	-	4,749	-	73,069

(Continued)

TOWN OF GRAND CHUTE, WISCONSIN

Statement of Net Position (Continued)

Proprietary Funds

December 31, 2012

	Sanitary District No. 1	Sanitary District No. 2	Sanitary District No. 3	East Side Utility	Total Enterprise Funds
LIABILITIES					
Current liabilities					
Accounts payable	16,778	155,000	23,399	2,610	197,787
Accrued and other current liabilities	12,320	7,550	4,812	-	24,682
Accrued interest	36,256	3,887	52,344	-	92,487
Due to other funds	2,246,912	-	-	-	2,246,912
Due to other governments	743,459	-	-	-	743,459
Current portion of general obligation debt	706,440	237,586	1,306,888	-	2,250,914
Total Current Liabilities	3,762,165	404,023	1,387,443	2,610	5,556,241
Noncurrent liabilities					
Accounts payable	345,135	-	-	-	345,135
General obligation debt	2,147,122	502,842	4,975,000	-	7,624,964
Debt premium	17,721	5,625	47,244	-	70,590
Compensated absences	76,844	48,690	28,154	-	153,688
Total Noncurrent Liabilities	2,586,822	557,157	5,050,398	-	8,194,377
TOTAL LIABILITIES	6,348,987	961,180	6,437,841	2,610	13,750,618
DEFERRED INFLOWS OF RESOURCES					
Property taxes	-	-	-	20,892	20,892
NET POSITION					
Net investment in capital assets	16,881,260	14,015,720	10,848,182	694,925	42,440,087
Unrestricted	(59,715)	11,791,725	7,674,605	281,971	19,688,586
TOTAL NET POSITION	\$ 16,821,545	\$ 25,807,445	\$ 18,522,787	\$ 976,896	\$ 62,128,673

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 Position
Proprietary Funds
For the Year Ended December 31, 2012

	Sanitary District No. 1	Sanitary District No. 2	Sanitary District No. 3	East Side Utility	Total
Operating Revenues					
Charges for services	\$ 4,809,108	\$ 2,615,256	\$ 2,834,620	\$ 21,016	\$ 10,280,000
Other	208,444	288,538	28,424	102	525,508
Total Operating Revenues	5,017,552	2,903,794	2,863,044	21,118	10,805,508
Operating Expenses					
Operations and maintenance	4,736,852	2,413,069	359,632	23,378	7,532,931
Depreciation	441,963	487,894	392,164	19,242	1,341,263
Taxes	29,501	14,120	-	-	43,621
Total Operating Expenses	5,208,316	2,915,083	751,796	42,620	8,917,815
Operating Income (Loss)	(190,764)	(11,289)	2,111,248	(21,502)	1,887,693
Nonoperating Revenues (Expenses)					
Property taxes	-	-	-	19,550	19,550
Other income	-	7,659	-	-	7,659
Intergovernmental	315	-	-	-	315
Interest income	12,480	107,685	74,196	2,978	197,339
Interest expense	(121,259)	(34,384)	(192,464)	-	(348,107)
Amortization of debt premium	806	1,281	865	-	2,952
Total Nonoperating Revenues (Expenses)	(107,658)	82,241	(117,403)	22,528	(120,292)
Income (Loss) Before Contributions and Transfers	(298,422)	70,952	1,993,845	1,026	1,767,401
Capital contributions	243,998	122,892	1,551,921	-	1,918,811
Transfers out	-	-	(40,194)	-	(40,194)
Change in Net Position	(54,424)	193,844	3,505,572	1,026	3,646,018
Cumulative Effect of Change in Accounting Principle	(18,835)	(7,484)	(54,746)	-	(81,065)
Net Position - January 1	16,894,804	25,621,085	15,071,961	975,870	58,563,720
Net Position - December 31	\$ 16,821,545	\$ 25,807,445	\$ 18,522,787	\$ 976,896	\$ 62,128,673

