

**TOWN OF GRAND CHUTE, WISCONSIN**  
**ANNUAL FINANCIAL REPORT**  
**DECEMBER 31, 2013**

**TOWN OF GRAND CHUTE, WISCONSIN**

December 31, 2013

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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, 2013, 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 auditors consider 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, 2013, 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.

## **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 July 23, 2014, 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  
July 23, 2014

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF GRAND CHUTE, WISCONSIN**  
Statement of Net Position  
December 31, 2013

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 15,332,156	\$ 14,586,225	\$ 29,918,381
Receivables			
Taxes	9,284,065	19,696	9,303,761
Special assessments	4,149,711	4,132,717	8,282,428
Accounts	722,188	2,516,008	3,238,196
Internal balances	2,782,966	(2,782,966)	-
Receivable from fiduciary fund	-	660,542	660,542
Inventories and prepaid items	206,113	65,078	271,191
Restricted assets			
Cash and investments	-	2,962,208	2,962,208
Capital assets, nondepreciable			
Land	2,586,389	961,059	3,547,448
Construction in progress	1,640,011	714,405	2,354,416
Capital assets, depreciable			
Land improvements	1,586,911	6,165,383	7,752,294
Buildings	12,775,942	177,432	12,953,374
Machinery and equipment	6,948,931	2,217,997	9,166,928
Infrastructure	66,343,274	60,335,395	126,678,669
Less: Accumulated depreciation	(42,828,427)	(18,720,260)	(61,548,687)
<b>TOTAL ASSETS</b>	<b>81,530,230</b>	<b>74,010,919</b>	<b>155,541,149</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	9,889	71,170	81,059
<b>LIABILITIES</b>			
Accounts payable	1,021,216	691,540	1,712,756
Accrued and other current liabilities	494,396	27,607	522,003
Accrued interest payable	139,282	71,416	210,698
Due to other governments	1,341	807,727	809,068
Unearned revenues	-	3,215	3,215
Long-term obligations			
Due within one year	3,715,036	2,109,964	5,825,000
Due in more than one year	16,066,844	5,733,467	21,800,311
<b>TOTAL LIABILITIES</b>	<b>21,438,115</b>	<b>9,444,936</b>	<b>30,883,051</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	10,963,490	19,696	10,983,186
<b>NET POSITION</b>			
Net investment in capital assets	34,984,327	44,226,447	79,210,774
Restricted for			
Debt service	4,063,950	-	4,063,950
Fire impact fees	124,488	-	124,488
Unrestricted	9,965,749	20,391,010	30,356,759
<b>TOTAL NET POSITION</b>	<b>\$ 49,138,514</b>	<b>\$ 64,617,457</b>	<b>\$ 113,755,971</b>

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, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 1,991,664	\$ 436,098	\$ -	\$ -
Public safety	6,479,959	541,686	135,435	-
Public works	7,738,126	1,239,881	1,348,807	959,479
Culture and recreation	211,728	49,601	1,187	-
Conservation and development	1,444,017	474,648	1,000	-
Interest on debt	472,983	-	-	-
<b>Total Governmental Activities</b>	<b>18,338,477</b>	<b>2,741,914</b>	<b>1,486,429</b>	<b>959,479</b>
<b>Business-type Activities</b>				
Water utility	5,171,630	5,121,602	-	152,876
Sewer utility	2,878,579	2,956,155	-	64,325
Storm water utility	931,579	2,872,923	-	175,484
<b>Total Business-type Activities</b>	<b>8,981,788</b>	<b>10,950,680</b>	<b>-</b>	<b>392,685</b>
<b>Total</b>	<b>\$ 27,320,265</b>	<b>\$ 13,692,594</b>	<b>\$ 1,486,429</b>	<b>\$ 1,352,164</b>

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for specific purposes

Other taxes

Federal and state grants and other contributions  
not restricted to specific functions

Interest and investment earnings

Miscellaneous

Gain on sale of asset

Transfers

Total general revenues and transfers

Change in net position

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

\$ (1,555,566)	\$ -	\$ (1,555,566)
(5,802,838)	-	(5,802,838)
(4,189,959)	-	(4,189,959)
(160,940)	-	(160,940)
(968,369)	-	(968,369)
(472,983)	-	(472,983)
<u>(13,150,655)</u>	<u>-</u>	<u>(13,150,655)</u>

-	102,848	102,848
-	141,901	141,901
-	2,116,828	2,116,828
-	<u>2,361,577</u>	<u>2,361,577</u>

<u>(13,150,655)</u>	<u>2,361,577</u>	<u>(10,789,078)</u>
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7,951,780	19,550	7,971,330
1,996,300	-	1,996,300
1,052,790	-	1,052,790
337,282	3,320	340,602
263,107	125,741	388,848
491,540	722	492,262
45,210	-	45,210
22,126	(22,126)	-
<u>12,160,135</u>	<u>127,207</u>	<u>12,287,342</u>

(990,520)	2,488,784	1,498,264
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<u>50,129,034</u>	<u>62,128,673</u>	<u>112,257,707</u>
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<u>\$ 49,138,514</u>	<u>\$ 64,617,457</u>	<u>\$ 113,755,971</u>
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**TOWN OF GRAND CHUTE, WISCONSIN**

