

**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**  
**Annual Financial Report**  
**December 31, 2020**

**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**

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**December 31, 2020**

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## **INDEPENDENT AUDITORS' REPORT**

## **Independent Auditors' Report**

To the Town Board  
Town of Clayton  
Winnebago County, Wisconsin

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 Clayton, Winnebago County, Wisconsin (Town) as of and for the year ended December 31, 2020, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 of Clayton, Winnebago County, Wisconsin as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Town Board  
Town of Clayton, Winnebago County, Wisconsin

***Other Matters***

***Required Supplementary Information***

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

Accounting principles generally accepted in the United States of America require that the schedules of employer's proportionate share of the net pension liability (asset) and employer contributions - Wisconsin Retirement System, and budgetary comparison information for the general fund and solid waste/recycling fund on pages 38 - 40 to be presented to supplement the basic financial statements. Such 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. 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Clayton, Winnebago County, Wisconsin's basic financial statements. The supplementary information as identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management.

The schedule of detailed comparison revenues – general fund and schedule of detailed budgetary comparison expenditures – general fund have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

***KerberRose SC***

**KerberRose SC**  
**Certified Public Accountants**  
**Shawano, Wisconsin**  
April 14, 2021

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF CLAYTON  
WINNEBAGO COUNTY, WISCONSIN**

Statement of Net Position  
As of December 31, 2020

	Governmental Activities	Business - Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 2,439,187	\$ 112,918	\$ 2,552,105
Taxes Receivable	1,039,067	-	1,039,067
Accounts Receivable	5,193	-	5,193
Accounts Receivable - Special Charges	196,390	170,213	366,603
Special Assessments	173,871	-	173,871
Internal Balances	130,743	(130,743)	-
Inventories and Prepaid Items	1,500	-	1,500
<b>Total Current Assets</b>	<u>3,985,951</u>	<u>152,388</u>	<u>4,138,339</u>
<b>Noncurrent Assets</b>			
Net Pension Asset	102,385	7,706	110,091
Capital Assets - Nondepreciable	13,187,861	19,381	13,207,242
Capital Assets - Depreciable, Net	8,646,999	1,673,021	10,320,020
<b>Total Noncurrent Assets</b>	<u>21,937,245</u>	<u>1,700,108</u>	<u>23,637,353</u>
<b>TOTAL ASSETS</b>	<u>25,923,196</u>	<u>1,852,496</u>	<u>27,775,692</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows of Resources Related to Pension	252,456	19,002	271,458
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	124,105	2,214	126,319
Accrued and Other Current Liabilities	43,533	942	44,475
Due to Other Governments	655	-	655
Accrued Interest Payable	155,408	-	155,408
Current Portion of Long-Term Obligations	594,868	17,550	612,418
<b>Total Current Liabilities</b>	<u>918,569</u>	<u>20,706</u>	<u>939,275</u>
<b>Noncurrent Liabilities</b>			
Compensated Absences	95,724	-	95,724
Noncurrent Portion of Long-Term Obligations	16,947,323	77,450	17,024,773
<b>Total NonCurrent Liabilities</b>	<u>17,043,047</u>	<u>77,450</u>	<u>17,120,497</u>
<b>TOTAL LIABILITIES</b>	<u>17,961,616</u>	<u>98,156</u>	<u>18,059,772</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes Levied for Subsequent Period	1,863,817	-	1,863,817
Special Charges	358,340	310,575	668,915
Deferred Inflows of Resources Related to Pension	310,455	23,367	333,822
<b>Total Deferred Inflows of Resources</b>	<u>2,532,612</u>	<u>333,942</u>	<u>2,866,554</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,132,418	1,597,402	6,729,820
Restricted	103,992	3,341	107,333
Unrestricted (Deficit)	445,014	(161,343)	283,671
<b>TOTAL NET POSITION</b>	<u>\$ 5,681,424</u>	<u>\$ 1,439,400</u>	<u>\$ 7,120,824</u>

See Accompanying Notes

**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**  
Statement of Activities  
For the Year Ended December 31, 2020

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General Government	\$ 616,665	\$ 103,601	\$ -	\$ -
Public Safety	381,773	3,810	1,082	103,474
Public Works	1,521,502	405,902	-	194,393
Health and Human Services	4,551	11,775	-	-
Culture, Recreation and Education	24,930	3,206	-	-
Conservation and Development	560,445	12,516	6,761	65,930
Interest and Fiscal Charges	533,410	-	-	-
<b>Total Governmental Activities</b>	<b>3,643,276</b>	<b>540,810</b>	<b>7,843</b>	<b>363,797</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Stormwater Utility	298,866	312,634	-	-
<b>TOTAL TOWN OF CLAYTON</b>	<b>\$ 3,942,142</b>	<b>\$ 853,444</b>	<b>\$ 7,843</b>	<b>\$ 363,797</b>

**GENERAL REVENUES:**

Taxes:  
Property Taxes, Levied for General Purposes  
Other Taxes  
State and Federal Aids not Restricted to  
Specific Functions  
Interest and Investment Earnings  
Gain on Property Sales  
Miscellaneous  
**Total General Revenues**

**CHANGE IN NET POSITION**

**NET POSITION - BEGINNING OF YEAR**

**NET POSITION - END OF YEAR**



<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (513,064)	\$ -	\$ (513,064)
(273,407)	-	(273,407)
(921,207)	-	(921,207)
7,224	-	7,224
(21,724)	-	(21,724)
(475,238)	-	(475,238)
(533,410)	-	(533,410)
<u>(2,730,826)</u>	<u>-</u>	<u>(2,730,826)</u>
-	13,768	13,768
<u>(2,730,826)</u>	<u>13,768</u>	<u>(2,717,058)</u>
1,525,149	-	1,525,149
14,709	-	14,709
64,862	-	64,862
1,621	-	1,621
12,587	455	13,042
33,354	-	33,354
<u>1,652,282</u>	<u>455</u>	<u>1,652,737</u>
(1,078,544)	14,223	(1,064,321)
<u>6,759,968</u>	<u>1,425,177</u>	<u>8,185,145</u>
<u>\$ 5,681,424</u>	<u>\$ 1,439,400</u>	<u>\$ 7,120,824</u>

**TOWN OF CLAYTON  
WINNEBAGO COUNTY, WISCONSIN**

Balance Sheet  
Governmental Funds  
As of December 31, 2020

	<b>General</b>	<b>Solid Waste/ Recycling</b>	<b>Debt Service Fund</b>
<b>ASSETS</b>			
Cash and Investments	\$ 1,245,045	\$ 242,161	\$ 532,808
Accounts Receivable	5,193	-	-
Property Taxes Receivable	504,544	-	470,925
Special Assessments and Charges	29,951	196,390	143,920
Advances to Other Funds	66,799	63,944	-
Inventories and Prepaid Items	1,500	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,853,032</b>	<b>\$ 502,495</b>	<b>\$ 1,147,653</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 25,460	\$ 73,478	\$ -
Accrued Liabilities	43,330	203	-
Due to Other Governments	655	-	-
<b>Total Liabilities</b>	<b>69,445</b>	<b>73,681</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes Levied for Subsequent Period	920,802	-	826,973
Special Assessments and Charges	29,951	358,340	143,920
<b>Total Deferred Inflows of Resources</b>	<b>950,753</b>	<b>358,340</b>	<b>970,893</b>
<b>FUND BALANCES</b>			
Nonspendable	68,299	63,944	-
Restricted	37,104	-	176,760
Committed	92,771	6,530	-
Unassigned	634,660	-	-
<b>Total Fund Balances</b>	<b>832,834</b>	<b>70,474</b>	<b>176,760</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,853,032</b>	<b>\$ 502,495</b>	<b>\$ 1,147,653</b>