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

For the Year Ended December 31, 2012

	Sanitary District No. 1	Sanitary District No. 2	Sanitary District No. 3	East Side Utility	Total
Cash Flows from Operating Activities					
Cash received from customers	\$ 5,052,142	\$ 2,898,386	\$ 2,834,853	\$ 21,458	\$ 10,806,839
Cash payments to employees	(456,154)	(343,191)	(175,663)	(8,034)	(983,042)
Cash payments to suppliers	(4,213,674)	(2,110,880)	(304,354)	(14,913)	(6,643,821)
Net Cash Provided (Used) by Operating Activities	382,314	444,315	2,354,836	(1,489)	3,179,976
Cash Flows from Noncapital Financing Activities					
Changes in assets and liabilities					
Due from other funds	307,860	403	-	-	308,263
Property taxes	-	-	-	19,550	19,550
Operating grants	315	7,659	-	-	7,974
Transfers to other funds	-	-	(40,194)	-	(40,194)
Net Cash Provided (Used) by Noncapital Financing Activities	308,175	8,062	(40,194)	19,550	295,593
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	(327,662)	(502,194)	(687,622)	-	(1,517,478)
Capital contributions	182,023	88,235	420,232	-	690,490
Proceeds from long-term debt	429,318	9,744	1,071,888	-	1,510,950
Principal payments on long-term debt	(789,490)	(327,068)	(1,335,000)	-	(2,451,558)
Interest payments on long-term debt	(130,021)	(37,311)	(199,140)	-	(366,472)
Issuance costs paid	(5,967)	(124)	-	-	(6,091)
Net Cash Used by Capital and Related Financing Activities	(641,799)	(768,718)	(729,642)	-	(2,140,159)
Cash Flows Provided by Investing Activities					
Interest from investments	12,480	107,685	74,196	1,636	195,997
Change in Cash and Cash Equivalents	61,170	(208,656)	1,659,196	19,697	1,531,407
Cash and Cash Equivalents - January 1	956,287	9,685,695	3,750,434	258,776	14,651,192
Cash and Cash Equivalents - December 31	\$ 1,017,457	\$ 9,477,039	\$ 5,409,630	\$ 278,473	\$ 16,182,599
Reconciliation of Cash and Cash Equivalents to Statement of Net Position					
Cash and investments	\$ -	\$ 7,676,473	\$ 5,409,630	\$ 278,473	\$ 13,364,576
Restricted assets	1,017,457	1,800,566	-	-	2,818,023
	\$ 1,017,457	\$ 9,477,039	\$ 5,409,630	\$ 278,473	\$ 16,182,599

(Continued)

TOWN OF GRAND CHUTE, WISCONSIN

Statement of Cash Flows (Continued)

Proprietary Funds

For the Year Ended December 31, 2012

	Sanitary District No. 1	Sanitary District No. 2	Sanitary District No. 3	East Side Utility	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ (190,764)	\$ (11,289)	\$ 2,111,248	\$ (21,502)	\$ 1,887,693
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	441,963	487,894	392,164	19,242	1,341,263
Depreciation reimbursement	39,117	(39,117)	-	-	-
Depreciation allocated to transportation	32,696	-	-	-	32,696
Changes in assets and liabilities					
Accounts receivable	34,590	(5,408)	(67,201)	340	(37,679)
Receivable from fiduciary funds	-	-	39,010	-	39,010
Inventories	(7,373)	(1,952)	(152)	-	(9,477)
Accounts payable	(6,147)	4,236	(148,072)	431	(149,552)
Accrued liabilities	1,365	762	(315)	-	1,812
Due to other governmental units	8,713	-	-	-	8,713
Compensated absences	28,154	9,189	28,154	-	65,497
Net Cash Provided (Used) by Operating Activities	<u>\$ 382,314</u>	<u>\$ 444,315</u>	<u>\$ 2,354,836</u>	<u>\$ (1,489)</u>	<u>\$ 3,179,976</u>

Noncash Investing, Capital and Financing Activities

None

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

TOWN OF GRAND CHUTE, WISCONSIN

Statement of Net Position

Fiduciary Funds

December 31, 2012

	Tax Collection	Developer Deposits	Total Agency Funds
ASSETS			
Cash and investments	\$ 12,133,925	\$ 11,077	\$ 12,145,002
Receivables			
Taxes	25,835,509	-	25,835,509
TOTAL ASSETS	\$ 37,969,434	\$ 11,077	\$ 37,980,511
LIABILITIES			
Accounts payable	\$ 66,311	\$ 11,077	\$ 77,388
Payable to primary government	592,724	-	592,724
Due to other governments	37,310,399	-	37,310,399
TOTAL LIABILITIES	\$ 37,969,434	\$ 11,077	\$ 37,980,511

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

TOWN OF GRAND CHUTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

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 position 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*.

