TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2016

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
December 31, 2016

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Schenck
ADVISORY | TAX | ASSURANCE

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, Outagamie County Wisconsin ("the Town") as of and for the year ended December 31, 2016, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Room Tax Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note C.1 to the financial statements, in 2016, the Town adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application.* Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions on page 44 be presented to supplement the basic financial statements. Such information, although not 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 opinions on the basic financial statements are 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 is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates 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 August 30, 2017, 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.

Schenck SC

Certified Public Accountants
Green Bay, Wisconsin
August 30, 2017

BASIC FINANCIAL STATEMENTS

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
Statement of Net Position
December 31, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	$ 30,473,373	$ 16,212,434	$ 46,685,807
Receivables			
Taxes and other charges	30,842,833	879,225	31,722,058
Special assessments	2,368,981	3,163,802	5,532,783
Accounts	1,116,504	2,229,757	3,346,261
Inventories and prepaid items	224,950	69,478	294,428
Restricted and other assets			
Cash and investments	-	2,671,598	2,671,598
Land held for resale	2,488,500	-	2,488,500
Capital assets, nondepreciable			
Land	3,006,584	2,051,139	5,057,723
Property held for future use	-	68,320	68,320
Construction in progress	1,026,384	286,291	1,312,675
Capital assets, depreciable			
Land improvements	1,958,484	7,393,537	9,352,021
Buildings	15,661,909	178,121	15,840,030
Machinery and equipment	8,041,783	2,591,467	10,633,250
Infrastructure	76,448,887	68,198,293	144,647,180
Less: Accumulated depreciation	(54,821,328)	(22,271,773)	(77,093,101)
TOTAL ASSETS	118,837,844	83,721,689	202,559,533
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension	4,151,173	598,242	4,749,415
LIABILITIES			
Accounts payable	1,507,433	719,979	2,227,412
Accrued and other current liabilities	486,311	22,260	508,571
Accrued interest payable	59,969	24,363	84,332
Due to other governments	37,365,341	897,648	38,262,989
Long-term obligations			
Due within one year	3,240,000	965,000	4,205,000
Due in more than one year	16,560,348	3,043,904	19,604,252
Net pension liability	733,217	109,094	842,311
TOTAL LIABILITIES	59,952,619	5,782,248	65,734,867
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent year	11,630,220	575,257	12,205,477
Deferred inflows related to pension	1,543,044	229,586	1,772,630
TOTAL DEFERRED INFLOWS OF RESOURCES	13,173,264	804,843	13,978,107
NET POSITION			
Net investment in capital assets	33,789,385	54,810,395	88,599,780
Restricted for			
Debt service	5,885,617	-	5,885,617
Fire impact fees	66,628	-	66,628
Capital improvements	-	2,138,784	2,138,784
Stormwater ponds	-	70,521	70,521
Unrestricted	10,121,504	20,713,140	30,834,644
TOTAL NET POSITION	$ 49,863,134	$ 77,732,840	$ 127,595,974

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

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	$ 2,774,566	$ 469,434	$ 178	$ -
Public safety	7,684,994	520,306	207,425	-
Public works	6,375,461	1,383,813	1,294,426	3,013,860
Culture and recreation	382,926	50,416	3,948	-
Conservation and development	3,562,532	496,814	-	-
Interest on debt	388,565	-	-	-
Total Governmental Activities	21,169,044	2,920,783	1,505,977	3,013,860
Business-type Activities				
Water utility	6,261,753	5,858,524	-	210,890
Sewer utility	3,018,957	3,071,627	-	200,178
Storm water utility	1,295,048	2,946,521	-	1,388,023
Total Business-type Activities	10,575,758	11,876,672	-	1,799,091
Total	$ 31,744,802	$ 14,797,455	$ 1,505,977	$ 4,812,951

General revenues
Taxes
Property taxes, levied for general purposes
Property taxes, levied for debt service
Other taxes
Federal and state grants and other contributions not restricted to specific functions
Interest and investment earnings
Miscellaneous
Gain on sale of capital assets
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
$ (2,304,954)	$ -	$ (2,304,954)
(6,957,263)	-	(6,957,263)
(683,362)	-	(683,362)
(328,562)	-	(328,562)
(3,065,718)	-	(3,065,718)
(388,565)	-	(388,565)
(13,728,424)	-	(13,728,424)
-	(192,339)	(192,339)
-	252,848	252,848
-	3,039,496	3,039,496
-	3,100,005	3,100,005
(13,728,424)	3,100,005	(10,628,419)
9,287,092	20,035	9,307,127
990,000	-	990,000
2,532,428	-	2,532,428
336,255	4,809	341,064
221,576	190,329	411,905
256,212	5,887	262,099
55,526	8,378	63,904
(55,459)	55,459	-
13,623,630	284,897	13,908,527
(104,794)	3,384,902	3,280,108
49,967,928	74,347,938	124,315,866
$ 49,863,134	$ 77,732,840	$ 127,595,974

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
Balance Sheet
Governmental Funds
December 31, 2016

	General	Room Tax	Special Assessment	Debt Service
ASSETS				
Cash and investments	$ 23,295,076	$ 81,986	$ 5,008,171	$ 910,435
Receivables				
Taxes and other charges	28,568,156	-	786,417	1,250,000
Special assessments	-	-	2,368,981	-
Accounts	489,856	619,056	-	-
Due from other funds	151,159	-	-	-
Inventories and prepaid items	224,950	-	-	-
Land held for resale	-	-	-	-
TOTAL ASSETS	$ 52,729,197	$ 701,042	$ 8,163,569	$ 2,160,435
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 616,623	$ 530,067	$ -	$ -
Accrued and other current liabilities	479,213	6,500	-	-
Due to other funds	-	88,989	-	-
Due to other governments	37,365,341	-	-	-
Total Liabilities	38,461,177	625,556	-	-
Deferred Inflows of Resources				
Property taxes levied for subsequent year	10,141,960	-	-	1,250,000
Special assessments	-	-	3,155,399	-
Land held for resale	-	-	-	-
Total Deferred Inflows of Resources	10,141,960	-	3,155,399	1,250,000
Fund Balances				
Nonspendable				
Inventories and prepaid items	224,950	-	-	-
Restricted				
Retirement of long-term debt	-	-	5,008,170	910,435
Capital improvements	-	-	-	-
Fire impact fees	-	-	-	-
Committed				
Retirement payouts	50,000	-	-	-
Tax incremental district project costs	-	-	-	-
Assigned				
Dental insurance	336	-	-	-
Economic development	-	75,486	-	-
Park development	-	-	-	-
Public safety donations	-	-	-	-
Subsequent year expenditures	28,000	-	-	-
Unassigned (Deficit)				
General fund	3,822,774	-	-	-
Capital projects fund	-	-	-	-
Total Fund Balances	4,126,060	75,486	5,008,170	910,435
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 52,729,197	$ 701,042	$ 8,163,569	$ 2,160,435

(Continued)