See Accompanying Notes

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<b>Tax Incremental District No. 1</b>	<b>Nonmajor Fire Donation Fund</b>	<b>Total Governmental Funds</b>
\$ 416,993	\$ 2,180	\$ 2,439,187
-	-	5,193
63,598	-	1,039,067
-	-	370,261
-	-	130,743
-	-	1,500
<u>\$ 480,591</u>	<u>\$ 2,180</u>	<u>\$ 3,985,951</u>
\$ 24,137	\$ 1,030	\$ 124,105
-	-	43,533
-	-	655
<u>24,137</u>	<u>1,030</u>	<u>168,293</u>
116,042	-	1,863,817
-	-	532,211
<u>116,042</u>	<u>-</u>	<u>2,396,028</u>
-	-	132,243
340,412	1,150	555,426
-	-	99,301
-	-	634,660
<u>340,412</u>	<u>1,150</u>	<u>1,421,630</u>
<u>\$ 480,591</u>	<u>\$ 2,180</u>	<u>\$ 3,985,951</u>

**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**  
Reconciliation of the Balance Sheet  
Governmental Funds to the Statement of Net Position  
As of December 31, 2020

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**Total Fund Balances - Governmental Funds** \$ 1,421,630

***Total net position reported for governmental activities in the statement of net position are different from the amount reported above as total governmental funds fund balance because:***

Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:

Governmental Capital Assets	25,709,329	
Governmental Accumulated Depreciation	<u>(3,874,469)</u>	21,834,860

Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements.

Special Assessments		173,871
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Net pension asset is not usable in the current period therefore not reported in the fund financial statements.

102,385

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.

Deferred Outflows Related to Pension	252,456	
Deferred Inflows Related to Pension	<u>(310,455)</u>	(57,999)

Noncurrent liabilities, including bonds and notes payable, are not due in the current period and therefore not reported in the fund statements. Noncurrent liabilities reported in the statement of net position that are not reported in the funds balance sheet

General Debt		(16,992,828)
Capital Lease		(205,719)
Premium on Debt Issued		(343,644)
Accrued Interest on General Obligation Debt		(155,408)
Vested Employee Benefits		<u>(95,724)</u>

**Total Net Position - Governmental Activities** \$ 5,681,424

**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2020

	General	Solid Waste/ Recycling	Debt Service Fund
<b>REVENUES</b>			
Taxes	\$ 704,032	\$ -	\$ 841,620
Special Assessments	65,930	-	59,728
Intergovernmental	356,283	7,163	-
Licenses and Permits	94,931	-	-
Public Charges for Services	26,181	324,724	-
Intergovernmental Charges for Services	86,579	-	-
Investment Income	16,463	-	-
Miscellaneous	34,438	-	-
<b>Total Revenues</b>	<u>1,384,837</u>	<u>331,887</u>	<u>901,348</u>
<b>EXPENDITURES</b>			
Current:			
General Government	567,693	-	-
Public Safety	381,558	-	-
Public Works	710,015	325,357	-
Health and Human Services	4,551	-	-
Culture, Recreation and Education	24,930	-	-
Conservation and Development	56,320	-	-
Debt Service:			
Principal Retirement	-	-	579,650
Interest and Fiscal Charges	-	-	281,025
Capital Outlay	502,224	-	-
<b>Total Expenditures</b>	<u>2,247,291</u>	<u>325,357</u>	<u>860,675</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(862,454)</u>	<u>6,530</u>	<u>40,673</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds of Long-Term Debt	300,000	-	-
Debt Premium	-	-	-
Sale of Capital Assets	725,208	-	-
<b>Total Other Financing Sources</b>	<u>1,025,208</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	162,754	6,530	40,673
<b>FUND BALANCES - BEGINNING</b>	<u>670,080</u>	<u>63,944</u>	<u>136,087</u>
<b>FUND BALANCES - ENDING</b>	<u><u>\$ 832,834</u></u>	<u><u>\$ 70,474</u></u>	<u><u>\$ 176,760</u></u>

See Accompanying Notes

<b>Tax Incremental District No. 1</b>	<b>Nonmajor Fire Donation Fund</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 1,545,652
-	-	125,658
-	-	363,446
-	-	94,931
-	-	350,905
-	-	86,579
1,621	-	18,084
-	1,082	35,520
<u>1,621</u>	<u>1,082</u>	<u>2,620,775</u>
-	-	567,693
-	2,281	383,839
-	-	1,035,372
-	-	4,551
-	-	24,930
279,081	-	335,401
-	-	579,650
307,486	-	588,511
7,950,295	-	8,452,519
<u>8,536,862</u>	<u>2,281</u>	<u>11,972,466</u>
<u>(8,535,241)</u>	<u>(1,199)</u>	<u>(9,351,691)</u>
8,565,000	-	8,865,000
310,653	-	310,653
-	-	725,208
<u>8,875,653</u>	<u>-</u>	<u>9,900,861</u>
340,412	(1,199)	549,170
-	2,349	872,460
<u>\$ 340,412</u>	<u>\$ 1,150</u>	<u>\$ 1,421,630</u>

See Accompanying Notes

**TOWN OF CLAYTON  
WINNEBAGO COUNTY, WISCONSIN**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2020

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 549,170
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***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 Outlay reported in governmental fund statements	8,260,932	
Depreciation expense reported in the statement of activities	(486,905)	
Amount by which capital outlays are greater than depreciation in the current period.		7,774,027

The Town disposed of assets resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the statement of activities as a net gain and has no effect on the governmental funds balance sheet.

The value of capital assets disposed of during the year	(970,056)	
The amount of depreciation recapture for the year	161,227	
Amount by which capital disposals are more than depreciation recapture in the current period		(808,829)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Collections on Special Assessments	(65,129)
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Amounts related to the pension that do not use current financial resources and therefore, are not reported in the fund financial statements.

10,920

Vested employee benefits are reported in the government 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 was more than the amount paid.

2,199

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:

535,369

Debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the statement of net position, and does not affect the statement of activities.

(8,865,000)

Repayment of capital lease is reported in the governmental funds as an expenditure, but is reported as a reduction in capital lease obligation in the statement of net assets and does not affect the statement of activities.

44,281

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.