TOWN OF GRAND CHUTE, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

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. The Town has no 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 ASSESSMENT DEBT SERVICE FUND

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

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:

SANITARY DISTRICT NO. 1 ENTERPRISE FUND

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.

SANITARY DISTRICT NO. 2 ENTERPRISE FUND

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.

SANITARY DISTRICT NO. 3 ENTERPRISE FUND

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.

TOWN OF GRAND CHUTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EAST SIDE UTILITY FUND

The East Side Utility fund is a blended component unit that accounts for the financial resources to be used to operate a sewer utility.

Additionally, the Town reports the following fund types:

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

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.

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

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

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

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

TOWN OF GRAND CHUTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

a. Cash and Investments

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

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

d. Inventories

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

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

e. Prepaid Items

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

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

TOWN OF GRAND CHUTE, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

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	
<u>Assets</u>		
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 Outflows/Inflows of Resources

The Town implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended December 31, 2012. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

TOWN OF GRAND CHUTE, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

i. Long-term Obligations

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

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.

j. Fund Equity

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

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

TOWN OF GRAND CHUTE, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

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

k. 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.

TOWN OF GRAND CHUTE, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

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, 2012.

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 \$49,560,820 on December 31, 2012 as summarized below:

Petty cash funds	\$ 2,175
Deposits with financial institutions	29,051,578
Investments	<u>20,507,067</u>
	<u>\$ 49,560,820</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 34,597,795
Restricted cash and investments	2,818,023
Fiduciary funds Statement of Net Position	
Agency funds	<u>12,145,002</u>
	<u>\$ 49,560,820</u>

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

TOWN OF GRAND CHUTE, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

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 risk policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings deposits and \$250,000 for interest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for all time accounts, savings accounts and interest-bearing demand deposit accounts per official custodian per depository institution. In addition, the Town's non-interest bearing transaction accounts are fully insured through December 31, 2012. As of January 1, 2013, the Town's non-interest bearing transaction accounts are combined with its interest-bearing demand deposits for FDIC coverage. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2012, \$17,820,726 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits.

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. The Town does not have an additional credit risk policy. Presented below is the actual rating as of year end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	A	Not Rated
U.S. Treasury Notes	\$ 1,250,673	\$ 1,250,673	\$ -	\$ -	\$ -	\$ -
Federal agency securities	3,252,065	-	3,252,065	-	-	-
Corporate notes	13,989,712	-	4,282,332	6,169,585	738,076	2,799,719
Municipal bonds	898,556	-	-	853,554	-	45,002
Canadian government bonds	173,710	-	-	173,710	-	-
Money market mutual funds	753,759	-	753,759	-	-	-
Wisconsin Local Government Investment Pool	188,592	-	-	-	-	188,592
Totals	\$ 20,507,067	\$ 1,250,673	\$ 8,288,156	\$ 7,196,849	\$ 738,076	\$ 3,033,313

Included within corporate notes were \$3,021,340 of securitized notes insured by the FDIC.

TOWN OF GRAND CHUTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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	Percent of Total
Federal National Mortgage Association	Federal Agency Securities	\$ 2,389,973	12%
Federal Home Loan Mortgage Corporation	Federal Agency Securities	2,774,573	14%
U.S. Treasury Notes	U.S. Treasury Notes	1,250,673	6%
Royal Bank of Canada	Corporate notes	5,268,667	26%

Interest Rate Risk

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

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury Notes	\$ 1,250,673	\$ -	\$ 72,494	\$ 1,178,179	\$ -
Federal agency securities	3,252,065	1,257,732	520,973	1,473,360	-
Corporate notes	13,989,712	1,043,652	2,444,461	7,824,036	2,677,563
Municipal bonds	898,556	155,301	166,648	576,607	-
Canadian government bonds	173,710	-	-	173,710	-
Money market mutual funds	753,759	753,759	-	-	-
Wisconsin Local Government Investment Pool	188,592	188,592	-	-	-
Totals	\$ 20,507,067	\$ 3,399,036	\$ 3,204,576	\$ 11,225,892	\$ 2,677,563

Investment in Wisconsin Local Government Investment Pool

The Town has investments in the Wisconsin local government investment pool of \$188,592 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, 2012, the fair value of the Town's share of the LGIP's assets was substantially equal to the carrying value.