Capital Projects	Tax Incremental District No. 1	Tax Incremental District No. 2	Other Governmental Funds	Total Governmental Funds
$ 933,254	$ 96,812	$ -	$ 147,639	$ 30,473,373
-	238,260	-	-	30,842,833
-	-	-	-	2,368,981
7,592	-	-	-	1,116,504
-	-	-	-	151,159
-	-	-	-	224,950
-	-	2,488,500	-	2,488,500
$ 940,846	$ 335,072	$ 2,488,500	$ 147,639	$ 67,666,300
$ 354,164	$ 6,543	$ -	$ 36	$ 1,507,433
-	199	399	-	486,311
-	-	62,170	-	151,159
-	-	-	-	37,365,341
354,164	6,742	62,569	36	39,510,244
-	238,260	-	-	11,630,220
-	-	-	-	3,155,399
-	-	2,488,500	-	2,488,500
-	238,260	2,488,500	-	17,274,119
-	-	-	-	224,950
-	26,981	-	-	5,945,586
586,682	-	-	-	586,682
-	-	-	66,628	66,628
-	-	-	-	50,000
-	63,089	-	-	63,089
-	-	-	-	336
-	-	-	-	75,486
-	-	-	73,403	73,403
-	-	-	7,572	7,572
-	-	-	-	28,000
-	-	-	-	3,822,774
-	-	(62,569)	-	(62,569)
586,682	90,070	(62,569)	147,603	10,881,937
$ 940,846	$ 335,072	$ 2,488,500	$ 147,639	$ 67,666,300

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
Balance Sheet (Continued)
Governmental Funds
December 31, 2016

Reconciliation to the Statement of Net Position

Total Fund Balances as shown on previous page		$ 10,881,937
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.		51,322,703
The Town's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements:		
Net pension liability	$ (733,217)	
Deferred outflows of resources	4,151,173	
Deferred inflows of resources	(1,543,044)	1,874,912
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.		
Special assessments		3,155,399
Land held for resale		2,488,500
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(18,120,000)	
Debt premium	(268,453)	
Compensated absences	(1,411,895)	
Accrued interest on long-term obligations	(59,969)	(19,860,317)
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 4)		$ 49,863,134

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

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	General	Room Tax	Special Assessment	Debt Service
Revenues				
Taxes	$ 9,302,344	$ 2,517,176	$ -	$ 990,000
Special assessments	62,133	-	1,437,361	-
Intergovernmental	2,008,691	-	-	-
Licenses and permits	975,756	-	-	-
Fines and forfeitures	416,671	-	-	-
Public charges for services	1,188,817	-	-	-
Intergovernmental charges for services	201,662	-	-	-
Miscellaneous	398,515	-	102,392	-
Total Revenues	14,554,589	2,517,176	1,539,753	990,000
Expenditures				
Current				
General government	2,398,721	-	-	-
Public safety	6,973,840	-	-	-
Public works	3,145,876	-	-	-
Culture and recreation	442,761	-	-	-
Conservation and development	721,184	2,144,206	-	-
Debt service				
Principal	-	-	-	2,390,000
Interest and fiscal charges	-	-	-	266,189
Capital outlay	-	-	-	-
Total Expenditures	13,682,382	2,144,206	-	2,656,189
Excess of Revenues Over (Under) Expenditures	872,207	372,970	1,539,753	(1,666,189)
Other Financing Sources (Uses)				
Long-term debt issued	-	-	-	-
Debt premium	-	-	-	167,393
Sale of capital assets	108,514	-	-	-
Transfers in	372,970	-	-	1,670,000
Transfers out	-	(372,970)	(1,670,000)	-
Total Other Financing Sources (Uses)	481,484	(372,970)	(1,670,000)	1,837,393
Net Change in Fund Balances	1,353,691	-	(130,247)	171,204
Fund Balances (Deficit) - January 1	2,772,369	75,486	5,138,417	739,231
Fund Balances (Deficit) - December 31	$ 4,126,060	$ 75,486	$ 5,008,170	$ 910,435

(Continued)

Capital Projects	Tax Incremental District No. 1	Tax Incremental District No. 2	Other Governmental Funds	Total Governmental Funds
$ -	$ -	$ -	$ -	$ 12,809,520
-	-	-	-	1,499,494
-	-	-	-	2,008,691
-	-	-	-	975,756
-	-	-	-	416,671
-	-	-	69,295	1,258,112
-	-	-	-	201,662
1,033,627	-	-	2,286	1,536,820
1,033,627	-	-	71,581	20,706,726
-	-	-	-	2,398,721
-	-	-	2,744	6,976,584
-	-	-	-	3,145,876
-	-	-	-	442,761
-	17,768	25,170	-	2,908,328
-	-	-	-	2,390,000
93,047	48,903	25,214	-	433,353
3,763,535	416,078	-	-	4,179,613
3,856,582	482,749	50,384	2,744	22,875,236
(2,822,955)	(482,749)	(50,384)	68,837	(2,168,510)
7,380,000	1,615,000	-	-	8,995,000
-	36,434	-	-	203,827
-	-	-	-	108,514
-	-	-	28,750	2,071,720
(28,750)	-	-	-	(2,071,720)
7,351,250	1,651,434	-	28,750	9,307,341
4,528,295	1,168,685	(50,384)	97,587	7,138,831
(3,941,613)	(1,078,615)	(12,185)	50,016	3,743,106
$ 586,682	$ 90,070	$ (62,569)	$ 147,603	$ 10,881,937

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2016

Reconciliation to the Statement of Activities

Net Change in Fund Balances as shown on previous page		$ 7,138,831
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 expensed in governmental fund statements	$ 4,479,794	
Depreciation expense reported in the statement of activities	(4,597,818)	
Amount by which depreciation exceeds capital outlays in current period		(118,024)
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	108,514	
Gain on disposition reported on the statement of activities	(53,079)	
Book value of capital assets disposed of		(55,435)
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:		(53,015)
Change in the net pension liability (asset) and related deferred inflows and outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual actual experience of the pension plan		(380,572)
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.		127,459
Some capital assets acquired during the year were financed with debt. The amount of the debt is reported in the governmental funds as a source of financing. In the statement of net position, however, debt constitutes a long-term liability. The amount of debt reported in the governmental funds statement is:		(8,995,000)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:		2,390,000
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.		20,250
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.		(179,288)
Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see pages 5 - 6)		$ (104,794)

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

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes	$ 9,285,177	$ 9,285,177	$ 9,302,344	$ 17,167
Special assessments	60,000	60,000	62,133	2,133
Intergovernmental	1,876,077	1,876,077	2,008,691	132,614
Licenses and permits	872,650	872,650	975,756	103,106
Fines and forfeitures	445,000	445,000	416,671	(28,329)
Public charges for services	1,193,100	1,193,100	1,188,817	(4,283)
Intergovernmental charges for services	244,425	244,425	201,662	(42,763)
Miscellaneous	353,780	353,780	398,515	44,735
Total Revenues	14,330,209	14,330,209	14,554,589	224,380
Expenditures				
Current				
General government	2,646,561	2,646,561	2,398,721	247,840
Public safety	7,161,545	7,161,545	6,973,840	187,705
Public works	3,650,108	3,650,108	3,145,876	504,232
Culture and recreation	572,005	572,005	442,761	129,244
Conservation and development	679,200	679,200	721,184	(41,984)
Total Expenditures	14,709,419	14,709,419	13,682,382	1,027,037
Excess of Revenues Over (Under) Expenditures	(379,210)	(379,210)	872,207	1,251,417
Other Financing Sources (Uses)				
Sale of capital assets	45,900	45,900	108,514	62,614
Transfers in	333,310	333,310	372,970	39,660
Total Other Financing Sources (Uses)	379,210	379,210	481,484	102,274
Net Change in Fund Balance	-	-	1,353,691	1,353,691
Fund Balance - January 1	2,772,369	2,772,369	2,772,369	-
Fund Balance - December 31	$ 2,772,369	$ 2,772,369	$ 4,126,060	$ 1,353,691