(8,799)

Discounts and premiums on debt issued are recorded as other financing sources and uses in the governmental funds but are amortized over the life of the related debt issue in the governmental activities financial statements

(310,653)

Debt premium, discount and amortization are allocated over the period the debt is outstanding and is reported as amortization revenue/expense in the statement of activities. The activity for the current year is as follows:

Amortization		63,900

**Change in Net Position - Governmental Activities**

\$ (1,078,544)

See Accompanying Notes

**TOWN OF CLAYTON  
WINNEBAGO COUNTY, WISCONSIN**

Statement of Net Position

Proprietary Fund

As of December 31, 2020

	<b>Stormwater Management Utility</b>
<b>ASSETS</b>	
Current Assets:	
Cash and Investments	\$ 112,918
Accounts Receivable - Special Charges	170,213
<b>Total Current Assets</b>	<u>283,131</u>
Noncurrent Assets:	
Net Pension Asset	7,706
Land	981
Construction Work in Progress	18,400
Infrastructure	1,668,159
Machinery and Equipment	337,706
Accumulated Depreciation	(332,844)
<b>Total Noncurrent Assets</b>	<u>1,700,108</u>
<b>TOTAL ASSETS</b>	<u>1,983,239</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows of Resources Related to Pension	<u>19,002</u>
<b>CURRENT LIABILITIES</b>	
Accounts Payable	2,214
Accrued and Other Current Liabilities	942
Advance to Other Funds	130,743
Current Portion of Long-Term Obligations	17,550
<b>Total Current Liabilities</b>	<u>151,449</u>
<b>NONCURRENT LIABILITIES</b>	
Noncurrent Portion of Long-Term Obligations	<u>77,450</u>
<b>TOTAL LIABILITIES</b>	<u>228,899</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Special Charges on Subsequent Year Tax Roll	310,575
Deferred Inflows of Resources Related to Pension	23,367
<b>Total Deferred Inflows of Resources</b>	<u>333,942</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,597,402
Restricted	3,341
Unrestricted (Deficit)	(161,343)
<b>TOTAL NET POSITION</b>	<u><u>\$ 1,439,400</u></u>



**TOWN OF CLAYTON  
WINNEBAGO COUNTY, WISCONSIN**

Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Fund  
For the Year Ended December 31, 2020

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	<b>Stormwater Management Utility</b>
	<b>Total</b>
<b>OPERATING REVENUES</b>	
Charges for Services:	<u>\$ 312,634</u>
<b>OPERATING EXPENSES</b>	
Operation and Maintenance	234,602
Depreciation	<u>64,264</u>
<b>Total Operating Expenses</b>	<u>298,866</u>
<b>OPERATING INCOME (LOSS)</b>	<u>13,768</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Sales of Materials and Supplies	<u>455</u>
<b>CHANGE IN NET POSITION</b>	14,223
<b>NET POSITION - BEGINNING</b>	<u>1,425,177</u>
<b>NET POSITION - ENDING</b>	<u><u>\$ 1,439,400</u></u>

**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2020

	<b>Stormwater Management Utility</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from User Charges	\$ 312,090
Paid to Suppliers for Goods and Services	(162,036)
Paid to Employees for Operating Payroll	(69,747)
<b>Net Cash Flows From Operating Activities</b>	<u>80,307</u>
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Merchandising, Jobbing, and Other Nonoperating Income	<u>455</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of Capital Assets	<u>(119,206)</u>
<b>CHANGE IN CASH AND INVESTMENTS</b>	(38,444)
<b>CASH AND INVESTMENTS - BEGINNING</b>	<u>151,362</u>
<b>CASH AND INVESTMENTS - ENDING</b>	<u><u>\$ 112,918</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM</b>	
Operating Income	\$ 13,768
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:	
Depreciation	64,264
Changes in Assets and Liabilities:	
Special Charges Receivable	(1,953)
Net Pension Asset	(7,706)
Deferred Outflows Related to Pension	16,689
Accounts and Claims Payable	2,024
Net Pension Liability	(12,926)
Deferred Special Charges Receivable	1,409
Deferred Inflows Related to Pension	4,738
<b>Net Cash Flows From Operating Activities</b>	<u><u>\$ 80,307</u></u>

**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**

Statement of Net Position  
Fiduciary Fund  
As of December 31, 2020

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	<b>Custodial</b>
	<b>Tax Collection</b>
	<b>Fund</b>
<b>ASSETS</b>	
Cash and Investments	\$ 3,657,827
Taxes Receivable	4,458,733
<b>Total Assets</b>	<u>8,116,560</u>
<b>LIABILITIES</b>	
Due to Other Taxing Units	<u>8,116,560</u>
<b>NET POSITION</b>	<u><u>\$ -</u></u>

See Accompanying Notes

**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**  
Statement of Changes in Net Position  
Fiduciary Fund  
For the Year Ended December 31, 2020

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	<u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u>
<b>ADDITIONS</b>	
Taxes Collected on Behalf of Other Taxing Entities	\$ 5,453,220
<b>DEDUCTIONS</b>	
Taxes Remitted to Other Taxing Entities	<u>5,453,220</u>
<b>CHANGE IN NET POSITION</b>	-
<b>NET POSITION - BEGINNING</b>	<u>-</u>
<b>NET POSITION - ENDING</b>	<u><u>\$ -</u></u>

See Accompanying Notes

**TOWN OF CLAYTON  
WINNEBAGO COUNTY, WISCONSIN**

Notes to Financial Statements

December 31, 2020

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**Note 1 - Summary of Significant Accounting Policies**

This summary of significant accounting policies of the Town of Clayton, Winnebago County, Wisconsin (Town) is presented to assist in understanding the Town's financial statements. The financial statements and notes are representations of the Town's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

**Reporting Entity**

The Town 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 and any separate component units that have a significant operational or financial relationship with the Town. The Town has identified a component unit that is required to be included in the basic financial statements in accordance with standards established.

In 1972, the Town Board formed the Town of Clayton Sanitary District No. 1 to provide water and sewer services to a portion of the Town. Subsequently in 2014, the Town Board amended the boundaries of the sanitary district and appointed the Town Board as the governing body of the sanitary district. At this time, construction of water and sewer infrastructure has not been completed and no customers are being provided water and sewer services. The sanitary district had no activity for the year ended December 31, 2020. All legal, planning and engineering costs of the sanitary district and future water and sewer infrastructure incurred to-date have been financed directly by the Town's General Fund, Capital Projects Fund and Tax Incremental District No.1.

**Government-Wide 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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included as program revenues are reported instead as general revenues.

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 for charges which would distort the direct costs and program revenues reported for the various functions concerned.

**Fund Financial Statements**

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. Major individual governmental funds and major proprietary funds are reported as separate columns in the fund financial statements.

**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**

Notes to Financial Statements

December 31, 2020

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

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 proprietary fund is charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund financial statements of the reporting entity are organized into individual funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenses/expenditures.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and proprietary funds combined.
- c. In addition, any other governmental fund that the Town believes is particularly important to financial statement users may be reported as a major fund.