TOWN OF GRAND CHUTE, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

2. Property Taxes

Property taxes consist of taxes on real estate and personal property. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in 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.

3. Restricted and Other Assets

Restricted and other assets on December 31, 2012 totaled \$2,818,023 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	<u>\$ 351,361</u>	To be used for maintenance on the Sanitary District's water tower.
Restricted Assets		
Depreciation fund	496,010	To be used for additions and betterments of the District's capital assets.
Impact fees	<u>170,086</u>	Impact fees collected for future purchases
	<u>666,096</u>	
Total Sanitary District No. 1	<u>1,017,457</u>	
Sanitary District No. 2		
Other Assets		
Depreciation fund	447,616	To be used for additions and betterments of the District's capital assets.
Service availability charges	1,027,186	To account for SAC fees collected to be used for future sewerage plant expansion.
	<u>1,474,802</u>	
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.
	<u>325,764</u>	
Total Sanitary District No. 2	<u>1,800,566</u>	
Total	<u><u>\$ 2,818,023</u></u>	

TOWN OF GRAND CHUTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,586,389	\$ -	\$ -	\$ 2,586,389
Construction in progress	5,910,097	3,095,060	2,687,242	6,317,915
Total capital assets, not being depreciated	8,496,486	3,095,060	2,687,242	8,904,304
Capital assets, being depreciated:				
Land improvements	1,439,361	-	-	1,439,361
Buildings	12,775,942	-	-	12,775,942
Machinery and equipment	6,013,307	366,637	238,024	6,141,920
Infrastructure	57,149,041	2,687,242	-	59,836,283
Subtotals	77,377,651	3,053,879	238,024	80,193,506
Less accumulated depreciation for:				
Land improvements	378,094	33,211	-	411,305
Buildings	3,897,709	390,800	-	4,288,509
Machinery and equipment	2,937,192	288,933	183,131	3,042,994
Infrastructure	28,289,149	3,053,736	-	31,342,885
Subtotals	35,502,144	3,766,680	183,131	39,085,693
Total capital assets, being depreciated, net	41,875,507	(712,801)	54,893	41,107,813
Governmental activities capital assets, net	<u>\$ 50,371,993</u>	<u>\$ 2,382,259</u>	<u>\$ 2,742,135</u>	50,012,117
Less related long-term debt outstanding, net of available debt proceeds of \$7,349,061				<u>15,045,061</u>
Net investment in capital assets				<u>\$ 34,967,056</u>

TOWN OF GRAND CHUTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,000,709	\$ -	\$ 39,650	\$ 961,059
Construction in progress	2,864,522	1,145,993	1,929,175	2,081,340
Total capital assets, not being depreciated	<u>3,865,231</u>	<u>1,145,993</u>	<u>1,968,825</u>	<u>3,042,399</u>
Capital assets, being depreciated:				
Land improvements	6,165,383	-	-	6,165,383
Buildings	177,432	-	-	177,432
Machinery and equipment	2,084,911	97,585	6,713	2,175,783
Infrastructure	55,844,798	2,245,371	66,731	58,023,438
Subtotals	<u>64,272,524</u>	<u>2,342,956</u>	<u>73,444</u>	<u>66,542,036</u>
Less accumulated depreciation	<u>15,967,812</u>	<u>1,373,961</u>	<u>73,303</u>	<u>17,268,470</u>
Total capital assets, being depreciated, net	<u>48,304,712</u>	<u>968,995</u>	<u>141</u>	<u>49,273,566</u>
Business-type activities capital assets, net	<u>\$ 52,169,943</u>	<u>\$ 2,114,988</u>	<u>\$ 1,968,966</u>	52,315,965
Less related long-term debt outstanding				<u>9,875,878</u>
Net investment in capital assets				<u>\$ 42,440,087</u>