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

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Room Tax Special Revenue Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	$ 1,085,000	$ 1,085,000	$ 2,517,176	$ 1,432,176
Expenditures				
Current				
Conservation and development	751,690	751,690	2,144,206	(1,392,516)
Excess of Revenues Over Expenditures	333,310	333,310	372,970	39,660
Other Financing Uses				
Transfers out	(333,310)	(333,310)	(372,970)	(39,660)
Net Change in Fund Balance	-	-	-	-
Fund Balance - January 1	75,486	75,486	75,486	-
Fund Balance - December 31	$ 75,486	$ 75,486	$ 75,486	$ -

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

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
Statement of Net Position
Proprietary Funds
December 31, 2016

	Sanitary District No. 1	Sanitary District No. 2	Sanitary District No. 3	East Side Utility	Total Enterprise Funds
ASSETS					
Current assets					
Cash and investments	$ -	$ 7,083,078	$ 8,765,833	$ 363,523	$ 16,212,434
Receivables					
Taxes and other charges	644,706	64,097	150,726	19,696	879,225
Accounts	1,052,117	618,602	554,080	4,958	2,229,757
Due from other funds	-	2,150,181	-	-	2,150,181
Inventories and prepaid expenses	37,768	21,939	9,771	-	69,478
Total Current Assets	1,734,591	9,937,897	9,480,410	388,177	21,541,075
Noncurrent assets					
Receivables					
Special assessments	561,194	2,260,703	341,905	-	3,163,802
Restricted and other assets					
Cash and investments	385,262	2,215,815	70,521	-	2,671,598
Capital assets, nondepreciable					
Land	12,809	6,175	2,032,155	-	2,051,139
Property held for future use	68,320	-	-	-	68,320
Construction in progress	51,702	4,014	230,575	-	286,291
Capital assets, depreciable					
Land improvements	-	-	7,393,537	-	7,393,537
Buildings	178,121	-	-	-	178,121
Machinery and equipment	1,255,109	1,105,450	225,156	5,752	2,591,467
Infrastructure	27,300,798	22,776,081	17,029,315	1,092,099	68,198,293
Less: Accumulated depreciation	(8,067,069)	(8,955,571)	(4,795,049)	(454,084)	(22,271,773)
Total Capital Assets, Net of Accumulated Depreciation	20,799,790	14,936,149	22,115,689	643,767	58,495,395
Total Noncurrent Assets	21,746,246	19,412,667	22,528,115	643,767	64,330,795
TOTAL ASSETS	23,480,837	29,350,564	32,008,525	1,031,944	85,871,870
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension	288,560	200,781	108,901	-	598,242

(Continued)

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
Statement of Net Position (Continued)
Proprietary Funds
December 31, 2016

	Sanitary District No. 1	Sanitary District No. 2	Sanitary District No. 3	East Side Utility	Total Enterprise Funds
LIABILITIES					
Current liabilities					
Accounts payable	$ 111,257	$ 415,498	$ 85,751	$ 2,254	$ 614,760
Accrued and other current liabilities	10,016	6,483	4,761	-	21,260
Accrued interest	9,119	-	15,244	-	24,363
Due to other funds	2,150,181	-	-	-	2,150,181
Due to other governments	897,648	-	-	-	897,648
Unearned revenue	-	-	-	-	-
Current portion of general obligation debt	380,000	-	585,000	-	965,000
Total Current Liabilities	3,558,221	421,981	690,756	2,254	4,673,212
Noncurrent liabilities					
Accounts payable	106,219	-	-	-	106,219
General obligation debt	1,235,000	-	1,485,000	-	2,720,000
Debt premium	23,300	-	15,912	-	39,212
Pension liability	52,788	36,860	19,446	-	109,094
Compensated absences	137,054	87,288	60,350	-	284,692
Total Noncurrent Liabilities	1,554,361	124,148	1,580,708	-	3,259,217
TOTAL LIABILITIES	5,112,582	546,129	2,271,464	2,254	7,932,429
DEFERRED INFLOWS OF RESOURCES					
Property taxes levied for subsequent year	555,561	-	-	19,696	575,257
Deferred inflows related to pension	111,092	77,571	40,923	-	229,586
Total Deferred Inflows of Resources	666,653	77,571	40,923	19,696	804,843
NET POSITION					
Net investment in capital assets	19,184,790	14,936,149	20,045,689	643,767	54,810,395
Restricted for					
Capital improvements	385,262	1,753,522	-	-	2,138,784
Stormwater ponds	-	-	70,521	-	70,521
Unrestricted	(1,579,890)	12,237,974	9,688,829	366,227	20,713,140
TOTAL NET POSITION	$ 17,990,162	$ 28,927,645	$ 29,805,039	$ 1,009,994	$ 77,732,840

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

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Sanitary District No. 1	Sanitary District No. 2	Sanitary District No. 3	East Side Utility	Total
Operating Revenues					
Charges for services	$ 5,631,407	$ 2,905,515	$ 2,931,384	$ 22,534	$ 11,490,840
Other	227,117	148,038	16,433	131	391,719
Total Operating Revenues	5,858,524	3,053,553	2,947,817	22,665	11,882,559
Operating Expenses					
Operations and maintenance	5,566,949	2,314,919	743,799	25,480	8,651,147
Depreciation	609,355	557,950	489,467	10,228	1,667,000
Taxes	27,013	-	-	-	27,013
Total Operating Expenses	6,203,317	2,872,869	1,233,266	35,708	10,345,160
Operating Income (Loss)	(344,793)	180,684	1,714,551	(13,043)	1,537,399
Nonoperating Revenues (Expenses)					
Property taxes	-	-	-	20,035	20,035
Intergovernmental grants	4,809	-	-	-	4,809
Gain (loss) on sale of capital assets	4,189	(103,161)	-	-	(98,972)
Interest income	5,245	96,177	85,908	2,999	190,329
Interest and fiscal charges	(58,436)	(3,030)	(61,782)	-	(123,248)
Total Nonoperating Revenues (Expenses)	(44,193)	(10,014)	24,126	23,034	(7,047)
Income (Loss) Before Contributions	(388,986)	170,670	1,738,677	9,991	1,530,352
Capital contributions	210,890	200,178	1,388,023	-	1,799,091
Capital contributions - Town	-	-	55,459	-	55,459
Change in Net Position	(178,096)	370,848	3,182,159	9,991	3,384,902
Net Position - January 1	18,168,258	28,556,797	26,622,880	1,000,003	74,347,938
Net Position - December 31	$ 17,990,162	$ 28,927,645	$ 29,805,039	$ 1,009,994	$ 77,732,840