**Governmental Funds**

Governmental funds are identified as either general, special revenue, debt service or capital projects funds based upon the following guidelines.

General Fund

The general fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Solid Waste/Recycling Fund

This fund is used to account for financial resources to be used for the collection and disposal of refuse and recyclable items. Significant revenues are charges for services.

Debt Service Fund

This fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

Tax Incremental District #1 Fund

This fund accounts for resources accumulated and payments made for improvements identified in the project plan of the tax incremental district.

**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**

Notes to Financial Statements

December 31, 2020

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Proprietary Funds**

Enterprise Funds

Enterprise Funds may be used to account for activities where a fee is charged to external users for goods and services. Enterprise activities must include operations (a) that are financed with debt that is secured solely by the pledge of the net revenues of the fund, or (b) where laws or regulations require that the costs of the activity be recovered with fees and charges, or (c) where the fees and charges are priced in a way designed to recover the costs of the activity. The Town presents one major enterprise fund – the stormwater management utility fund.

**Fiduciary Funds**

The Town follows the presentation requirements of accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board Statement No. 84, *Fiduciary Activities*. This statement revised the criteria on whether the government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. Four types of fiduciary funds that should be reported, if applicable, include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The Town reports the Tax Collection Fund as a custodial fund.

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources) or economic resources (all assets, deferred outflows of resources, all liabilities, and deferred inflows of resources). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial and fiduciary fund statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary 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 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.

**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**  
Notes to Financial Statements  
December 31, 2020

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Cash and Investments**

Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. 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 the date of acquisition are considered to be cash equivalents.

**Accounts Receivable**

Accounts receivable are recorded at gross amounts 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 financial statements.

**Special Assessments**

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2019 tax roll are recognized as revenue in 2020.) Special assessments are subject to collection procedures.

**Capital Assets**

**Government-Wide Statements**

Capital assets, which include property, plant and equipment, 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.

Capital assets are reported at actual or estimated historical cost. Donated assets are reported at estimated acquisition cost at the time received. The cost of infrastructure assets constructed prior to 2004 have not been determined and are, therefore, not included in the financial statements.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

**Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.



**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**  
Notes to Financial Statements  
December 31, 2020

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Capital Assets (Continued)**

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.

Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years	
	Governmental Activities	Business-Type Activities
Buildings	40	40
Land Improvements	25	25
Vehicles	4 - 15	4 - 15
Machinery and Equipment	5 - 15	5 - 10
Infrastructure	25 - 75	40

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of net position 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) until then. The Town has one item that qualifies for reporting in this category. Accordingly, deferred outflows related to pension are reported in the statements of net position.

In addition to liabilities, the statements of net position and balance sheet report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The government-wide financial statement has three items that qualify for reporting in this category. Accordingly, taxes levied for subsequent year, deferred inflows related to pension, and special charges are reported in the statement of net position. The Town has an additional type of deferred inflow that arises under the modified accrual basis of accounting – special assessments are reported on the government fund financial balance sheet.

**Pensions**

For purposes of measuring the net pension 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 the 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.

**TOWN OF CLAYTON  
WINNEBAGO COUNTY, WISCONSIN**

Notes to Financial Statements

December 31, 2020

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Long-Term Obligations**

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the 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.

Long-term debt for the governmental funds is not reported as a liability in the governmental fund financial statements. The debt proceeds and premium are reported as an other financing source, and payments of principal and interest as expenditures. In governmental funds and government-wide statements, debt issuance costs are reported as expenditures/expenses.

**Compensated Absences**

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

**Interfund Transactions**

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are reported as nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

**Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncement are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental fund types. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide and proprietary funds statements as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**

Notes to Financial Statements  
December 31, 2020

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Equity Classifications**

Government-Wide Statements

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

- Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted component of net position – Consists of resources with constraints placed on the use either 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 component of net position – Net amount that does not meet the definition of “restricted” or “net investment in capital assets.”

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.

Fund Financial Statements

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts), or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period. The Town Board is the decision-making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance, in the general fund, represents amounts constrained by the Town Board for a specific intended purpose. The Town has not delegated that authority to others. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

Unassigned fund balance, in the general fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.

**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**

Notes to Financial Statements

December 31, 2020

---

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Equity Classifications (Continued)**

The Town, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned.

The Town has adopted a minimum fund balance policy as stated in Note 7.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

**Note 2 - Cash and Investments**

The Town is authorized to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

- Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, or the University of Wisconsin Hospitals and Clinics Authority.
- Bonds or securities issued or guaranteed by the federal government.
- The Local Government Investment Fund and the Wisconsin Investment Trust.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

Additional restrictions could arise from local charters, ordinances, resolutions and grant regulations of the Town.

At December 31, 2020, the Town's bank balance of cash was \$4,822,775. The Town maintains its cash accounts at four financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have a deposit policy for custodial credit risk.

Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts) and up to \$250,000 for the combined amount of all interest and noninterest bearing demand deposit accounts.

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2020, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund will be abolished; therefore, the State Deposit Guarantee Fund is not considered in covered amounts noted below.

**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**  
Notes to Financial Statements  
December 31, 2020

**Note 2 - Cash and Investments (Continued)**

The following represents a summary of deposits as of December 31, 2020:

Fully Insured Deposits	\$ 4,793,601
Uninsured	<u>29,174</u>
Total	<u><u>\$ 4,822,775</u></u>

For all deposits and investments shown, the book value on the balance sheet versus bank deposits is greater \$1,387,157 on the balance sheet. The difference between the bank balance and carrying value is due to outstanding checks and advance tax collection deposits in transit at December 31, 2020.

**Note 3 - Property Taxes**

The Town bills and collects its own property taxes and also levies for the School Districts of Neenah and Winneconne, Fox Valley Technical College, Larson Winchester Sanitary District and Winnebago County.

Property taxes consist of taxes on real estate and personal property. They are levied during December 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 July 31 are assumed by the County as part of the August tax settlement. Delinquent personal property taxes remain the collection responsibility of the Town.

Under 2011 Wisconsin Act 32, in 2011 and all future years, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit.

**Note 4 - Long-Term Advances**

Long-term advances at December 31, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Stormwater Management Utility	\$ 66,799	Long-Term Advance to Finance Operating Deficits
Solid Waste/Recycling	Stormwater Management Utility	63,944	Long-Term Advance to Finance Operating Deficits
		<u><u>\$ 130,743</u></u>	

The Town Board currently has no plan for repayment of the advances from the general fund and solid waste/recycling fund to the stormwater management utility fund.