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

Governmental activities		
General government		\$ 279,912
Public safety		302,028
Public works		3,137,949
Culture and recreation		45,051
Conservation and development		1,740
Total depreciation expense - governmental activities		<u>\$ 3,766,680</u>
Business-type activities		
Sanitary District No. 1		\$ 441,963
Sanitary District No. 2		487,894
Sanitary District No. 3		392,164
East Side Utility		19,242
Allocated Depreciation		32,698
Total depreciation expense - business-type activities		<u>\$ 1,373,961</u>

TOWN OF GRAND CHUTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

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, 2012 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance Operating Cash		
Deficits of Other Funds		
General Fund	\$ 2,246,912	\$ -
Sanitary District No. 1	-	2,246,912
Room Tax Revenues		
General Fund	70,163	-
Room Tax	-	70,163
Totals	<u>\$ 2,317,075</u>	<u>\$ 2,317,075</u>

	Transfer to:		
	General Fund	Debt Service	Totals
Transfers from:			
Special Revenue			
Room Tax	\$ 304,509	\$ -	\$ 304,509
Special Assessments	95,998	2,039,322	2,135,320
Enterprise Fund			
Sanitary District #3	40,194	-	40,194
Totals	<u>\$ 440,701</u>	<u>\$ 2,039,322</u>	<u>\$ 2,480,023</u>

The purpose of interfund transfers for the year ended December 31, 2012 is as follows:

	Amount
Town portion of room tax collections	\$ 304,509
Operating cost reimbursement to general fund	40,194
Special assessment administrative fee reimbursement to general fund	95,998
Retirement of long-term debt	2,039,322
	<u>\$ 2,480,023</u>

TOWN OF GRAND CHUTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

6. Long-term Obligations

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2012:

	Outstanding 1/1/12	Issued	Retired	Outstanding 12/31/12	Due Within One Year
Governmental activities:					
General Obligation Debt					
Notes	\$ 19,013,514	\$ 7,384,050	\$ 4,003,442	\$ 22,394,122	\$ 3,929,086
Debt premium	187,319	-	24,538	162,781	-
Compensated absences	1,063,746	10,116	-	1,073,862	-
Governmental activities Long-term obligations	<u>\$ 20,264,579</u>	<u>\$ 7,394,166</u>	<u>\$ 4,027,980</u>	<u>\$ 23,630,765</u>	<u>\$ 3,929,086</u>
Business-type activities:					
General Obligation Debt					
Notes	\$ 10,816,486	\$ 1,510,950	\$ 2,451,558	\$ 9,875,878	\$ 2,250,914
Debt premium	94,494	-	23,904	70,590	-
Compensated absences	88,191	65,497	-	153,688	-
Business-type activities Long-term obligations	<u>\$ 10,999,171</u>	<u>\$ 1,576,447</u>	<u>\$ 2,475,462</u>	<u>\$ 10,100,156</u>	<u>\$ 2,250,914</u>

Total interest paid during the year on long-term debt totaled \$932,870.

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, 2012 totaled \$32,270,000 and was comprised of the following issues:

Notes

\$9,555,000 issued 8/1/04; \$1,100,000 to \$1,135,000 due annually through 2014; interest 3.50% to 3.55%	\$ 2,245,000
\$9,750,000 issued 7/1/05; \$1,200,000 to \$1,250,000 due annually through 2015; interest 3.5%	3,680,000
\$4,215,000 issued 12/21/06; \$395,000 to \$415,000 due annually through 2016; interest 3.875%	1,625,000
\$9,685,000 issued 08/26/08; \$975,000 to \$995,000 due annually through 2018; interest 3.50% to 4.0%	5,885,000
\$5,320,000 issued 10/1/09; \$525,000 to \$555,000 due annually through 2019; interest 2.25% to 3.5%	3,795,000
\$7,640,000 issued 11/1/10; \$745,000 to \$785,000 due annually through 2020; interest 1.5% to 3.0%	6,145,000
\$8,895,000 issued 3/27/12; \$790,000 to \$1,210,000 due annually through 2022; interest 0.35% to 1.75%	<u>8,895,000</u>
Total Outstanding General Obligation Debt	<u>\$ 32,270,000</u>

TOWN OF GRAND CHUTE, WISCONSIN
Notes to Basic Financial Statements
December 31, 2012

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$32,270,000 on December 31, 2012 are detailed below:

Year Ended December 31	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 3,929,086	\$ 522,589	\$ 2,250,914	\$ 287,829	\$ 6,180,000	\$ 810,418
2014	3,715,036	429,311	2,109,964	222,643	5,825,000	651,954
2015	3,235,000	330,247	1,545,000	154,914	4,780,000	485,161
2016	2,390,000	262,890	1,150,000	113,737	3,540,000	376,627
2017	2,275,000	206,371	870,000	77,868	3,145,000	284,239
2018-2022	6,850,000	310,920	1,950,000	90,502	8,800,000	401,422
	<u>\$ 22,394,122</u>	<u>\$ 2,062,328</u>	<u>\$ 9,875,878</u>	<u>\$ 947,493</u>	<u>\$ 32,270,000</u>	<u>\$ 3,009,821</u>

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, 2012 was \$79,445,129 as follows:

Equalized valuation of the Town	\$ 2,228,378,500
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>111,418,925</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 32,270,000
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>296,204</u>
Net outstanding general obligation debt applicable to debt limitation	<u>31,973,796</u>
Legal Margin for New Debt	<u><u>\$ 79,445,129</u></u>

7. 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.

TOWN OF GRAND CHUTE, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

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

Prior to June 29, 2011, covered employees in the General/Teacher/Educational Support Personnel category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

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

	2012	
	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	5.9%	5.9%
Executives & Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.9%	11.3%

The payroll for Town employees covered by the WRS for the year ended December 31, 2012 was \$5,473,933; the employer's total payroll was \$5,777,443. The total required contribution for the year ended December 31, 2012 was \$751,795, which consisted of \$428,833 or 7.8% of covered payroll from the employer, and \$322,962, or 5.9% of covered payroll from employees. Total contributions for the years ended December 31, 2011 and 2010 were \$731,324 and \$671,406, 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. A final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

TOWN OF GRAND CHUTE, WISCONSIN

Notes to Basic Financial Statements

December 31, 2012

NOTE D - OTHER INFORMATION (Continued)

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

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

2. Risk Management

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

3. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2012 and 2013 budget years, the increase in the maximum allowable tax levy is limited to the percentage change in the Town's January 1 equalized value as a result of net new construction. The actual limit for the Town for the 2012 budget was .86%. The actual limit for the Town for the 2013 budget was .89%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

4. 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, 2012, the Town was potentially liable for approximately 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. 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.

5. Cumulative Effect of Change in Accounting Principle

The Town has adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which requires debt issuance costs to be expensed in the period incurred, rather than recorded as assets and amortized over the life of the related debt issue. Financial statements for the year ended December 31, 2011 have not been restated. The cumulative effect of this change was to decrease the December 31, 2012 net position of the governmental activities by \$153,954 and the net position of the business-type activities and proprietary funds by \$81,065.

SUPPLEMENTARY INFORMATION

TOWN OF GRAND CHUTE, WISCONSIN
 General Fund
 Detailed Comparison of Budgeted and Actual Revenues
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Taxes				
General property taxes	\$ 7,712,763	\$ 7,712,763	\$ 7,712,813	\$ 50
Payment in lieu of taxes	5,000	5,000	4,611	(389)
Other taxes	1,600	1,600	60,188	58,588
Total Taxes	7,719,363	7,719,363	7,777,612	58,249
Special Assessments	113,000	113,000	119,618	6,618
Intergovernmental				
Federal aids				
Law enforcement	-	-	3,456	3,456
Disaster assistance	-	-	114	114
State aids				
State shared taxes	269,435	269,435	270,150	715
Tax exempt computer aid	64,000	64,000	64,112	112
Fire insurance	73,500	73,500	81,046	7,546
Law enforcement	4,650	4,650	6,785	2,135
Transportation	845,117	845,117	845,117	-
Recycling	239,200	239,200	235,662	(3,538)
Other grants	41,122	41,122	47,318	6,196
Local aids				
Mass transit	456,597	456,597	518,583	61,986
Other grants	-	-	-	-
Total Intergovernmental	1,993,621	1,993,621	2,072,343	78,722
Licenses and Permits				
Licenses				
Business and occupational licenses	73,000	73,000	75,912	2,912
Bicycle	-	-	200	200
Dog	-	-	4,653	4,653
Permits				
Building	223,825	223,825	248,965	25,140
Utility	9,000	9,000	32,308	23,308
Cable TV	250,000	250,000	294,363	44,363
Zoning	131,000	131,000	153,919	22,919
Other permits	26,500	26,500	22,000	(4,500)
Total Licenses and Permits	713,325	713,325	832,320	118,995
Fines and Forfeitures				
Court penalties and costs	385,000	385,000	438,044	53,044
Judgments and damages	500	500	1,981	1,481
Total Fines, Forfeits and Penalties	385,500	385,500	440,025	54,525