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

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Sanitary District No. 1	Sanitary District No. 2	Sanitary District No. 3	East Side Utility	Total
Cash Flows from Operating Activities					
Cash received from customers	$ 6,010,823	$ 3,099,920	$ 3,038,418	$ 23,534	$ 12,172,695
Cash payments to employees	(460,068)	(436,347)	(239,727)	(15,762)	(1,151,904)
Cash payments to suppliers	(5,029,644)	(1,864,185)	(455,797)	(10,450)	(7,360,076)
Net Cash Provided (Used) by Operating Activities	521,111	799,388	2,342,894	(2,678)	3,660,715
Cash Flows from Noncapital Financing Activities					
Changes in assets and liabilities					
Due to/from other funds	(256,898)	256,898	-	-	-
Deferred property tax revenue					-
Interest payments on due from other funds	(20,877)	-	-	-	(20,877)
Intergovernmental grants	4,809	-	-	20,374	25,183
Net Cash Provided (Used) by Noncapital Financing Activities	(272,966)	256,898	-	20,374	4,306
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets	(706,694)	(284,578)	(512,384)	-	(1,503,656)
Proceeds from sale of capital assets	4,189	4,189	-	-	8,378
Capital contributions	(20,300)	(16,782)	(51,261)	-	(88,343)
Principal payments on long-term debt	(320,000)	(125,000)	(705,000)	-	(1,150,000)
Interest payments on long-term debt	(34,301)	(4,844)	(74,591)	-	(113,736)
Proceeds from long-term debt	865,000	-	-	-	865,000
Issuance costs paid	(10,906)	-	-	-	(10,906)
Bond premium received	19,518	-	-	-	19,518
Net Cash Used by Capital and Related Financing Activities	(203,494)	(427,015)	(1,343,236)	-	(1,973,745)
Cash Flows Provided by Investing Activities					
Interest from investments	5,245	96,177	80,078	2,999	184,499
Change in Cash and Cash Equivalents	49,896	725,448	1,079,736	20,695	1,875,775
Cash and Cash Equivalents - January 1	335,366	8,573,445	7,686,097	342,828	16,937,736
Cash and Cash Equivalents - December 31	$ 385,262	$ 9,298,893	$ 8,765,833	$ 363,523	$ 18,813,511
Reconciliation of Cash and Cash Equivalents to Statement of Net Position					
Cash and investments	$ -	$ 7,083,078	$ 8,765,833	$ 363,523	$ 16,212,434
Restricted cash and investments	385,262	2,215,815	70,521	-	2,671,598
Less: Long-term investments	-	-	(70,521)	-	(70,521)
	$ 385,262	$ 9,298,893	$ 8,765,833	$ 363,523	$ 18,813,511

(Continued)

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2016

	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)	$ (344,793)	$ 180,684	$ 1,714,551	$ (13,043)	$ 1,537,399
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	609,355	557,950	489,467	10,228	1,667,000
Depreciation reimbursement	59,060	(59,060)	-	-	-
Depreciation allocated to transportation	25,177	-	-	-	25,177
Changes in pension liability (asset), liabilities and related deferred outflows and inflows	57,526	39,208	13,748	-	110,482
Changes in assets and liabilities					
Accounts receivable	104,811	30,925	89,700	869	226,305
Delinquent user charges	35,174	15,442	901	-	51,517
Inventories and prepaid expenses	2,396	(1,765)	(318)	-	313
Accounts payable	(6,453)	28,488	30,071	(393)	51,713
Accounts payable related to capital assets acquired	18,507	(881)	(6,687)	-	10,939
Accrued and other current liabilities	3,556	2,073	1,779	(339)	7,069
Unearned revenue	-	-	(832)	-	(832)
Due to other governments	(47,947)	-	-	-	(47,947)
Compensated absences	4,742	6,324	10,514	-	21,580
Net Cash Provided (Used) by Operating Activities	$ 521,111	$ 799,388	$ 2,342,894	$ (2,678)	$ 3,660,715
Noncash Investing, Capital and Financing Activities					
Capital assets contributed by developer	$ 210,890	$ 200,178	$ 1,388,023	$ -	$ 1,799,091
Capital assets contributed by Town	-	-	55,459	-	55,459

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

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
Statement of Net Position
Fiduciary Fund
December 31, 2016

	Agency Fund Developer Deposits
ASSETS	
Cash and investments	$ 11,078
LIABILITIES	
Deposits	$ 11,078

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

2. Individual Component Unit Disclosures

   BLENDED COMPONENT UNITS

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

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

3. Joint Venture
   The Town is a participant with the Village of Fox Crossing, Town of Greenville and Town of Neenah in a joint venture to operate a wastewater disposal plant. The Fox West Regional Sewerage Commission (previously known as 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, Neenah, Wisconsin 54956.

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*.

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.

Room Tax Special Revenue Fund

This fund accounts for collections of room tax from Town businesses and records disbursements to the Convention and Visitor's Bureau and transfers to the General 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.

Tax Incremental Districts Nos. 1 and 2 Capital Project Funds

These funds account for financial resources used in implementing each District's project plan.

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.

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 wastewater utility.

Additionally, the Town reports the following fund type:

The Town accounts for assets held for developer's deposits in an *agency fund*.

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.

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 price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. 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 acquisition 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.

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	
Assets		
Land improvements	10 - 40	25 - 30
Buildings	25 - 50	25 - 50
Machinery and equipment	3 - 30	3 - 10
Infrastructure	15 - 60	25 - 100

g. Land Held for Resale
Land acquired by the Town for resale as part of the Town's tax incremental financing district no. 2 is reported on the governmental fund balance sheet at the estimated fair market value while the acquisition cost is considered a development cost of the District in accordance with its project plan. Because the land is not expected to be sold soon enough to provide available resources, the Town reports deferred inflows of resources for the estimated fair market value of the land.

h. Compensated Absences
It is the Town's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employment 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.

i. 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 has one item that qualifies for reporting in this category. The item is related to the Town's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

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 two items that qualify for reporting in this category in the government-wide statement of net position. The first is property taxes, which will be recognized as an inflow of resources in the subsequent year for which it was levied. The second is related to the Town's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants. The Town also has an additional 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 two sources, special assessments and land held for resale. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. 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.

k. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

l. 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.

- 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.

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

NOTE B - STEWARDSHIP AND COMPLIANCE

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

a. During November, Town management submits to the Town Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Town Board action.

b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.

c. During the year, formal budgetary integration is employed as a management control device for all governmental funds except the Tax Incremental District No. 2 capital projects fund.

d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Town. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Town Board.

e. Encumbrance accounting is not used by the Town to record commitments related to unperformed contracts for goods or services.

The Town did not have any material violations of legal or contractual provisions for the fiscal year ended December 31, 2016.