**TOWN OF CLAYTON  
WINNEBAGO COUNTY, WISCONSIN**

Notes to Financial Statements

December 31, 2020

**Note 5 - Capital Assets**

Capital asset balances and activity for the year ended December 31, 2020 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated				
Land and Improvements	\$ 5,472,601	\$ -	\$ 716,122	\$ 4,756,479
Construction in Progress	666,255	7,765,127	-	8,431,382
<b>Total Capital Assets Not Being Depreciated</b>	<u>6,138,856</u>	<u>7,765,127</u>	<u>716,122</u>	<u>13,187,861</u>
Capital Assets Being Depreciated				
Land Improvements	266,928	-	-	266,928
Buildings and Improvements	1,375,000	26,204	-	1,401,204
Machinery and Equipment	2,250,726	41,850	253,934	2,038,642
Infrastructure	8,386,943	427,751	-	8,814,694
<b>Total Capital Assets Being Depreciated</b>	<u>12,279,597</u>	<u>495,805</u>	<u>253,934</u>	<u>12,521,468</u>
Less Accumulated Depreciation	<u>(3,548,791)</u>	<u>(486,905)</u>	<u>(161,227)</u>	<u>(3,874,469)</u>
<b>Total Capital Assets Being Depreciated, Net of Depreciation</b>	<u>8,730,806</u>	<u>8,900</u>	<u>92,707</u>	<u>8,646,999</u>
<b>Governmental Activities Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 14,869,662</u>	<u>\$ 7,774,027</u>	<u>\$ 808,829</u>	<u>\$ 21,834,860</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 981	\$ -	\$ -	\$ 981
Construction in Progress	18,400	-	-	18,400
<b>Total Capital Assets Not Being Depreciated</b>	<u>19,381</u>	<u>-</u>	<u>-</u>	<u>19,381</u>
Capital Assets Being Depreciated				
Machinery and Equipment	123,500	214,206	-	337,706
Infrastructure	1,668,159	-	-	1,668,159
Subtotal	<u>1,791,659</u>	<u>214,206</u>	<u>-</u>	<u>2,005,865</u>
Less Accumulated Depreciation	<u>(268,580)</u>	<u>(64,264)</u>	<u>-</u>	<u>(332,844)</u>
<b>Total Capital Assets Being Depreciated, Net of Depreciation</b>	<u>1,523,079</u>	<u>149,942</u>	<u>-</u>	<u>1,673,021</u>
<b>Business-Type Activities Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 1,542,460</u>	<u>\$ 149,942</u>	<u>\$ -</u>	<u>\$ 1,692,402</u>

**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**  
Notes to Financial Statements  
December 31, 2020

**Note 5 - Capital Assets (Continued):**

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 34,684
Public Safety	57,560
Public Works	386,558
Culture, Recreation and Education	<u>8,103</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 486,905</u>
Business-Type Activities:	
Stormwater Management Utility	<u>\$ 64,264</u>

**Note 6 - Long-Term Obligations**

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2020:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Direct Borrowings:					
G.O. Obligation Notes	\$ 7,120,000	\$ -	\$ 365,000	\$ 6,755,000	\$ 370,000
State Trust Fund Loans	1,543,197	300,000	170,369	1,672,828	176,481
Total Direct Borrowings	<u>8,663,197</u>	<u>300,000</u>	<u>535,369</u>	<u>8,427,828</u>	<u>546,481</u>
Note Anticipation Note	-	8,565,000	-	8,565,000	-
Adjustments For					
Issuance Premiums	96,891	310,653	63,900	343,644	-
Capital Lease	250,000	-	44,281	205,719	48,387
Compensated Absences	97,923	-	2,199	95,724	-
Net Pension Liability	<u>93,096</u>	<u>-</u>	<u>93,096 *</u>	<u>-</u>	<u>-</u>
<b>Total Governmental Activity</b>					
Long-Term Liabilities	<u>\$ 9,201,107</u>	<u>\$ 9,175,653</u>	<u>\$ 738,845</u>	<u>\$ 17,637,915</u>	<u>\$ 594,868</u>
	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Business-Type Activities</b>					
Capital Lease	\$ -	\$ 95,000	\$ -	\$ 95,000	\$ 17,550
Net Pension Liability	<u>12,926</u>	<u>-</u>	<u>12,926 *</u>	<u>-</u>	<u>-</u>
<b>Total Business Activity</b>					
Long-Term Liabilities	<u>\$ 12,926</u>	<u>\$ 95,000</u>	<u>\$ 12,926</u>	<u>\$ 95,000</u>	<u>\$ 17,550</u>

\*The net pension liability was adjusted to a net pension asset.

**TOWN OF CLAYTON  
WINNEBAGO COUNTY, WISCONSIN**

Notes to Financial Statements

December 31, 2020

**Note 6 - Long-Term Obligations (Continued)**

The Town's outstanding general obligation notes from direct borrowings of \$6,755,000 contain a provision that in an event of default, outstanding amounts shall at the option of the lender, without notice, mature and become immediately payable.

The Town's outstanding state trust fund loans from direct borrowings of \$1,672,828 are subject to a statutory provision that in an event of late or non-payment, a one percent per month penalty will be charged and the payment will be collected through a reduction in payments from the State of Wisconsin.

Interest paid during the year on long-term debt totaled \$588,511.

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/20</u>
<b>Governmental Activities</b>					
<b>Long-Term Obligations</b>					
General Obligation Notes	05/16/12	03/01/22	2.125% - 2.80%	\$ 1,200,000	\$ 265,000
General Obligation Notes	09/08/14	03/01/24	2.00% - 2.60%	2,300,000	990,000
General Obligation Taxable Notes	12/19/16	09/01/22	3.35%	3,500,000	3,500,000
State Trust Fund Loan	06/26/17	03/15/27	3.50%	1,100,000	884,167
State Trust Fund Loan	10/23/17	03/15/27	3.50%	600,000	488,661
General Obligation Taxable Notes	12/06/17	03/01/27	3.00% - 3.25%	2,000,000	2,000,000
Note Anticipation Note	05/24/20	05/01/25	2.50%	8,565,000	8,565,000
State Trust Fund Loan	12/14/20	03/15/25	3.00%	300,000	300,000
Total Governmental Activities Long-Term Obligations					<u>\$ 16,992,828</u>

Debt service requirements to maturity are as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 546,481	\$ 510,048	\$ 1,056,529
2022	4,133,520	504,739	4,638,259
2023	718,555	367,625	1,086,180
2024	801,945	346,289	1,148,234
2025	9,365,789	193,399	9,559,188
2026-2027	1,426,538	55,022	1,481,560
	<u>\$ 16,992,828</u>	<u>\$ 1,977,122</u>	<u>\$ 18,969,950</u>



**TOWN OF CLAYTON  
WINNEBAGO COUNTY, WISCONSIN**

Notes to Financial Statements  
December 31, 2020

**Note 6 - Long-Term Obligations (Continued)**

**Legal Margin for Debt**

The 2020 equalized valuation of the Town as certified by the Wisconsin Department of Revenue is \$575,495,100. The legal debt limit and margin of indebtedness as of December 31, 2020, in accordance with Section 67.03 of the Wisconsin Statutes is as follows:

Equalized valuation of the Town		\$ 575,495,100
Statutory limitation percentage		5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		28,774,755
Total outstanding general obligation debt applicable to debt limitation	\$8,427,828	
Less: Amounts available for financing general obligation debt		
Debt service fund net of accrued interest	(21,352)	
Net outstanding general obligation debt applicable to debt limitation		8,406,476
Legal margin for new debt		<u>\$ 20,368,279</u>

**Capital Leases**

The Town is obligated under two capital leases used to finance the acquisition of capital assets. The cost of the capital asset under the first capital lease is \$230,944 and the related accumulated depreciation of \$51,321 as of December 31, 2020.