(Continued)

TOWN OF GRAND CHUTE, WISCONSIN

General Fund

Detailed Comparison of Budgeted and Actual Revenues (Continued)

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Charges for Services				
General government	10,000	10,000	19,542	9,542
SAC fee (1% administration)	-	-	1,063	1,063
Law enforcement fees	52,500	52,500	53,463	963
Fire department	17,527	17,527	29,107	11,580
Street related charges	8,000	8,000	13,276	5,276
Cemetery fees	100	100	53	(47)
Weed control	4,500	4,500	2,584	(1,916)
Park and recreation charges	13,850	13,850	12,865	(985)
Garbage collection	928,800	928,800	936,871	8,071
Total Public Charges for Services	<u>1,035,277</u>	<u>1,035,277</u>	<u>1,068,824</u>	<u>33,547</u>
Intergovernmental charges for services				
Public safety	22,581	22,581	22,739	158
Public works	205,200	205,200	201,345	(3,855)
Total Intergovernmental Charges for Services	<u>227,781</u>	<u>227,781</u>	<u>224,084</u>	<u>(3,697)</u>
Miscellaneous				
Interest income	251,800	251,800	255,466	3,666
Rental income	5,000	5,000	2,143	(2,857)
Insurance recoveries, dividends and refunds	43,718	43,718	64,344	20,626
Donations	9,240	9,240	9,574	334
Other	10,000	10,000	28,226	18,226
Total Miscellaneous	<u>319,758</u>	<u>319,758</u>	<u>359,753</u>	<u>39,995</u>
Total Revenues	<u>\$ 12,507,625</u>	<u>\$ 12,507,625</u>	<u>\$ 12,894,579</u>	<u>\$ 386,954</u>

TOWN OF GRAND CHUTE, WISCONSIN
 General Fund
 Detailed Comparison of Budgeted and Actual Expenditures
 For the Year Ended December 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Government				
Town board	\$ 104,600	\$ 104,600	\$ 87,968	\$ 16,632
Municipal court	161,753	161,753	174,021	(12,268)
Legal	60,000	60,000	44,986	15,014
General administration	551,800	551,800	536,349	15,451
Town clerk	143,577	143,577	140,527	3,050
Elections	96,600	96,600	80,504	16,096
Treasurer	10,710	10,710	6,163	4,547
Accounting and auditing	11,000	11,000	10,401	599
General building/town hall	262,500	262,500	242,041	20,459
Insurance	257,075	257,075	218,308	38,767
Uncollectible taxes and tax refunds	5,000	5,000	66,343	(61,343)
Contingency	161,140	161,140	-	161,140
Total General Government	1,825,755	1,825,755	1,607,611	218,144
Public Safety				
Police - patrol	2,833,978	2,833,978	2,800,172	33,806
Police - administration	489,949	489,949	488,089	1,860
Police - investigations	630,414	630,414	627,307	3,107
Fire protection/EMS	2,688,690	2,688,690	2,658,117	30,573
Animal control	4,200	4,200	7,242	(3,042)
Total Public Safety	6,647,231	6,647,231	6,580,927	66,304
Public Works				
Highway department	1,657,350	1,657,350	1,568,571	88,779
Street lighting	276,500	276,500	287,012	(10,512)
Mass transit	606,134	606,134	527,241	78,893
Refuse collection	741,900	741,900	692,714	49,186
Recycling	472,500	472,500	466,066	6,434
Weed control	6,400	6,400	5,239	1,161
Cemetery	1,500	1,500	394	1,106
Total Public Works	3,762,284	3,762,284	3,547,237	215,047
Culture and Recreation				
Parks	177,305	177,305	183,590	(6,285)
Conservation and Development				
Assessment of property	118,100	118,100	108,417	9,683
Building inspection	306,100	306,100	308,120	(2,020)
Zoning and planning	223,600	223,600	212,089	11,511
Code enforcement	500	500	1,496	(996)
Total Conservation and Development	648,300	648,300	630,122	18,178
Total Expenditures	\$ 13,060,875	\$ 13,060,875	\$ 12,549,487	\$ 511,388