NOTE B - STEWARDSHIP AND COMPLIANCE (Continued)

2. Excess Expenditures Over Appropriations
The Town had the following excess expenditures over appropriations for the fiscal year ended December 31, 2016:

Funds	Functions	Excess Expenditures
General	Conservation and development	$ 41,984
Room Tax	Conservation and development	1,392,516
Debt Service	Interest and fiscal charges	1,299
Capital Projects	Capital outlay	301,216
Tax Incremental District No. 1	Capital outlay	416,078

The excess expenditures were financed by additional revenues or fund balance of the fund.

3. Deficit Fund Balance
The following fund had a deficit fund balance as of December 31, 2016:

Fund	Deficit Fund Balance
TIF District No. 2	$ 62,569

The deficit will be financed with future revenues, including debt proceeds and tax increments.

NOTE C - DETAILED NOTES ON ALL FUNDS

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

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

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

The carrying amount of the Town's cash and investments totaled $49,368,483 on December 31, 2016 as summarized below:

Petty cash funds	$ 2,045
Deposits with financial institutions	29,338,647
Investments	19,957,270
Beneficial interest in assets held by the Community Foundation	70,521
	$ 49,368,483

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	$ 46,685,807
Restricted cash and investments	2,671,598
Fiduciary fund Statement of Net Position	
Agency fund	11,078
	$ 49,368,483

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Fair Value Measurements

The Town implemented GASB Statement No. 72, *Fair Value Measurement and Application*, for the year ending December 31, 2016. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The Town has the following fair value measurements as of December 31, 2016:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
U.S. Treasury Notes	$ -	$ 465,967	$ -
Federal agency securities	-	1,377,982	-
Negotiable certificates of deposit		736,704	-
Corporate notes	-	1,842,740	-
Corporate bonds	-	981,641	-
Foreign government bonds			
Canadian	-	1,042,024	-
Netherlands	-	142,241	-
France	-	120,722	-
Beneficial interest in the Community Foundation	-	-	70,521
Total investments by fair value level	$ -	$ 6,710,021	$ 70,521

Additional information on the beneficial interest in Fox Valley Community Foundation can be found beginning on page 31.

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, 2016, $18,144,710 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

As of December 31, 2016, the Town held repurchase agreement investments of $13,057,271, of which the underlying securities are held by the investment's counterparty, not in the name of the Town.

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 yearend for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	AA	A	Not Rated
U.S. Treasury Notes	$ 465,967	$ 465,967	$ -	$ -	$ -	$ -
Federal agency securities	1,377,982	-	677,209	-	-	700,773
Negotiable certificates of deposit	736,704	-	-	-	-	736,704
Corporate notes	1,842,740	-	-	1,842,740	-	-
Corporate bonds	981,641	-	-	487,107	421,682	72,852
Foreign government bonds						
Canadian	1,042,024	-	140,284	400,802	500,938	-
Netherlands	142,241	-	-	-	142,241	-
France	120,722	-	-	-	120,722	-
Wisconsin Local Government Investment Pool	189,978	-	-	-	-	189,978
Totals	$ 6,899,999	$ 465,967	$ 817,493	$ 2,730,649	$ 1,185,583	$ 1,700,307

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
GE Capital	Corporate notes	$ 1,062,897	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's investment policy limits investments to five years at purchase.

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:

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Interest Rate Risk (Continued)

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	$ 465,967	$ 465,967	$ -	$ -	$ -
Federal agency securities	1,377,982	78,529	100,145	498,535	700,773
Negotiable certificates of deposit	736,704	245,867	490,837	-	-
Corporate notes	1,842,740	1,062,897	779,843	-	-
Corporate bonds	981,641	140,490	768,299	-	72,852
Foreign government bonds					
Canadian	1,042,024	641,222	400,802	-	-
Netherlands	142,241	142,241	-	-	-
France	120,722	120,722	-	-	-
Repurchase agreements	13,057,271	13,057,271	-	-	-
Wisconsin Local Government Investment Pool	189,978	189,978	-	-	-
Totals	$ 19,957,270	$ 16,145,184	$ 2,539,926	$ 498,535	$ 773,625

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
Governmental National Mortgage Association	$ 554,777
Federal Home Loan Mortgage Corporation	823,205

Investment in Wisconsin Local Government Investment Pool

The Town has investments in the Wisconsin local government investment pool of $189,978 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, 2016, the fair value of the Town's share of the LGIP's assets was substantially equal to the carrying value.

Beneficial interest in assets held by the Community Foundation

Beneficial interest in assets held by Community Foundation represents an endowment held at the Community Foundation for the Fox Valley Region, Inc. (Foundation) called the Forest View Estates Fund (Fund). It was established by the developer of the Forest View Estates Fund to provide a source of support for the support and maintenance of stormwater management infrastructure located in and serving the Forest View Estates Subdivision. The Fund is donor-restricted; therefore, it is classified and reported as restricted net position within the Sanitary District No. 3 enterprise fund. The fund is the legal asset of the Foundation. The agreement governing the assets includes a variance power allowing the Foundation to modify the restrictions on distributions from the Fund. Distributions from the Fund are ordinarily made annually to the Town following the Foundation's spending policy. Generally, the Foundation's spending policy appropriates distributions each year equal to 5% of the market value of the fund, which is based on

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

the previous three-year average market value. Based on the terms of the agreement with the Foundation, the Town's distributions are not limited to the spending policy of the Foundation.

The Foundation maximizes total return consistent with an acceptable level of risk. Foundation assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions, while also growing the fund if possible. Accordingly, the Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total investment assets of the Foundation; investment assets and allocation between asset classes and strategies are managed by the Foundation to not expose the fund to unacceptable levels of risk.

Changes in the Fund's investment balance measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) for the year ended December 31, 2016 was as follows:

Balance, January 1, 2016	$	64,691
Net appreciation		5,830
Balance, December 31, 2016	$	70,521

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 Town's general fund.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

3. Restricted and Other Assets

Restricted and other assets on December 31, 2016 totaled $2,671,598 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Sanitary District No. 1		
Restricted Assets		
Impact fees	$ 385,262	Impact fees collected for future purchases
Sanitary District No. 2		
Other Assets		
Depreciation fund	462,293	To be used for additions and betterments of the District's capital assets.
Restricted Assets		
Service availability charges	1,427,758	To account for SAC fees collected to be used for future sewerage plant expansion
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.
	1,753,522	
Total Sanitary District No. 2	2,215,815	
Sanitary District No. 3		
Forest View Estates	70,521	Support and maintenance of stormwater management infrastructure located in and serving the Forest View Estates Subdivision
Total	$ 2,671,598	