Balance Sheet  
Governmental Funds  
December 31, 2013

	General	Special Assessment	Debt Service
<b>ASSETS</b>			
Cash and investments	\$ 6,479,891	\$ 3,899,892	\$ 184,577
Receivables			
Taxes	6,170,501	1,023,564	2,090,000
Special assessments	-	4,149,711	-
Accounts	343,929	-	-
Due from other funds	2,862,588	-	-
Inventories and prepaid items	206,113	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 16,063,022</u></b>	<b><u>\$ 9,073,167</u></b>	<b><u>\$ 2,274,577</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 727,249	\$ -	\$ 1,400
Accrued and other current liabilities	487,896	-	-
Deposits	-	-	-
Due to other funds	-	-	-
Due to other governments	1,341	-	-
<b>Total Liabilities</b>	<b><u>1,216,486</u></b>	<b><u>-</u></b>	<b><u>1,400</u></b>
<b>Deferred Inflows of Resources</b>			
Property taxes	8,873,490	-	2,090,000
Special assessments	-	5,192,394	-
<b>Total Deferred Inflows of Resources</b>	<b><u>8,873,490</u></b>	<b><u>5,192,394</u></b>	<b><u>2,090,000</u></b>
<b>Fund Balances</b>			
<b>Nonspendable</b>			
Inventories and prepaid items	206,113	-	-
<b>Restricted</b>			
Retirement of long-term debt	-	3,880,773	183,177
Capital outlay	-	-	-
Fire impact fees	-	-	-
<b>Assigned</b>			
Equipment replacement	27,800	-	-
Dental insurance	45,954	-	-
Economic development	-	-	-
Park development	-	-	-
Public safety donations	-	-	-
<b>Unassigned</b>			
General fund	5,693,179	-	-
<b>Total Fund Balances</b>	<b><u>5,973,046</u></b>	<b><u>3,880,773</u></b>	<b><u>183,177</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 16,063,022</u></b>	<b><u>\$ 9,073,167</u></b>	<b><u>\$ 2,274,577</u></b>

(Continued)

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 4,374,275	\$ 393,521	\$ 15,332,156
-	-	9,284,065
-	-	4,149,711
132,677	245,582	722,188
-	-	2,862,588
-	-	206,113
<hr/>		
\$ 4,506,952	\$ 639,103	\$ 32,556,821

\$ 110,620	\$ 181,947	\$ 1,021,216
-	-	487,896
-	6,500	6,500
-	79,622	79,622
-	-	1,341
<hr/>		
110,620	268,069	1,596,575

-	-	10,963,490
-	-	5,192,394
<hr/>		
-	-	16,155,884

-	-	206,113
-	-	4,063,950
4,396,332	-	4,396,332
-	124,488	124,488
-	-	27,800
-	-	45,954
-	75,490	75,490
-	163,723	163,723
-	7,333	7,333
-	-	5,693,179
<hr/>		
4,396,332	371,034	14,804,362

\$ 4,506,952	\$ 639,103	\$ 32,556,821
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**TOWN OF GRAND CHUTE, WISCONSIN**  
 Balance Sheet (Continued)  
 Governmental Funds  
 December 31, 2013

Reconciliation to the Statement of Net Position

Total Fund Balances as shown on previous page		\$ 14,804,362
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.		49,053,031
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Special assessments		5,192,394
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	\$ (18,465,036)	
Debt premium	(138,243)	
Loss on advance refunding	9,889	
Compensated absences	(1,178,601)	
Accrued interest on long-term obligations	(139,282)	(19,911,273)
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 3)		<u>\$ 49,138,514</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, 2013

	General	Special Assessment	Debt Service
<b>Revenues</b>			
Taxes	\$ 7,956,343	\$ -	\$ 1,996,300
Special assessments	120,598	1,414,482	-
Intergovernmental	1,819,644	-	-
Licenses and permits	961,395	-	-
Fines and forfeitures	421,519	-	-
Public charges for services	1,030,870	-	-
Intergovernmental charges for services	251,395	-	-
Miscellaneous	576,442	146,658	-
<b>Total Revenues</b>	<u>13,138,206</u>	<u>1,561,140</u>	<u>1,996,300</u>
<b>Expenditures</b>			
<b>Current</b>			
General government	1,771,169	-	-
Public safety	6,713,154	-	-
Public works	3,755,793	-	-
Culture and recreation	183,576	-	-
Conservation and development	691,124	-	-
<b>Debt service</b>			
Principal	-	-	3,929,086
Interest and fiscal charges	-	-	523,741
<b>Capital outlay</b>	-	-	-
<b>Total Expenditures</b>	<u>13,114,816</u>	<u>-</u>	<u>4,452,827</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>23,390</u>	<u>1,561,140</u>	<u>(2,456,527)</u>
<b>Other Financing Sources (Uses)</b>			
Sale of capital assets	82,971	-	-
Transfers in	1,190,811	-	2,343,500
Transfers out	-	(3,192,409)	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,273,782</u>	<u>(3,192,409)</u>	<u>2,343,500</u>
<b>Net Change in Fund Balances</b>	1,297,172	(1,631,269)	(113,027)
<b>Fund Balances - January 1</b>	<u>4,675,874</u>	<u>5,512,042</u>	<u>296,204</u>
<b>Fund Balances - December 31</b>	<u>\$ 5,973,046</u>	<u>\$ 3,880,773</u>	<u>\$ 183,177</u>

(Continued)

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,048,227	\$ 11,000,870
-	-	1,535,080
-	-	1,819,644
-	-	961,395
-	-	421,519
-	61,944	1,092,814
-	-	251,395
-	10,006	733,106
-	1,120,177	17,815,823
-	-	1,771,169
-	7,679	6,720,833
-	-	3,755,793
-	-	183,576
-	728,206	1,419,330
-	-	3,929,086
-	-	523,741
2,952,729	36,000	2,988,729
2,952,729	771,885	21,292,257
(2,952,729)	348,292	(3,476,434)
-	-	82,971
-	-	3,534,311
-	(319,776)	(3,512,185)
-	(319,776)	105,097
(2,952,729)	28,516	(3,371,337)
7,349,061	342,518	18,175,699
\$ 4,396,332	\$ 371,034	\$ 14,804,362

**TOWN OF GRAND CHUTE, WISCONSIN**  
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)  
Governmental Funds  
For the Year Ended December 31, 2013

Reconciliation to the Statement of Activities

Net Change in Fund Balances as shown on previous page \$ (3,371,337)

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	\$ 3,035,686	
Depreciation expense reported in the statement of activities	(3,957,011)	
		(921,325)

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	\$ 82,971	
Gain on disposition reported on the statement of activities	45,210	
		(37,761)

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: (104,739)

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. (535,202)

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: 3,929,086

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. 32,810

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. (6,590)

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)		\$ (990,520)
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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, 2013