TOWN OF GRAND CHUTE, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

	Room Tax	Park Development	Fire Impact Fees	Fire Donations	K-9 Unit	Total Nonmajor Governmental Funds
ASSETS						
Cash and investments	\$ 93,922	\$ 165,263	\$ 95,746	\$ 1,067	\$ 5,268	\$ 361,266
Receivables						
Accounts	217,552	-	-	300	-	217,852
TOTAL ASSETS	<u>\$ 311,474</u>	<u>\$ 165,263</u>	<u>\$ 95,746</u>	<u>\$ 1,367</u>	<u>\$ 5,268</u>	<u>\$ 579,118</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 159,566	\$ -	\$ -	\$ 326	\$ 45	\$ 159,937
Accrued and other current liabilities	6,500	-	-	-	-	6,500
Due to other funds	70,163	-	-	-	-	70,163
Total Liabilities	<u>236,229</u>	<u>-</u>	<u>-</u>	<u>326</u>	<u>45</u>	<u>236,600</u>
Fund Balances						
Restricted						
Fire impact fees	-	-	95,746	-	-	95,746
Committed						
Assigned						
Economic development	75,245	-	-	-	-	75,245
Park development	-	165,263	-	-	-	165,263
Public safety donations	-	-	-	1,041	5,223	6,264
Total Fund Balances	<u>75,245</u>	<u>165,263</u>	<u>95,746</u>	<u>1,041</u>	<u>5,223</u>	<u>342,518</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 311,474</u>	<u>\$ 165,263</u>	<u>\$ 95,746</u>	<u>\$ 1,367</u>	<u>\$ 5,268</u>	<u>\$ 579,118</u>

TOWN OF GRAND CHUTE, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Room Tax	Park Development	Fire Impact Fees	Fire Donations	K-9 Unit	Total Nonmajor Governmental Funds
Revenues						
Taxes	\$ 1,002,941	\$ -	\$ -	\$ -	\$ -	\$ 1,002,941
Public charges for services	-	58,950	35,514	-	-	94,464
Miscellaneous	-	10,947	808	4,541	-	16,296
Total Revenues	1,002,941	69,897	36,322	4,541	-	1,113,701
Expenditures						
Current						
Public safety	-	-	-	5,672	228	5,900
Conservation and development	691,352	-	-	-	-	691,352
Total Expenditures	691,352	-	-	5,672	228	697,252
Excess of Revenues Over (Under) Expenditures	311,589	69,897	36,322	(1,131)	(228)	416,449
Other Financing Uses						
Transfers out	(304,509)	-	-	-	-	(304,509)
Net Change in Fund Balances	7,080	69,897	36,322	(1,131)	(228)	111,940
Fund Balances - January 1	68,165	95,366	59,424	2,172	5,451	230,578
Fund Balances - December 31	\$ 75,245	\$ 165,263	\$ 95,746	\$ 1,041	\$ 5,223	\$ 342,518

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



**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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Grand Chute, Wisconsin, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Town of Grand Chute, Wisconsin's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated June 8, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2012-01 that we consider to be a significant deficiency.



Compliance and Other Matters

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

Town of Grand Chute, Wisconsin's Response to Findings

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

Purpose of this Report

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



Certified Public Accountants
Green Bay, Wisconsin
June 8, 2013

TOWN OF GRAND CHUTE, WISCONSIN
 Schedule of Findings and Responses
 For the Year Ended December 31, 2012

Section I - Internal Control Over Financial Reporting

Finding No.	Control Deficiencies
2012-01	Preparation of Annual Financial Report
Condition:	Current Town staff maintains accounting records which reflect the Town's financial transactions; however, preparing the Town's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Town contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to prepare the annual financial report in an efficient manner.
Criteria:	The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential misstatement in the financial statements or notes.
Cause:	Town management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without our involvement, the Town may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the Town continue reviewing the annual financial report prepared by Schenck. While it may not be cost beneficial to hire additional staff to prepare the report, 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:	The Town reviews and approves the annual financial report prepared by Schenck.

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, 2012.