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Capital Assets

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 2,994,584	$ 12,000	$ -	$ 3,006,584
Construction in progress	3,797,929	3,441,787	6,213,332	1,026,384
Total capital assets, not being depreciated	6,792,513	3,453,787	6,213,332	4,032,968
Capital assets, being depreciated:				
Land improvements	1,769,542	188,942	-	1,958,484
Buildings	15,661,909	-	-	15,661,909
Machinery and equipment	7,247,129	1,035,854	241,200	8,041,783
Infrastructure	70,434,344	6,014,543	-	76,448,887
Subtotals	95,112,924	7,239,339	241,200	102,111,063
Less accumulated depreciation for:				
Land improvements	550,868	58,004	-	608,872
Buildings	5,511,074	498,430	-	6,009,504
Machinery and equipment	2,998,964	549,587	185,766	3,362,785
Infrastructure	41,348,370	3,491,797	-	44,840,167
Subtotals	50,409,276	4,597,818	185,766	54,821,328
Total capital assets, being depreciated, net	44,703,648	2,641,521	55,434	47,289,735
Governmental activities capital assets, net	$ 51,496,161	$ 6,095,308	$ 6,268,766	51,322,703
Less: Capital related general obligation debt				(17,533,318)
Net investment in capital assets				$ 33,789,385
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 1,751,139	$ 300,000	$ -	$ 2,051,139
Property held for future use	68,320	-	-	68,320
Construction in progress	3,278,889	3,189,193	6,181,791	286,291
Total capital assets, not being depreciated	5,098,348	3,489,193	6,181,791	2,405,750
Capital assets, being depreciated:				
Land improvements	6,451,242	942,295	-	7,393,537
Buildings	178,121	-	-	178,121
Machinery and equipment	2,567,194	49,387	25,114	2,591,467
Infrastructure	63,674,234	5,070,059	546,000	68,198,293
Subtotals	72,870,791	6,061,741	571,114	78,361,418
Less accumulated depreciation	21,043,361	1,692,176	463,764	22,271,773
Total capital assets, being depreciated, net	51,827,430	4,369,565	107,350	56,089,645
Business-type activities capital assets, net	$ 56,925,778	$ 7,858,758	$ 6,289,141	58,495,395
Less: Capital related general obligation debt				(3,685,000)
Net investment in capital assets				$ 54,810,395

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

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

Governmental activities	
General government	$ 402,470
Public safety	529,644
Public works	3,613,686
Culture and recreation	51,003
Conservation and development	1,015
Total depreciation expense - governmental activities	$ 4,597,818
Business-type activities	
Sanitary District No. 1	$ 609,355
Sanitary District No. 2	557,950
Sanitary District No. 3	489,467
East Side Utility	10,228
Total depreciation expense - business-type activities	1,667,000
Depreciation allocated to various activities	25,176
Increase in accumulated depreciation - business-type activities	$ 1,692,176

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, 2016 are detailed below:

	Interfund Receivables	Interfund Payables
Temporary Cash Advances to Finance Operating Cash Deficits of Other Funds		
General Fund	$ 62,170	$ -
Tax Incremental District No. 2	-	62,170
Enterprise funds		
Sanitary District No. 1	-	2,150,181
Sanitary District No. 2	2,150,181	-
Room Tax Revenues		
General Fund	88,989	-
Room Tax	-	88,989
Totals	$ 2,301,340	$ 2,301,340

		Transfer to:			
Transfers from:	Purpose	General Fund	Capital Projects	Debt Service	Totals
Special Revenue					
Room Tax	Town's share of room taxes	$ 372,970	$ -	$ -	$ 372,970
Special Assessments	Debt Retirement	-	-	1,670,000	1,670,000
Park Development	Return of funds	-	28,750	-	28,750
Totals		$ 372,970	$ 28,750	$ 1,670,000	$ 2,071,720

Tax Incremental District No. 1 financed $55,629 of capital improvements of storm sewer enterprise fund, which are reported as transfers on the government-wide and as capital contributions on the proprietary fund financial statements.

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, 2016:

	Outstanding 1/1/16	Issued	Retired	Outstanding 12/31/16	Due Within One Year
Governmental activities:					
General Obligation Debt					
Notes	$11,515,000	$ 8,995,000	$ 2,390,000	$18,120,000	$ 3,240,000
Debt premium	89,165	203,827	24,539	268,453	-
Compensated absences	1,358,880	222,785	169,770	1,411,895	-
Governmental activities Long-term obligations	$12,963,045	$ 9,421,612	$ 2,584,309	$19,800,348	$ 3,240,000
Business-type activities:					
General Obligation Debt					
Notes	$ 3,970,000	$ 865,000	$ 1,150,000	$ 3,685,000	$ 965,000
Debt premium	32,421	19,518	12,727	39,212	-
Compensated absences	263,112	29,668	8,088	284,692	-
Business-type activities Long-term obligations	$ 4,265,533	$ 914,186	$ 1,170,815	$ 4,008,904	$ 965,000

Total interest paid during the year on long-term debt totaled $376,627.

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, 2016 totaled $21,805,000 and was comprised of the following issues:

Notes	
$9,685,000 issued 08/26/08; $980,000 to $995,000 due annually through 2018; interest 4.0%	$ 1,975,000
$5,320,000 issued 10/1/09; $545,000 to $555,000 due annually through 2019; interest 3.0% to 3.5%	1,650,000
$7,640,000 issued 11/1/10; $775,000 to $785,000 due annually through 2020; interest 2.5% to 3.0%	3,110,000
$8,895,000 issued 3/27/12; $845,000 to $875,000 due annually through 2022; interest 1.0% to 1.75%	5,210,000
$9,860,000 issued 12/29/16; $895,000 to $1,065,000 due annually through 2026; interest 2.0% to 3.0%	9,860,000
Total Outstanding General Obligation Debt	$ 21,805,000

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of $21,805,000 on December 31, 2016 are detailed below:

Year Ended	Governmental Activities		Business-type Activities		Totals	
December 31	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 3,240,000	$ 413,094	$ 965,000	$ 97,740	$ 4,205,000	$ 510,834
2018	3,125,000	353,652	960,000	70,939	4,085,000	424,591
2019	2,560,000	277,152	555,000	41,614	3,115,000	318,766
2020	2,195,000	211,625	395,000	26,737	2,590,000	238,362
2021	1,610,000	156,690	220,000	16,878	1,830,000	173,568
2022-2026	5,390,000	341,217	590,000	33,605	5,980,000	374,822
	$18,120,000	$1,753,430	$ 3,685,000	$ 287,513	$21,805,000	$2,040,943

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, 2016 was $100,900,385 as follows:

Equalized valuation of the Town		$ 2,435,899,000
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		121,794,950
Total outstanding general obligation debt applicable to debt limitation	$ 21,805,000	
Less: Amounts available for financing general obligation debt		
Debt service fund	910,435	
Net outstanding general obligation debt applicable to debt limitation		20,894,565
Legal Margin for New Debt		$ 100,900,385

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.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

8. Pension Plan

a. Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. 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.

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.

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

b. Post-Retirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Year	Core Fund Adjustment	Variable Fund Adjustment
2006	0.8%	3%
2007	3.0%	10%
2008	6.6%	0%
2009	(2.1)%	(42)%
2010	(1.3)%	22%
2011	(1.2)%	11%
2012	(7.0)%	(7)%
2013	(9.6)%	9%
2014	4.7%	25%
2015	2.9%	2%

c. Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, 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.