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 7,882,463	\$ 7,882,463	\$ 7,956,343	\$ 73,880
Special assessments	120,700	120,700	120,598	(102)
Intergovernmental	1,923,042	1,923,042	1,819,644	(103,398)
Licenses and permits	764,625	764,625	961,395	196,770
Fines and forfeitures	385,500	385,500	421,519	36,019
Public charges for services	1,031,585	1,031,585	1,030,870	(715)
Intergovernmental charges for services	253,605	253,605	251,395	(2,210)
Miscellaneous	411,200	411,200	576,442	165,242
<b>Total Revenues</b>	<b>12,772,720</b>	<b>12,772,720</b>	<b>13,138,206</b>	<b>365,486</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	1,789,784	1,789,784	1,771,169	18,615
Public safety	6,912,112	6,912,112	6,713,154	198,958
Public works	3,796,094	3,796,094	3,755,793	40,301
Culture and recreation	185,155	185,155	183,576	1,579
Conservation and development	649,960	649,960	691,124	(41,164)
<b>Total Expenditures</b>	<b>13,333,105</b>	<b>13,333,105</b>	<b>13,114,816</b>	<b>218,289</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(560,385)</b>	<b>(560,385)</b>	<b>23,390</b>	<b>583,775</b>
<b>Other Financing Sources</b>				
Sale of capital assets	44,500	44,500	82,971	38,471
Transfers in	514,500	514,500	1,190,811	676,311
<b>Total Other Financing Sources</b>	<b>559,000</b>	<b>559,000</b>	<b>1,273,782</b>	<b>714,782</b>
<b>Net Change in Fund Balance</b>	<b>(1,385)</b>	<b>(1,385)</b>	<b>1,297,172</b>	<b>1,298,557</b>
<b>Fund Balance - January 1</b>	<b>4,675,874</b>	<b>4,675,874</b>	<b>4,675,874</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 4,674,489</b>	<b>\$ 4,674,489</b>	<b>\$ 5,973,046</b>	<b>\$ 1,298,557</b>

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, 2013

	Sanitary District No. 1	Sanitary District No. 2	Sanitary District No. 3	East Side Utility	Total Enterprise Funds
<b>ASSETS</b>					
Current assets					
Cash and investments	\$ -	\$ 8,095,887	\$ 6,190,658	\$ 299,680	\$ 14,586,225
Receivables					
Taxes	-	-	-	19,696	19,696
Accounts	1,175,991	688,172	647,030	4,815	2,516,008
Receivable from fiduciary fund	217,186	122,323	320,149	884	660,542
Inventories and prepaid expenses	32,828	21,662	10,588	-	65,078
<b>Total Current Assets</b>	<b>1,426,005</b>	<b>8,928,044</b>	<b>7,168,425</b>	<b>325,075</b>	<b>17,847,549</b>
Noncurrent assets					
Receivables					
Special assessments	1,080,374	1,557,528	1,494,815	-	4,132,717
Restricted and other assets					
Cash and investments	1,065,533	1,896,675	-	-	2,962,208
Capital assets, nondepreciable					
Land	12,809	6,100	942,150	-	961,059
Construction in progress	46,189	261,553	406,663	-	714,405
Capital assets, depreciable					
Land improvements	-	-	6,165,383	-	6,165,383
Buildings	177,432	-	-	-	177,432
Machinery and equipment	1,172,634	933,249	106,362	5,752	2,217,997
Infrastructure	25,365,528	20,934,481	12,943,287	1,092,099	60,335,395
Less: Accumulated depreciation	(7,115,745)	(7,745,048)	(3,436,067)	(423,400)	(18,720,260)
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>19,658,847</b>	<b>14,390,335</b>	<b>17,127,778</b>	<b>674,451</b>	<b>51,851,411</b>
<b>Total Noncurrent Assets</b>	<b>21,804,754</b>	<b>17,844,538</b>	<b>18,622,593</b>	<b>674,451</b>	<b>58,946,336</b>
<b>TOTAL ASSETS</b>	<b>23,230,759</b>	<b>26,772,582</b>	<b>25,791,018</b>	<b>999,526</b>	<b>76,793,885</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	68,320	-	2,850	-	71,170

(Continued)

**TOWN OF GRAND CHUTE, WISCONSIN**

Statement of Net Position (Continued)

Proprietary Funds

December 31, 2013

	Sanitary District No. 1	Sanitary District No. 2	Sanitary District No. 3	East Side Utility	Total Enterprise Funds
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	\$ 148,374	\$ 171,819	\$ 23,746	\$ 2,466	\$ 346,405
Accrued and other current liabilities	12,632	8,972	6,003	-	27,607
Accrued interest	27,427	3,033	40,956	-	71,416
Due to other funds	2,782,966	-	-	-	2,782,966
Due to other governments	807,727	-	-	-	807,727
Unearned revenue	-	-	3,215	-	3,215
Current portion of general obligation debt	677,122	227,842	1,205,000	-	2,109,964
<b>Total Current Liabilities</b>	<b>4,456,248</b>	<b>411,666</b>	<b>1,278,920</b>	<b>2,466</b>	<b>6,149,300</b>
Noncurrent liabilities					
Accounts payable	345,135	-	-	-	345,135
General obligation debt	1,470,000	275,000	3,770,000	-	5,515,000
Debt premium	14,236	4,220	39,411	-	57,867
Compensated absences	98,396	57,638	4,566	-	160,600
<b>Total Noncurrent Liabilities</b>	<b>1,927,767</b>	<b>336,858</b>	<b>3,813,977</b>	<b>-</b>	<b>6,078,602</b>
<b>TOTAL LIABILITIES</b>	<b>6,384,015</b>	<b>748,524</b>	<b>5,092,897</b>	<b>2,466</b>	<b>12,227,902</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	-	-	-	19,696	19,696
<b>NET POSITION</b>					
Net investment in capital assets	17,511,725	13,887,493	12,152,778	674,451	44,226,447
Unrestricted	(596,661)	12,136,565	8,548,193	302,913	20,391,010
<b>TOTAL NET POSITION</b>	<b>\$ 16,915,064</b>	<b>\$ 26,024,058</b>	<b>\$ 20,700,971</b>	<b>\$ 977,364</b>	<b>\$ 64,617,457</b>