The following is a schedule of the minimum lease payments under the agreement and the present values of the minimum lease payments at December 31, 2020:

Year Ending	Governmental Activities
2021	\$ 56,781
2022	56,781
2023	56,781
2024	56,781
Subtotal	227,124
Less: Amount Representing Interest	21,405
Present Value of Future Minimum Lease Payments	<u>\$ 205,719</u>

The second lease the Town is obligated under was used to finance the acquisition of capital assets in the Stormwater Management Utility. The cost of the capital asset under this lease is \$95,000 and the related accumulated depreciation of \$4,750 as of December 31, 2020.

Year Ending	Business-Type Activities
2021	\$ 21,322
2022	21,322
2023	21,322
2024	21,322
2025	21,322
Subtotal	106,610
Less: Amount Representing Interest	11,610
Present Value of Future Minimum Lease Payments	<u>\$ 95,000</u>

**TOWN OF CLAYTON  
WINNEBAGO COUNTY, WISCONSIN**

Notes to Financial Statements  
December 31, 2020

**Note 7 - Net Position/Fund Balances**

Net position reported on the government-wide statement of net position at December 31, 2020 includes the following:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Net Investment in Capital Assets			
Net Capital Assets	\$ 21,834,860	\$ 1,692,402	\$ 23,527,262
Less: Related Long-Term Debt	(16,358,798)	(95,000)	(16,453,798)
Less: Issuance Premium	(343,644)	-	(343,644)
Total Net Investment in Capital Assets	<u>5,132,418</u>	<u>1,597,402</u>	<u>6,729,820</u>
Restricted			
Pension	44,386	3,341	47,727
Park Improvements	9,891	-	9,891
Fire Department Improvements	27,213	-	27,213
Debt Service	21,352	-	21,352
Fire Protection Activities	1,150	-	1,150
Total Restricted	<u>103,992</u>	<u>3,341</u>	<u>107,333</u>
Unrestricted (Deficit)	<u>445,014</u>	<u>(161,343)</u>	<u>283,671</u>
Total Government-Wide Activities Net Position	<u><u>\$ 5,681,424</u></u>	<u><u>\$ 1,439,400</u></u>	<u><u>\$ 7,120,824</u></u>

Fund balances reported on the governmental funds balance sheet at December 31, 2020 are classified as follows:

**Nonspendable**

General Fund	
Prepaid Items	\$ 1,500
Advances to Other Funds	66,799
Total General Fund Nonspendable	<u>68,299</u>
Special Revenue Funds:	
Solid Waste/Recycling Fund	
Advances to Other Funds	<u>63,944</u>
Total Nonspendable Fund Balance	<u><u>\$ 132,243</u></u>

**Restricted**

General Fund	
Park Improvements	\$ 9,891
Fire Department Improvements	27,213
Total General Fund Restricted	<u>37,104</u>
Tax Incremental Districts:	
TID No. 1	<u>340,412</u>
Special Revenue Funds	
Fire Protection Activities	1,150
Debt Service	<u>176,760</u>
Total Restricted Fund Balance	<u><u>\$ 555,426</u></u>

**TOWN OF CLAYTON  
WINNEBAGO COUNTY, WISCONSIN**

Notes to Financial Statements

December 31, 2020

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**Note 7 - Net Position/Fund Balances (Continued)**

**Committed**

General Fund:

Cemetery Activities	\$ 38,017
Capital Equipment Replacement	20,050
Sick Leave and Vacation Payout	27,922
Codification	6,782
Total General Fund Nonspendable	<u>92,771</u>

Special Revenue Funds:

Solid Waste/Recycling Fund	<u>6,530</u>
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Total Committed Fund Balance	<u><u>\$ 99,301</u></u>
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**Minimum General Fund Balance Policy**

The Town Board has also adopted a minimum fund balance policy of 16% of actual current year general fund expenditures, not including debt service. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance is calculated as follows:

Actual 2020 General Fund Expenditures	\$ 2,247,291
Minimum Fund Balance %	(x) 16%
Minimum Fund Balance Amount	<u><u>\$ 359,567</u></u>

The Town's unassigned general fund balance of \$634,660 is above the minimum fund balance amount.

**Note 8 - Defined Benefit Pension Plan**

***General Information About the Pension Plan***

**Plan Description.** The Wisconsin Retirement System (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, expected to work at least 1,200 hours a year (880 hours for teachers and school Town 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.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**Vesting.** 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.

**Benefits Provided.** Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**

Notes to Financial Statements  
December 31, 2020

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**Note 8 - Defined Benefit Pension Plan (Continued)**

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

**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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2010	(1.3)%	22%
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)

**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, including Teachers, and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. 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 \$50,310 in contributions from the employer.

**TOWN OF CLAYTON  
WINNEBAGO COUNTY, WISCONSIN**

Notes to Financial Statements

December 31, 2020

**Note 8 - Defined Benefit Pension Plan (Continued)**

Contribution rates for the reporting period are:

<b>Employee Category</b>	<b>Employee</b>	<b>Employer</b>
General (including teachers, executives, and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

***Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At December 31, 2020, the Town reported an asset of \$110,091 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. 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 asset was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the Town's proportion was .000341428%, which was an increase of 0.03157700% from its proportion measured as of December 31, 2018. For the year ended December 31, 2020, the Town recognized pension expense of \$40,076.

At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between projected and actual experiences	\$ 208,979	\$ 104,580
Changes in assumptions	8,579	-
Net differences between projected and actual earnings on pension plan investments	-	225,068
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,590	4,174
Employer contributions subsequent to the measurement date	50,310	-
Total	<u>\$ 271,458</u>	<u>\$ 333,822</u>

**TOWN OF CLAYTON  
WINNEBAGO COUNTY, WISCONSIN**

Notes to Financial Statements  
December 31, 2020

**Note 8 - Defined Benefit Pension Plan (Continued)**

The \$50,310 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension liability (asset) in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Years Ending December 31,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2021	\$ (34,555)
2022	(25,187)
2023	4,304
2024	(57,236)
	<u>\$ (112,674)</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2019. actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

**TOWN OF CLAYTON  
WINNEBAGO COUNTY, WISCONSIN**

Notes to Financial Statements  
December 31, 2020

**Note 8 - Defined Benefit Pension Plan (Continued)**

**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:

**Asset Allocation Targets and Expected Returns as of December 31, 2019**

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49.0%	8.0%	5.1%
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9.0	6.3	3.5
Private Equity/Debt	8.0	10.6	7.6
Multi-Asset	4.0	6.9	4.0
Total Core Fund	110.0% *	7.5%	4.6%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70.0%	7.5%	4.6%
International Equities	30.0	8.2	5.3
Total Variable Fund	100.0%	7.8%	4.9%

*New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%*

*\* Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.*

**Single Discount Rate.** A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% 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 municipal bond 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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

**TOWN OF CLAYTON  
WINNEBAGO COUNTY, WISCONSIN**

Notes to Financial Statements  
December 31, 2020

**Note 8 - Defined Benefit Pension Plan (Continued)**

	<b>1% Decrease to Discount Rate (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase to Discount Rate (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 283,506	\$ (110,091)	\$ (404,352)

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**Payables to the Pension Plan.** The Town is required to remit the monthly required contribution for both the employee and Town portions by the last day of the following month. The amount due to WRS as of December 31, 2020 is \$9,452 for December payroll.