During the reporting period, the WRS recognized $513,207 in contributions from the Town.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

d. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the Town reported a liability of $842,311 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the Town's proportion was 0.05183517%, which was a decrease of 0.00025560% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Town recognized pension expense of $1,028,712.

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 143,198	$ 1,772,630
Changes in assumptions	589,318	-
Net differences between projected and actual earnings on pension plan investments	3,450,945	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	46,606	-
Employer contributions subsequent to the measurement date	519,348	-
Total	$ 4,749,415	$ 1,772,630

The $519,348 reported as deferred outflows related to pension resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Deferred Outflow of Resources	Deferred Inflows of Resources
2016	$ 1,099,550	$ 428,980
2017	1,099,550	428,980
2018	1,099,550	428,980
2019	912,205	428,980
2020	19,212	56,710
Total	$ 4,230,067	$ 1,772,630

e. Actuarial Assumption

The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2014
Measurement Date of Net Pension Liability:	December 31, 2015
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

Long-term Expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class				
U.S. Equities	27%	23%	7.6%	4.7%
International Equities	24.5%	22%	8.5%	5.6%
Fixed Income	27.5%	37%	4.4%	1.6%
Inflation Sensitive Assets	10%	20%	4.2%	1.4%
Real Estate	7%	7%	6.5%	3.6%
Private Equity/Debt	7%	7%	9.4%	6.5%
Multi-Asset	4%	4%	6.7%	3.8%
Total Core Fund	107%	120%	7.4%	4.5%
Variable Fund Asset Class				
U.S. Equities	70%	70%	7.6%	4.7%
International Equities	30%	30%	8.5%	5.6%
Total Variable Fund	100%	100%	7.9%	5.0%

Single Discount Rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.57%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.2%)	Current Discount Rate (7.2%)	1% Increase to Discount Rate (8.2%)
Town's proportionate share of the net pension liability (asset)	$ 5,907,989	$ 842,311	$ (3,114,073)

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at http://etf.wi.gov/publications/cafr.htm.

f. Payable to the WRS

At December 31, 2016 the Town reported a payable of $121,084 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2016.

NOTE D - OTHER INFORMATION

1. Tax Increment Financing Districts

The Town has established two separate capital project funds for Tax Incremental Districts (TID) Nos. 1 and 2 which were created by the Town in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the Districts were created, the property tax base within the Districts were "frozen" and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the Town to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date. The Town's Districts are still eligible to incur project costs.

Since creation of the above Districts, the Town has provided various financing sources to the TID and has also recorded eligible TID project costs in other funds of the Town. The foregoing amounts are not recorded as liabilities in the TID debt service fund but can be recovered by the Town from any future excess tax increment revenues. Detail of the amounts recoverable by the Town as of December 31, 2016 from future excess tax increment revenues follows:

	Total	TID No. 1	TID No. 2
Net Unreimbursed Project Costs	$ 6,087,499	$ 3,524,930	$ 2,562,569

The intent of the Town is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective Districts. Unless terminated by the Town prior thereto, TID No. 1 has a statutory termination date of November 6, 2034. Unless terminated by the Town prior thereto, TID No. 2 has a statutory termination date of October 20, 2036.

2. Risk Management

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

NOTE D - OTHER INFORMATION (Continued)

3. 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 2016 and 2017 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 2016 budget was 1.34%. The actual limit for the Town for the 2017 budget was 2.71%. 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 Fox West Regional Sewage Commission, a joint venture created by the Town and three other municipalities. As of December 31, 2016, 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 Fox West Regional 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.

   c. In May, 2016, the Town was notified that there was a judgment against the Town resulting from excessive property tax assessments of Mills Properties, Inc. The courts determined that the Town incorrectly and excessively assessed two parcels on January 1, 2013, January 1, 2014, and January 1, 2015. Total judgment against the Town resulting from this claim was $200,543. The Town is anticipating a partial recovery of this amount during the 2017 property tax chargeback process. Additional claims against the Town for excessive property tax settlements have been filed in 2017, however, the determination and dollar amount of any potential lawsuits are not known at this time.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
Last 10 Fiscal Years

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/15	0.05209077%	$ (1,279,492)	$ 5,454,449	23.46%	102.74%
12/31/16	0.05183517%	842,311	6,052,539	13.92%	98.20%

Schedule of Contributions
Wisconsin Retirement System
Last 10 Fiscal Years

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	$ 487,715	$ 487,715	$ -	$ 5,454,449	8.94%
12/31/16	513,207	513,207	-	6,052,539	8.48%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

There were no changes of benefit terms for any participating employer in the WRS.

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the prior fiscal year. The Town is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

SUPPLEMENTARY INFORMATION

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
General Fund
Detailed Comparison of Budgeted and Actual Revenues and Other Financing Sources
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Taxes				
General property taxes	$ 9,269,637	$ 9,269,637	$ 9,266,554	$ (3,083)
Payment in lieu of taxes	3,000	3,000	10,017	7,017
Other taxes	12,540	12,540	25,773	13,233
Total Taxes	9,285,177	9,285,177	9,302,344	17,167
Special Assessments	60,000	60,000	62,133	2,133
Intergovernmental				
Federal aids				
Law enforcement	56,118	56,118	108,434	52,316
State aids				
State shared taxes	271,552	271,552	256,149	(15,403)
Tax exempt computer aid	79,500	79,500	80,106	606
Fire insurance	85,000	85,000	94,671	9,671
Law enforcement	3,840	3,840	4,320	480
Transportation	791,000	791,000	784,988	(6,012)
Local road improvement program	68,930	68,930	100,853	31,923
Recycling	69,200	69,200	65,606	(3,594)
Other grants	20,000	20,000	4,461	(15,539)
Local aids				
Mass transit	430,937	430,937	509,103	78,166
Total Intergovernmental	1,876,077	1,876,077	2,008,691	132,614
Licenses and Permits				
Licenses				
Business and occupational licenses	71,100	71,100	109,533	38,433
Bicycle	200	200	870	670
Dog	-	-	4,538	4,538
Permits				
Building	281,500	281,500	308,090	26,590
Utility	20,000	20,000	30,029	10,029
Cable TV	285,000	285,000	301,224	16,224
Zoning	212,000	212,000	217,462	5,462
Other permits	2,850	2,850	4,010	1,160
Total Licenses and Permits	872,650	872,650	975,756	103,106
Fines and Forfeitures				
Court penalties and costs	442,500	442,500	410,683	(31,817)
Judgments and damages	2,500	2,500	5,988	3,488
Total Fines and Forfeitures	445,000	445,000	416,671	(28,329)

(Continued)