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, 2013

	Sanitary District No. 1	Sanitary District No. 2	Sanitary District No. 3	East Side Utility	Total
<b>Operating Revenues</b>					
Charges for services	\$ 4,928,152	\$ 2,653,456	\$ 2,858,933	\$ 21,082	\$ 10,461,623
Other	193,450	281,384	13,990	233	489,057
<b>Total Operating Revenues</b>	<b>5,121,602</b>	<b>2,934,840</b>	<b>2,872,923</b>	<b>21,315</b>	<b>10,950,680</b>
<b>Operating Expenses</b>					
Operations and maintenance	4,585,430	2,133,000	371,370	22,593	7,112,393
Depreciation	479,849	506,798	408,846	19,177	1,414,670
Taxes	26,378	13,500	-	-	39,878
<b>Total Operating Expenses</b>	<b>5,091,657</b>	<b>2,653,298</b>	<b>780,216</b>	<b>41,770</b>	<b>8,566,941</b>
<b>Operating Income (Loss)</b>	<b>29,945</b>	<b>281,542</b>	<b>2,092,707</b>	<b>(20,455)</b>	<b>2,383,739</b>
<b>Nonoperating Revenues (Expenses)</b>					
Property taxes	-	-	-	19,550	19,550
Other income	722	-	-	-	722
Intergovernmental	3,320	-	-	-	3,320
Interest income	-	54,257	83,482	1,373	139,112
Interest expense	(96,829)	(26,249)	(159,196)	-	(282,274)
Amortization of debt premium	3,485	1,405	7,833	-	12,723
Write off special assessments	-	(158,667)	-	-	(158,667)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(89,302)</b>	<b>(129,254)</b>	<b>(67,881)</b>	<b>20,923</b>	<b>(265,514)</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(59,357)</b>	<b>152,288</b>	<b>2,024,826</b>	<b>468</b>	<b>2,118,225</b>
Capital contributions	152,876	64,325	175,484	-	392,685
Transfers out	-	-	(22,126)	-	(22,126)
<b>Change in Net Position</b>	<b>93,519</b>	<b>216,613</b>	<b>2,178,184</b>	<b>468</b>	<b>2,488,784</b>
<b>Net Position - January 1</b>	<b>16,821,545</b>	<b>25,807,445</b>	<b>18,522,787</b>	<b>976,896</b>	<b>62,128,673</b>
<b>Net Position - December 31</b>	<b>\$ 16,915,064</b>	<b>\$ 26,024,058</b>	<b>\$ 20,700,971</b>	<b>\$ 977,364</b>	<b>\$ 64,617,457</b>

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, 2013

	Sanitary District No. 1	Sanitary District No. 2	Sanitary District No. 3	East Side Utility	Total
<b>Cash Flows from Operating Activities</b>					
Cash received from customers	\$ 4,939,868	\$ 2,912,911	\$ 2,676,713	\$ 21,724	\$ 10,551,216
Cash payments to employees	(391,793)	(319,428)	(176,981)	(8,896)	(897,098)
Cash payments to suppliers	(3,910,721)	(1,845,084)	(222,377)	(13,840)	(5,992,022)
Net Cash Provided (Used) by Operating Activities	<u>637,354</u>	<u>748,399</u>	<u>2,277,355</u>	<u>(1,012)</u>	<u>3,662,096</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Changes in assets and liabilities					
Due from other funds	536,832	-	-	-	536,832
Property taxes	-	-	-	19,550	19,550
Operating grants	3,320	-	-	-	3,320
Transfers to other funds	-	-	(22,126)	-	(22,126)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>540,152</u>	<u>-</u>	<u>(22,126)</u>	<u>19,550</u>	<u>537,576</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition of capital assets	(485,975)	(96,006)	(406,555)	-	(988,536)
Proceeds from sale of capital assets	723	-	-	1,296	2,019
Capital contributions	167,920	73,562	324,445	-	565,927
Principal payments on long-term debt	(706,440)	(237,586)	(1,306,888)	-	(2,250,914)
Interest payments on long-term debt	(105,658)	(27,103)	(168,685)	-	(301,446)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,129,430)</u>	<u>(287,133)</u>	<u>(1,557,683)</u>	<u>1,296</u>	<u>(2,972,950)</u>
<b>Cash Flows Provided by Investing Activities</b>					
Interest from investments	-	54,257	83,482	1,373	139,112
Change in Cash and Cash Equivalents	48,076	515,523	781,028	21,207	1,365,834
Cash and Cash Equivalents - January 1	1,017,457	9,477,039	5,409,630	278,473	16,182,599
Cash and Cash Equivalents - December 31	<u>\$ 1,065,533</u>	<u>\$ 9,992,562</u>	<u>\$ 6,190,658</u>	<u>\$ 299,680</u>	<u>\$ 17,548,433</u>
<b>Reconciliation of Cash and Cash Equivalents to Statement of Net Position</b>					
Cash and investments	\$ -	\$ 8,095,887	\$ 6,190,658	\$ 299,680	\$ 14,586,225
Restricted assets	1,065,533	1,896,675	-	-	2,962,208
	<u>\$ 1,065,533</u>	<u>\$ 9,992,562</u>	<u>\$ 6,190,658</u>	<u>\$ 299,680</u>	<u>\$ 17,548,433</u>

(Continued)

**TOWN OF GRAND CHUTE, WISCONSIN**  
Statement of Cash Flows (Continued)  
Proprietary Funds  
For the Year Ended December 31, 2013

	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)	\$ 29,945	\$ 281,542	\$ 2,092,707	\$ (20,455)	\$ 2,383,739
Adjustments to reconcile operating					
income (loss) to net cash provided by					
operating activities					
Depreciation	479,849	506,798	408,846	19,177	1,414,670
Depreciation reimbursement	44,981	(44,981)	-	-	-
Depreciation allocated to transportation	37,120	-	-	-	37,120
Changes in assets and liabilities					
Accounts receivable	(181,734)	(20,216)	17,800	(49)	(184,199)
Receivable from fiduciary funds	-	(1,713)	(214,010)	458	(215,265)
Inventories	9,466	(222)	(5,939)	-	3,305
Accounts payable	131,595	16,819	348	(143)	148,619
Accrued liabilities	312	1,424	1,191	-	2,927
Due to other governmental units	64,268	-	-	-	64,268
Compensated absences	21,552	8,948	(23,588)	-	6,912
Net Cash Provided (Used) by					
Operating Activities	<u>\$ 637,354</u>	<u>\$ 748,399</u>	<u>\$ 2,277,355</u>	<u>\$ (1,012)</u>	<u>\$ 3,662,096</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, 2013