**Note 9 - Tax Incremental Districts (TID)**

The Town established a capital projects fund for Tax Incremental District No. 1 during 2019, which was created by the Town in accordance with Wisconsin Statutes. At the time the District were created, the property tax base within the District was "frozen" and increment taxes resulting from increases to the property tax base are used to finance such 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.

Since creation of the above District, the Town has provided various financing sources to the TID. The foregoing amounts are not recorded as liabilities in the TID capital project fund but can be recovered by the Town from any future excess tax increment revenues. As of December 31, 2020, the Town has net unreimbursed costs from future excess tax increment revenues of the following:

	<b>Unreimbursed Costs</b>
TID No. 1	\$ 8,224,589

The intent of the Town is to recover the above amounts from future TID surplus funds, if any, prior to termination of the District. Unless terminated by the Town prior thereto, TID No. 1 has a statutory termination year of 2039.

**Note 10 - Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage for which the Town purchases commercial insurance. There has been no reduction in insurance coverage from the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in the past year.



**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**  
Notes to Financial Statements  
December 31, 2020

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**Note 11 - Contingencies**

From time to time the Town is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of Town management, these issues, and any other proceedings known to exist at December 31, 2020, are not likely to have a material adverse impact on the Town's financial position.

Funds for the operating budget of the Town comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the Town. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the Town.

**Note 12 - Commitments**

The Town has the following commitments as of December 31, 2020.

A commitment to purchasing a 2021 Ford Super Duty truck for \$31,594 in 2021.

The Town awarded the Deer Trail Estates stormwater project to a contractor of \$85,700 for 2021 construction.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)  
Wisconsin Retirement System (WRS)

WRS Fiscal Year End Date (Measurement Date)	Town's Proportion of the Net Pension Asset/Liability	Town's Proportionate Share of the Net Pension (Asset)/Liability	Town's Covered Payroll	Town's Proportionate Share of the Net Pension Asset/Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2019	0.03455710%	\$ (110,091)	\$ 558,825	19.70%	102.96%
12/31/2018	0.00298010%	106,022	470,520	22.53%	96.45%
12/31/2017	0.00255519%	(75,866)	420,575	18.04%	102.93%
12/31/2016	0.00210694%	17,366	360,414	4.82%	99.12%
12/31/2015	0.00181343%	29,468	288,315	10.22%	98.20%
12/31/2014	0.00170112%	(41,784)	242,794	17.21%	102.74%

Schedule of Employer Contributions  
Wisconsin Retirement System (WRS)

Town Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2020	\$ 50,310	\$ 50,310	\$ -	\$ 663,836	7.58%
12/31/2019	40,902	40,902	-	558,825	7.32%
12/31/2018	33,961	33,961	-	470,520	7.22%
12/31/2017	30,763	30,763	-	420,575	7.31%
12/31/2016	24,498	24,498	-	360,414	6.80%
12/31/2015	19,605	19,605	-	288,315	6.80%

**TOWN OF CLAYTON**  
Schedule of Budgetary Comparison  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2020

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final Amounts</b>	<b>Amounts</b>	<b>Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 699,692	\$ 699,692	\$ 704,032	\$ 4,340
Special Assessments	29,864	29,864	65,930	36,066
Intergovernmental	270,036	270,036	356,283	86,247
Licenses and Permits	151,200	151,200	94,931	(56,269)
Public Charges for Services	5,500	5,500	26,181	20,681
Intergovernmental Charges for Services	48,000	48,000	86,579	38,579
Investment Income	57,406	57,406	16,463	(40,943)
Miscellaneous	4,750	4,750	34,438	29,688
<b>Total Revenues</b>	<u>1,266,448</u>	<u>1,266,448</u>	<u>1,384,837</u>	<u>118,389</u>
<b>EXPENDITURES</b>				
Current:				
General Government	585,464	585,464	567,693	17,771
Public Safety	388,303	388,303	381,558	6,745
Public Works	771,558	722,367	710,015	12,352
Health and Human Services	5,819	5,819	4,551	1,268
Culture, Recreation and Education	21,050	21,050	24,930	(3,880)
Conservation and Development	2,000	2,000	56,320	(54,320)
Capital Outlay	95,380	444,571	502,224	(57,653)
<b>Total Expenditures</b>	<u>1,869,574</u>	<u>2,169,574</u>	<u>2,247,291</u>	<u>(77,717)</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>(603,126)</u>	<u>(903,126)</u>	<u>(862,454)</u>	<u>40,672</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds of Long-Term Debt	-	300,000	300,000	-
Sale of Capital Assets	487,826	487,826	725,208	237,382
<b>Total Other Financing Sources</b>	<u>487,826</u>	<u>787,826</u>	<u>1,025,208</u>	<u>237,382</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(115,300)</u>	<u>(115,300)</u>	<u>162,754</u>	<u>278,054</u>
<b>FUND BALANCE - BEGINNING</b>	<u>670,080</u>	<u>670,080</u>	<u>670,080</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 554,780</u>	<u>\$ 554,780</u>	<u>\$ 832,834</u>	<u>\$ 278,054</u>

**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**  
Schedule of Budgetary Comparison  
Budget and Actual  
Solid Waste/Recycling Fund  
For the Year Ended December 31, 2020

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final Amounts</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 7,000	\$ 7,000	\$ 7,163	\$ 163
Public Charges for Services	321,300	321,300	324,724	3,424
<b>Total Revenues</b>	<u>328,300</u>	<u>328,300</u>	<u>331,887</u>	<u>3,587</u>
<b>EXPENDITURES</b>				
Current:				
Public Works	<u>328,300</u>	<u>328,300</u>	<u>325,357</u>	<u>2,943</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	6,530	6,530
<b>FUND BALANCE - BEGINNING</b>	<u>63,944</u>	<u>63,944</u>	<u>63,944</u>	<u>63,944</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 63,944</u>	<u>\$ 63,944</u>	<u>\$ 70,474</u>	<u>\$ 70,474</u>

**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**  
Notes to Required Supplementary Information  
December 31, 2020

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**Defined Benefit Pension Plan**

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

*Changes of assumptions.* There were no changes in the assumptions.