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
General Fund
Detailed Comparison of Budgeted and Actual Revenues and Other Financing Sources (Continued)
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Public Charges for Services				
General government	23,300	23,300	26,086	2,786
Garbage and recycling collection	1,063,050	1,063,050	1,065,521	2,471
Law enforcement fees	57,000	57,000	46,755	(10,245)
Fire department	22,750	22,750	30,496	7,746
Street related charges	10,000	10,000	2,465	(7,535)
Cemetery fees	-	-	124	124
Weed control	1,000	1,000	1,126	126
Park and recreation charges	16,000	16,000	15,494	(506)
Snow and weeds	-	-	750	750
Total Public Charges for Services	1,193,100	1,193,100	1,188,817	(4,283)
Intergovernmental charges for services				
Public safety	25,175	25,175	23,105	(2,070)
Public works	219,250	219,250	178,557	(40,693)
Total Intergovernmental Charges for Services	244,425	244,425	201,662	(42,763)
Miscellaneous				
Interest income	110,500	110,500	102,827	(7,673)
Rental income	135,280	135,280	138,132	2,852
Insurance recoveries, dividends and refunds	32,300	32,300	24,765	(7,535)
Donations	25,200	25,200	7,397	(17,803)
Other	50,500	50,500	125,394	74,894
Total Miscellaneous	353,780	353,780	398,515	44,735
Total Revenues	14,330,209	14,330,209	14,554,589	224,380
Other Financing Sources				
Sale of capital assets	45,900	45,900	108,514	62,614
Transfers in	333,310	333,310	372,970	39,660
Total Other Financing Sources	379,210	379,210	481,484	102,274
Total Revenues and Other Financing Sources	$ 14,709,419	$ 14,709,419	$ 15,036,073	$ 326,654

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
General Fund
Detailed Comparison of Budgeted and Actual Expenditures
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
General Government				
Town board	$ 93,290	$ 93,290	$ 97,203	$ (3,913)
Municipal court	191,520	191,520	176,865	14,655
Legal	60,000	60,000	44,512	15,488
General administration	834,355	834,355	736,761	97,594
Town clerk	139,730	139,730	124,132	15,598
Elections	77,846	77,846	91,888	(14,042)
Treasurer	270,365	270,365	264,045	6,320
General building/town hall	333,305	350,305	355,988	(5,683)
Insurance	245,888	245,888	244,179	1,709
Uncollectible taxes and tax refunds	30,000	30,000	263,148	(233,148)
Contingency	370,262	353,262	-	353,262
Total General Government	2,646,561	2,646,561	2,398,721	247,840
Public Safety				
Police - patrol	3,000,240	3,000,240	2,972,745	27,495
Police - administration	529,183	529,183	575,012	(45,829)
Police - investigations	698,600	698,600	667,054	31,546
Fire department	2,928,522	2,928,522	2,753,704	174,818
Animal control	5,000	5,000	5,325	(325)
Total Public Safety	7,161,545	7,161,545	6,973,840	187,705
Public Works				
Highways	919,990	919,990	662,201	257,789
Winter maintenance	221,490	221,490	216,229	5,261
Highway shop	301,590	301,590	301,740	(150)
Street lights	319,000	319,000	293,882	25,118
Bus service	554,418	554,418	555,918	(1,500)
Refuse and landfill	745,500	745,500	704,672	40,828
Recycling	581,850	581,850	406,690	175,160
Weed and nuisance control	4,130	4,130	3,209	921
Cemetery	2,140	2,140	1,335	805
Total Public Works	3,650,108	3,650,108	3,145,876	504,232
Culture and Recreation				
Parks maintenance	465,965	465,965	391,386	74,579
Recreation	21,650	21,650	15,330	6,320
Trails maintenance	84,390	84,390	36,045	48,345
Total Culture and Recreation	572,005	572,005	442,761	129,244
Conservation and Development				
Assessment of property	127,390	127,390	131,935	(4,545)
Building inspection and code enforcement	316,720	316,720	344,863	(28,143)
Zoning and planning	235,090	235,090	244,386	(9,296)
Total Conservation and Development	679,200	679,200	721,184	(41,984)
Total Expenditures	$ 14,709,419	$ 14,709,419	$ 13,682,382	$ 1,027,037

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Park Development

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
OUTAGAMIE COUNTY, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Park Development	Fire Impact Fees	Fire Donations	K-9 Unit	Total Nonmajor Governmental Funds
ASSETS					
Cash and investments	$ 73,403	$ 66,628	$ 3,899	$ 3,709	$ 147,639
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	-	-	-	36	36
Fund Balances					
Restricted					
Fire impact fees	-	66,628	-	-	66,628
Assigned					
Park development	73,403	-	-	-	73,403
Public safety donations	-	-	3,899	3,673	7,572
Total Fund Balances	73,403	66,628	3,899	3,673	147,603
TOTAL LIABILITIES AND FUND BALANCES	$ 73,403	$ 66,628	$ 3,899	$ 3,709	$ 147,639

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Park Development	Fire Impact Fees	Fire Donations	K-9 Unit	Total Nonmajor Governmental Funds
Revenues					
Public charges for services	$ 34,200	$ 35,095	$ -	$ -	$ 69,295
Miscellaneous	181	350	1,755	-	2,286
Total Revenues	34,381	35,445	1,755	-	71,581
Expenditures					
Current					
Public safety	-	-	1,578	1,166	2,744
Excess of Revenues Over (Under) Expenditures	34,381	35,445	177	(1,166)	68,837
Net Change in Fund Balances	63,131	35,445	177	(1,166)	97,587
Fund Balances - January 1	10,272	31,183	3,722	4,839	50,016
Fund Balances - December 31	$ 73,403	$ 66,628	$ 3,899	$ 3,673	$ 147,603

ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS

Schenck
ADVISORY | TAX | ASSURANCE

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
Outagamie County, 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, Outagamie County, Wisconsin, as of and for the year ended December 31, 2016, 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 August 30, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2016-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Grand Chute, Wisconsin's financial statements are free from 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.

Schenck SC
Certified Public Accountants
Green Bay, Wisconsin
August 30, 2017

TOWN OF GRAND CHUTE
OUTAGAMIE COUNTY, WISCONSIN
Schedule of Findings and Responses
For the Year Ended December 31, 2016

Section I - Internal Control Over Financial Reporting

Finding No.	Control Deficiencies

2016-001 **Adjustments to the Town's Financial Records**

Repeat of Finding 2015-001

Condition: As part of our 2016 audit, we proposed adjusting journal entries, primarily related to capital assets, that were material to the Town's basic financial statement.

In addition, we assisted with the implementation of GASB Statements No. 72 and roll forward of information for GASB Statement No. 68 and 71 on the Town's financial records, which resulted in the Town's proportionate share of the Wisconsin Retirement System being recognized in its financial statements.

Criteria: Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

Cause: While Town staff maintains financial records which accurately report financial transactions throughout the year, the Town experienced significant capital asset additions related to development activities, including instances where the Town's Tax Incremental Financing Districts funded portions of projects or infrastructure was constructed and donated to the Town by the developers, which required adjustments to financial records. Town personnel were instrumental in developing the supporting documentation for the adjustments.

Effect: Year-end financial records prepared by the Town may contain misstatements until all capital asset activity is recorded.

Recommendation: We recommend the Town evaluate how donated capital assets can be incorporated into the Town's financial records when ownership is transferred to the Town. In addition, we recommend the Town evaluate its capital asset accounting processes to ensure adequate resources exist to properly monitor projects throughout the year. While the new financial accounting system with project accounting works well, the complexity of project cost allocations between water, sewer, storm water, and general Town requires interaction between the community development, public works and finance functions.

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, 2016.