	Agency Funds		
	Tax Collection	Developer Deposits	Total
<b>ASSETS</b>			
Cash and investments	\$ 12,981,006	\$ 11,077	\$ 12,992,083
Receivables			
Taxes	25,981,789	-	25,981,789
<b>TOTAL ASSETS</b>	<u>\$ 38,962,795</u>	<u>\$ 11,077</u>	<u>\$ 38,973,872</u>
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 11,077	\$ 11,077
Payable to primary government	660,542	-	660,542
Due to other governments	38,302,253	-	38,302,253
<b>TOTAL LIABILITIES</b>	<u>\$ 38,962,795</u>	<u>\$ 11,077</u>	<u>\$ 38,973,872</u>

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

## TOWN OF GRAND CHUTE, WISCONSIN

### Notes to Basic Financial Statements

December 31, 2013

#### 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

BLENDING 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, 2013

**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, 2013

**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, 2013

**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.

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.

**TOWN OF GRAND CHUTE, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2013

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

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

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.

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.

## TOWN OF GRAND CHUTE, WISCONSIN

Notes to Basic Financial Statements

December 31, 2013

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

#### 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.

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.

**TOWN OF GRAND CHUTE, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2013

**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.
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, 2013.

**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 \$45,872,672 on December 31, 2013 as summarized below:

Petty cash funds	\$	2,075
Deposits with financial institutions		26,728,184
Investments		19,142,413
	\$	<u>45,872,672</u>

**TOWN OF GRAND CHUTE, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

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

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 29,918,381
Restricted cash and investments	2,962,208
Fiduciary funds Statement of Net Position	
Agency funds	12,992,083
	<u>\$ 45,872,672</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.

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 the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-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 the combined amount of all deposit accounts per official custodian per depository institution. 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, 2013, \$16,137,186 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits.

**TOWN OF GRAND CHUTE, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2013

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

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	\$ 1,381,501	\$ 1,381,501	\$ -	\$ -	\$ -	\$ -
Federal agency securities	2,362,278	-	1,721,033	-	-	641,245
Negotiable certificates of deposit	3,006,117	-	-	-	-	3,006,117
Corporate notes	11,356,201	-	2,633,735	8,231,750	490,716	-
Municipal bonds	671,555	-	-	626,162	45,393	-
Canadian government bonds	170,631	-	-	170,631	-	-
Money market mutual funds	5,351	-	5,351	-	-	-
Wisconsin Local Government Investment Pool	188,779	-	-	-	-	188,779
<b>Totals</b>	<b>\$ 19,142,413</b>	<b>\$ 1,381,501</b>	<b>\$ 4,360,119</b>	<b>\$ 9,028,543</b>	<b>\$ 536,109</b>	<b>\$ 3,836,141</b>

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	\$ 1,210,233	6%
Government National Mortgage Association	Federal Agency Securities	1,274,254	7%
GE Capital	Corporate notes	3,253,387	17%
Barclays Investment Bank	Corporate notes	982,200	5%

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.

**TOWN OF GRAND CHUTE, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2013

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

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	\$ 1,381,501	\$ 71,374	\$ 718,629	\$ 591,498	\$ -
Federal agency securities	2,362,278	884,514	369,282	467,237	641,245
Negotiable certificates of deposit	3,006,117	1,105,079	1,700,768	200,270	-
Corporate notes	11,356,201	1,260,163	1,467,379	6,759,598	1,869,061
Municipal bonds	671,555	151,409	298,035	222,111	-
Canadian government bonds	170,631	-	170,631	-	-
Money market mutual funds	5,351	5,351	-	-	-
Wisconsin Local Government Investment Pool	188,779	188,779	-	-	-
<b>Totals</b>	<b>\$ 19,142,413</b>	<b>\$ 3,666,669</b>	<b>\$ 4,724,724</b>	<b>\$ 8,240,714</b>	<b>\$ 2,510,306</b>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The Town's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Highly Sensitive Investments	Fair Value at Year End
Federal National Mortgage Association	\$ 629,956
Governmental National Mortgage Association	1,391,064

Investment in Wisconsin Local Government Investment Pool

The Town has investments in the Wisconsin local government investment pool of \$188,779 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, 2013, the fair value of the Town's share of the LGIP's assets was substantially equal to the carrying value.

2. Property Taxes

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

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

**TOWN OF GRAND CHUTE, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2013

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

3. Restricted and Other Assets

Restricted and other assets on December 31, 2013 totaled \$2,962,208 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	\$ 351,361	To be used for maintenance on the Sanitary District's water tower.
Restricted Assets		
Depreciation fund	498,229	To be used for additions and betterments of the District's capital assets.
Impact fees	215,943	Impact fees collected for future purchases
	<u>714,172</u>	
Total Sanitary District No. 1	<u>1,065,533</u>	
Sanitary District No. 2		
Other Assets		
Depreciation fund	449,619	To be used for additions and betterments of the District's capital assets.
Service availability charges	1,121,292	To account for SAC fees collected to be used for future sewerage plant expansion.
	<u>1,570,911</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>1,896,675</u>	
Total	<u>\$ 2,962,208</u>	

**TOWN OF GRAND CHUTE, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

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

4. Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,586,389	\$ -	\$ -	\$ 2,586,389
Construction in progress	6,317,915	1,976,637	6,654,541	1,640,011
Total capital assets, not being depreciated	8,904,304	1,976,637	6,654,541	4,226,400
Capital assets, being depreciated:				
Land improvements	1,439,361	147,550	-	1,586,911
Buildings	12,775,942	-	-	12,775,942
Machinery and equipment	6,141,920	1,059,049	252,038	6,948,931
Infrastructure	59,836,283	6,506,991	-	66,343,274
Subtotals	80,193,506	7,713,590	252,038	87,655,058
Less accumulated depreciation for:				
Land improvements	411,305	40,588	-	451,893
Buildings	4,288,509	390,800	-	4,679,309
Machinery and equipment	3,042,994	292,212	214,277	3,120,929
Infrastructure	31,342,885	3,233,411	-	34,576,296
Subtotals	39,085,693	3,957,011	214,277	42,828,427
Total capital assets, being depreciated, net	41,107,813	3,756,579	37,761	44,826,631
Governmental activities capital assets, net	<u>\$ 50,012,117</u>	<u>\$ 5,733,216</u>	<u>\$ 6,692,302</u>	49,053,031
Less related long-term debt outstanding				<u>14,068,704</u>
Net investment in capital assets				<u>\$ 34,984,327</u>

**TOWN OF GRAND CHUTE, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 961,059	\$ -	\$ -	\$ 961,059
Construction in progress	2,081,340	38,425	1,405,360	714,405
Total capital assets, not being depreciated	3,042,399	38,425	1,405,360	1,675,464
Capital assets, being depreciated:				
Land improvements	6,165,383	-	-	6,165,383
Buildings	177,432	-	-	177,432
Machinery and equipment	2,175,783	42,214	-	2,217,997
Infrastructure	58,023,438	2,311,957	-	60,335,395
Subtotals	66,542,036	2,354,171	-	68,896,207
Less accumulated depreciation	17,268,470	1,451,790	-	18,720,260
Total capital assets, being depreciated, net	49,273,566	902,381	-	50,175,947
Business-type activities capital assets, net	<u>\$ 52,315,965</u>	<u>\$ 940,806</u>	<u>\$ 1,405,360</u>	51,851,411
Less related long-term debt outstanding				<u>7,624,964</u>
Net investment in capital assets				<u>\$ 44,226,447</u>

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

<b>Governmental activities</b>	
General government	\$ 276,814
Public safety	306,769
Public works	3,326,742
Culture and recreation	44,946
Conservation and development	1,740
Total depreciation expense - governmental activities	<u>\$ 3,957,011</u>
<b>Business-type activities</b>	
Sanitary District No. 1	\$ 479,849
Sanitary District No. 2	506,798
Sanitary District No. 3	408,846
East Side Utility	19,177
Allocated depreciation	37,120
Total depreciation expense - business-type activities	<u>\$ 1,451,790</u>

**TOWN OF GRAND CHUTE, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2013

**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, 2013 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance Operating Cash		
Deficits of Other Funds		
General Fund	\$ 2,782,966	\$ -
Sanitary District No. 1	-	2,782,966
Room Tax Revenues		
General Fund	79,622	-
Room Tax	-	79,622
Totals	<u>\$ 2,862,588</u>	<u>\$ 2,862,588</u>

	Transfer to:		Totals
	General Fund	Debt Service	
Transfers from:			
Special Revenue			
Room Tax	\$ 319,776	\$ -	\$ 319,776
Special Assessments	848,909	2,343,500	3,192,409
Enterprise Fund			
Sanitary District #3	22,126	-	22,126
Totals	<u>\$ 1,190,811</u>	<u>\$ 2,343,500</u>	<u>\$ 3,534,311</u>

The purpose of interfund transfers for the year ended December 31, 2013 is as follows:

	Amount
Town portion of room tax collections	\$ 319,776
Operating cost reimbursement to general fund	22,126
Special assessment administrative fee reimbursement to general fund	848,909
Retirement of long-term debt	2,343,500
	<u>\$ 3,534,311</u>

**TOWN OF GRAND CHUTE, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2013

**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, 2013:

	Outstanding 1/1/13	Issued	Retired	Outstanding 12/31/13	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Debt					
Notes	\$ 22,394,122	\$ -	\$ 3,929,086	\$ 18,465,036	\$ 3,715,036
Debt premium	162,781	-	24,538	138,243	-
Compensated absences	1,073,862	104,739	-	1,178,601	-
Governmental activities					
Long-term obligations	<u>\$ 23,630,765</u>	<u>\$ 104,739</u>	<u>\$ 3,953,624</u>	<u>\$ 19,781,880</u>	<u>\$ 3,715,036</u>
<b>Business-type activities:</b>					
General Obligation Debt					
Notes	\$ 9,875,878	\$ -	\$ 2,250,914	\$ 7,624,964	\$ 2,109,964
Debt premium	70,590	-	12,723	57,867	-
Compensated absences	153,688	6,912	-	160,600	-
Business-type activities					
Long-term obligations	<u>\$ 10,100,156</u>	<u>\$ 6,912</u>	<u>\$ 2,263,637</u>	<u>\$ 7,843,431</u>	<u>\$ 2,109,964</u>

Total interest paid during the year on long-term debt totaled \$809,517.

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, 2013 totaled \$26,090,000 and was comprised of the following issues:

Notes

\$9,555,000 issued 8/1/04; \$1,135,000 due in 2014; interest 3.55%	\$ 1,135,000
\$9,750,000 issued 7/1/05; \$1,230,000 to \$1,250,000 due annually through 2015; interest 3.5%	2,480,000
\$4,215,000 issued 12/21/06; \$395,000 to \$410,000 due annually through 2016; interest 3.875%	1,210,000
\$9,685,000 issued 08/26/08; \$975,000 to \$995,000 due annually through 2018; interest 3.75% to 4.0%	4,910,000
\$5,320,000 issued 10/1/09; \$530,000 to \$555,000 due annually through 2019; interest 2.5% to 3.5%	3,270,000
\$7,640,000 issued 11/1/10; \$750,000 to \$785,000 due annually through 2020; interest 1.75% to 3.0%	5,400,000
\$8,895,000 issued 3/27/12; \$790,000 to \$875,000 due annually through 2022; interest 0.45% to 1.75%	<u>7,685,000</u>

Total Outstanding General Obligation Debt

\$ 26,090,000

**TOWN OF GRAND CHUTE, WISCONSIN**

Notes to Basic Financial Statements

December 31, 2013

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

Annual principal and interest maturities of the outstanding general obligation debt of \$26,090,000 on December 31, 2013 are detailed below:

Year Ended December 31	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
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	2,305,000	148,795	885,000	51,292	3,190,000	200,087
2019-2022	4,545,000	162,126	1,065,000	39,210	5,610,000	201,336
	<u>\$ 18,465,036</u>	<u>\$ 1,539,740</u>	<u>\$ 7,624,964</u>	<u>\$ 659,664</u>	<u>\$ 26,090,000</u>	<u>\$ 2,199,404</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, 2013 was \$87,531,842 as follows:

Equalized valuation of the Town	\$ 2,268,773,300
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	113,438,665
Total outstanding general obligation debt applicable to debt limitation \$ 26,090,000	
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>183,177</u>
Net outstanding general obligation debt applicable to debt limitation	<u>25,906,823</u>
Legal Margin for New Debt	<u>\$ 87,531,842</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, 2013

**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.

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:

	2013	
	Employee	Employer
General (including Teachers)	6.65%	6.65%
Executives & Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

The payroll for Town employees covered by the WRS for the year ended December 31, 2013 was \$5,539,889; the employer's total payroll was \$5,900,695. The total required contribution for the year ended December 31, 2013 was \$844,881, which consisted of \$476,478 or 8.6% of covered payroll from the employer, and \$368,403, or 6.6% of covered payroll from employees. Total contributions for the years ended December 31, 2012 and 2011 were \$751,795 and \$731,324, 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, 2013

### 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 2013 and 2014 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 2013 budget was .89%. The actual limit for the Town for the 2014 budget was .75%. 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, 2013, 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.

## **SUPPLEMENTARY INFORMATION**

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

#### **Room Tax Fund**

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

#### **Park Development Fund**

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

#### **Fire Impact Fees**

To account for fire impact fees collected by the Town.

#### **Fire Donations**

To account for donations for fire prevention.

#### **K-9 Unit**

To account for donations for the K-9 unit.

**TOWN OF GRAND CHUTE, WISCONSIN**  
 General Fund  
 Detailed Comparison of Budgeted and Actual Revenues  
 For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Taxes</b>				
General property taxes	\$ 7,876,763	\$ 7,876,763	\$ 7,876,782	\$ 19
Payment in lieu of taxes	4,600	4,600	4,521	(79)
Other taxes	1,100	1,100	75,040	73,940
<b>Total Taxes</b>	<b>7,882,463</b>	<b>7,882,463</b>	<b>7,956,343</b>	<b>73,880</b>
<b>Special Assessments</b>	<b>120,700</b>	<b>120,700</b>	<b>120,598</b>	<b>(102)</b>
<b>Intergovernmental</b>				
Federal aids				
Law enforcement	3,500	3,500	3,758	258
State aids				
State shared taxes	268,790	268,790	271,347	2,557
Tax exempt computer aid	64,000	64,000	65,935	1,935
Fire insurance	76,450	76,450	79,811	3,361
Law enforcement	52,500	52,500	41,248	(11,252)
Transportation	760,605	760,605	760,605	-
Recycling	240,600	240,600	238,413	(2,187)
Other grants	-	-	3,760	3,760
Local aids				
Mass transit	456,597	456,597	354,767	(101,830)
<b>Total Intergovernmental</b>	<b>1,923,042</b>	<b>1,923,042</b>	<b>1,819,644</b>	<b>(103,398)</b>
<b>Licenses and Permits</b>				
Licenses				
Business and occupational licenses	68,000	68,000	121,033	53,033
Bicycle	-	-	260	260
Dog	-	-	4,376	4,376
Permits				
Building	234,425	234,425	312,806	78,381
Utility	18,000	18,000	32,407	14,407
Cable TV	275,000	275,000	290,209	15,209
Zoning	142,200	142,200	175,529	33,329
Other permits	27,000	27,000	24,775	(2,225)
<b>Total Licenses and Permits</b>	<b>764,625</b>	<b>764,625</b>	<b>961,395</b>	<b>196,770</b>
<b>Fines and Forfeitures</b>				
Court penalties and costs	385,000	385,000	417,090	32,090
Judgments and damages	500	500	4,429	3,929
<b>Total Fines, Forfeits and Penalties</b>	<b>385,500</b>	<b>385,500</b>	<b>421,519</b>	<b>36,019</b>

(Continued)

**TOWN OF GRAND CHUTE, WISCONSIN**  
 General Fund  
 Detailed Comparison of Budgeted and Actual Revenues (Continued)  
 For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Charges for Services				
General government	10,000	10,000	18,945	8,945
SAC fee (1% administration)	-	-	913	913
Law enforcement fees	54,000	54,000	54,236	236
Fire department	22,500	22,500	21,676	(824)
Street related charges	8,000	8,000	11,387	3,387
Cemetery fees	100	100	73	(27)
Weed control	3,000	3,000	1,201	(1,799)
Park and recreation charges	13,900	13,900	12,212	(1,688)
Garbage collection	920,085	920,085	910,227	(9,858)
Total Public Charges for Services	<u>1,031,585</u>	<u>1,031,585</u>	<u>1,030,870</u>	<u>(715)</u>
Intergovernmental charges for services				
Public safety	23,305	23,305	23,845	540
Public works	230,300	230,300	227,550	(2,750)
Total Intergovernmental Charges for Services	<u>253,605</u>	<u>253,605</u>	<u>251,395</u>	<u>(2,210)</u>
Miscellaneous				
Interest income	201,000	201,000	75,328	(125,672)
Rental income	135,200	135,200	135,923	723
Insurance recoveries, dividends and refunds	65,000	65,000	283,228	218,228
Donations	3,000	3,000	4,067	1,067
Other	7,000	7,000	77,896	70,896
Total Miscellaneous	<u>411,200</u>	<u>411,200</u>	<u>576,442</u>	<u>165,242</u>
Total Revenues	<u>\$ 12,772,720</u>	<u>\$ 12,772,720</u>	<u>\$ 13,138,206</u>	<u>\$ 365,486</u>

**TOWN OF GRAND CHUTE, WISCONSIN**  
 General Fund  
 Detailed Comparison of Budgeted and Actual Expenditures  
 For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>General Government</b>				
Town board	\$ 107,320	\$ 107,320	\$ 102,594	\$ 4,726
Municipal court	166,650	166,650	184,361	(17,711)
Legal	60,000	60,000	91,232	(31,232)
General administration	564,250	564,250	594,925	(30,675)
Town administrator	-	-	2,917	(2,917)
Town clerk	151,320	151,320	145,251	6,069
Elections	35,640	35,640	18,964	16,676
Treasurer	10,170	10,170	8,216	1,954
Accounting and auditing	11,000	11,000	9,718	1,282
General building/town hall	266,720	266,720	252,706	14,014
Insurance	268,664	268,664	282,742	(14,078)
Uncollectible taxes and tax refunds	5,000	5,000	77,543	(72,543)
Contingency	143,050	143,050	-	143,050
<b>Total General Government</b>	<b>1,789,784</b>	<b>1,789,784</b>	<b>1,771,169</b>	<b>18,615</b>
<b>Public Safety</b>				
Police - patrol	2,925,493	2,925,493	2,880,500	44,993
Police - administration	461,010	461,010	450,803	10,207
Police - investigations	626,189	626,189	608,581	17,608
Fire protection/EMS	2,893,920	2,893,920	2,767,065	126,855
Animal control	5,500	5,500	6,205	(705)
<b>Total Public Safety</b>	<b>6,912,112</b>	<b>6,912,112</b>	<b>6,713,154</b>	<b>198,958</b>
<b>Public Works</b>				
Highway department	1,686,548	1,686,548	1,754,209	(67,661)
Street lighting	286,600	286,600	296,911	(10,311)
Mass transit	606,134	606,134	503,556	102,578
Refuse collection	730,900	730,900	713,758	17,142
Recycling	479,450	479,450	486,055	(6,605)
Weed control	4,876	4,876	1,145	3,731
Cemetery	1,586	1,586	159	1,427
<b>Total Public Works</b>	<b>3,796,094</b>	<b>3,796,094</b>	<b>3,755,793</b>	<b>40,301</b>
<b>Culture and Recreation</b>				
Parks	185,155	185,155	183,576	1,579
<b>Conservation and Development</b>				
Assessment of property	118,290	118,290	132,673	(14,383)
Building inspection	307,140	307,140	330,447	(23,307)
Zoning and planning	224,030	224,030	227,974	(3,944)
Code enforcement	500	500	30	470
<b>Total Conservation and Development</b>	<b>649,960</b>	<b>649,960</b>	<b>691,124</b>	<b>(41,164)</b>
<b>Total Expenditures</b>	<b>\$ 13,333,105</b>	<b>\$ 13,333,105</b>	<b>\$ 13,114,816</b>	<b>\$ 218,289</b>

**TOWN OF GRAND CHUTE, WISCONSIN**  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2013

	Room Tax	Park Development	Fire Impact Fees	Fire Donations	K-9 Unit	Total Nonmajor Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 97,799	\$ 163,723	\$ 124,488	\$ 2,529	\$ 4,982	\$ 393,521
Receivables						
Accounts	245,582	-	-	-	-	245,582
<b>TOTAL ASSETS</b>	<b>\$ 343,381</b>	<b>\$ 163,723</b>	<b>\$ 124,488</b>	<b>\$ 2,529</b>	<b>\$ 4,982</b>	<b>\$ 639,103</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 181,769	\$ -	\$ -	\$ -	\$ 178	\$ 181,947
Deposits	6,500	-	-	-	-	6,500
Due to other funds	79,622	-	-	-	-	79,622
<b>Total Liabilities</b>	<b>267,891</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>178</b>	<b>268,069</b>
<b>Fund Balances</b>						
<b>Restricted</b>						
Fire impact fees	-	-	124,488	-	-	124,488
<b>Assigned</b>						
Economic development	75,490	-	-	-	-	75,490
Park development	-	163,723	-	-	-	163,723
Public safety donations	-	-	-	2,529	4,804	7,333
<b>Total Fund Balances</b>	<b>75,490</b>	<b>163,723</b>	<b>124,488</b>	<b>2,529</b>	<b>4,804</b>	<b>371,034</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 343,381</b>	<b>\$ 163,723</b>	<b>\$ 124,488</b>	<b>\$ 2,529</b>	<b>\$ 4,982</b>	<b>\$ 639,103</b>

**TOWN OF GRAND CHUTE, WISCONSIN**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2013

	Room Tax	Park Development	Fire Impact Fees	Fire Donations	K-9 Unit	Total Nonmajor Governmental Funds
<b>Revenues</b>						
Taxes	\$ 1,048,227	\$ -	\$ -	\$ -	\$ -	\$ 1,048,227
Public charges for services	-	33,738	28,206	-	-	61,944
Miscellaneous	-	722	536	8,748	-	10,006
<b>Total Revenues</b>	<b>1,048,227</b>	<b>34,460</b>	<b>28,742</b>	<b>8,748</b>	<b>-</b>	<b>1,120,177</b>
<b>Expenditures</b>						
Current						
Public safety	-	-	-	7,260	419	7,679
Conservation and development	728,206	-	-	-	-	728,206
Capital outlay	-	36,000	-	-	-	36,000
<b>Total Expenditures</b>	<b>728,206</b>	<b>36,000</b>	<b>-</b>	<b>7,260</b>	<b>419</b>	<b>771,885</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>320,021</b>	<b>(1,540)</b>	<b>28,742</b>	<b>1,488</b>	<b>(419)</b>	<b>348,292</b>
<b>Other Financing Uses</b>						
Transfers out	(319,776)	-	-	-	-	(319,776)
<b>Net Change in Fund Balances</b>	<b>245</b>	<b>(1,540)</b>	<b>28,742</b>	<b>1,488</b>	<b>(419)</b>	<b>28,516</b>
<b>Fund Balances - January 1</b>	<b>75,245</b>	<b>165,263</b>	<b>95,746</b>	<b>1,041</b>	<b>5,223</b>	<b>342,518</b>
<b>Fund Balances - December 31</b>	<b>\$ 75,490</b>	<b>\$ 163,723</b>	<b>\$ 124,488</b>	<b>\$ 2,529</b>	<b>\$ 4,804</b>	<b>\$ 371,034</b>

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

**INDEPENDENT AUDITORS' 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, 2013, 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 dated July 23, 2014.

**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. 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.

## 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*.

## 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  
July 23, 2014

**TOWN OF GRAND CHUTE, WISCONSIN**  
Schedule of Findings and Responses  
For the Year Ended December 31, 2013

**Section I - Internal Control Over Financial Reporting**

There are no findings related to internal controls over financial reporting that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2013.

**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, 2013.