**Budgetary Process**

The Town follows these procedures in establishing the budgetary data:

- During October, 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.
- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. Budget is defined as the originally approved budget plus or minus approved amendments. 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.
- During the year, formal budgetary integration is employed as a management control device for the general fund and the solid waste/recycling fund.
- 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.

**Excess of Actual Expenditures Over Budget in Individual Funds**

The Town had the following function with an excess of actual expenditures over budget for the year ended December 31, 2020.

<u>General Fund</u>	<u>Excess Expenditures</u>
Culture and Recreation	\$ 3,880
Conservation and Development	54,320
Capital Outlay	57,653

## **SUPPLEMENTARY INFORMATION**

**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**  
Schedule of Detailed Budgetary Comparison Revenues  
General Fund  
For the Year Ended December 31, 2020

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final Amounts</b>	<b>Amounts</b>	<b>Favorable (Unfavorable)</b>
<b>TAXES</b>				
General Property Taxes	\$ 684,692	\$ 684,692	\$ 683,529	\$ (1,163)
Mobile Home	14,000	14,000	14,589	589
Forest Crop	1,000	1,000	1,163	163
Other Taxes	-	-	4,751	4,751
<b>Total Taxes</b>	<u>699,692</u>	<u>699,692</u>	<u>704,032</u>	<u>4,340</u>
<b>SPECIAL ASSESSMENTS</b>	<u>29,864</u>	<u>29,864</u>	<u>65,930</u>	<u>36,066</u>
<b>INTERGOVERNMENTAL</b>				
<b>Federal Aids</b>				
COVID-19 Relief Funds	-	-	79,302	79,302
<b>State Aids</b>				
Shared and Utility Taxes	33,728	33,728	33,728	-
Personal Property Aids	8,140	8,140	8,140	-
Exempt Computers	4,400	4,400	4,419	19
Fire Insurance Dues	24,000	24,000	23,922	(78)
General Transportation Aids	194,393	194,393	194,393	-
Municipal Services	3,725	3,725	3,725	-
Managed Forest Land	1,650	1,650	1,893	243
<b>Local Aids</b>				
Other Local Payments	-	-	6,761	6,761
<b>Total Intergovernmental</b>	<u>270,036</u>	<u>270,036</u>	<u>356,283</u>	<u>86,247</u>
<b>LICENSES AND PERMITS</b>				
<b>Licenses</b>				
Liquor and Malt Beverage Operators, Cigarette and Other Licenses	5,000	5,000	4,275	(725)
Cable Franchise Fees	32,000	32,000	33,634	1,634
Dog Licenses	2,000	2,000	1,638	(362)
<b>Permits</b>				
Building Permits	95,000	95,000	38,694	(56,306)
Zoning Permits and Fees	5,000	5,000	6,500	1,500
Other Permits	7,000	7,000	5,255	(1,745)
<b>Total Licenses and Permits</b>	<u>151,200</u>	<u>151,200</u>	<u>94,931</u>	<u>(56,269)</u>
<b>PUBLIC CHARGES FOR SERVICES</b>				
General Government	5,500	5,500	8,670	3,170
Cemetery	-	-	11,775	11,775
Law Enforcement Fees	-	-	360	360
Fire and First Responders	-	-	3,450	3,450
Parks	-	-	1,926	1,926
<b>Total Public Charges for Services</b>	<u>5,500</u>	<u>5,500</u>	<u>26,181</u>	<u>20,681</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>				
Sanitation	-	-	8,000	8,000
Highway	48,000	48,000	78,579	30,579
<b>Total Intergovernmental Charges for Services</b>	<u>48,000</u>	<u>48,000</u>	<u>86,579</u>	<u>38,579</u>
<b>MISCELLANEOUS</b>				
Investment Income	57,406	57,406	16,463	(40,943)
Rent of Town Property	3,250	3,250	13,796	10,546
Miscellaneous	1,500	1,500	15,267	13,767
Donations	-	-	1,874	1,874
Insurance Recoveries and Dividends	-	-	3,501	3,501
<b>Total Miscellaneous</b>	<u>62,156</u>	<u>62,156</u>	<u>50,901</u>	<u>(11,255)</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,266,448</u>	<u>\$ 1,266,448</u>	<u>\$ 1,384,837</u>	<u>\$ 118,389</u>



**TOWN OF CLAYTON**  
**WINNEBAGO COUNTY, WISCONSIN**  
Schedule of Detailed Budgetary Comparison Expenditures  
General Fund  
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final Amounts	Amounts	Favorable (Unfavorable)
<b>GENERAL GOVERNMENT</b>				
Town Board	\$ 33,372	\$ 33,372	\$ 37,015	\$ (3,643)
Committees	10,381	10,381	4,037	6,344
Elections	15,118	15,118	10,327	4,791
Legal	90,000	90,000	86,657	3,343
Administrator/Clerk	99,289	99,289	99,638	(349)
Treasurer/Assistant Administrator	71,287	71,287	71,859	(572)
Deputy Clerk	67,495	67,495	67,990	(495)
Assessor	21,600	21,600	21,694	(94)
General Office Operation	68,435	68,435	62,993	5,442
Financial Administration	8,000	8,000	11,161	(3,161)
Town Hall	30,000	30,000	45,601	(15,601)
Insurance	44,250	44,250	47,136	(2,886)
Contingency	26,237	26,237	1,585	24,652
<b>Total General Government</b>	<b>585,464</b>	<b>585,464</b>	<b>567,693</b>	<b>17,771</b>
<b>PUBLIC SAFETY</b>				
Police	70,319	70,319	69,699	620
Fire Protection	223,243	223,243	211,890	11,353
Building Inspection	94,741	94,741	99,969	(5,228)
<b>Total Public Safety</b>	<b>388,303</b>	<b>388,303</b>	<b>381,558</b>	<b>6,745</b>
<b>PUBLIC WORKS</b>				
Wages	367,008	317,817	349,267	(31,450)
Operations	47,050	47,050	8,820	38,230
Engineering	36,000	36,000	35,431	569
Contracted Services and Other	321,500	321,500	316,497	5,003
<b>Total Public Works</b>	<b>771,558</b>	<b>722,367</b>	<b>710,015</b>	<b>12,352</b>
<b>HEALTH AND HUMAN SERVICES</b>				
Cemetery	5,000	5,000	4,395	605
Weed and Nuisance Control	819	819	156	663
<b>Total Health</b>	<b>5,819</b>	<b>5,819</b>	<b>4,551</b>	<b>1,268</b>
<b>CULTURE, RECREATION AND EDUCATION</b>				
Parks	8,250	8,250	8,854	(604)
Community Center/Rec Programs and Events	7,800	7,800	8,450	(650)
Parks	5,000	5,000	7,626	(2,626)
<b>Total Culture, Recreation and Education</b>	<b>21,050</b>	<b>21,050</b>	<b>24,930</b>	<b>(3,880)</b>
<b>CONSERVATION AND DEVELOPMENT</b>				
Planning and Zoning	2,000	2,000	3,509	(1,509)
Economic Development	-	-	52,811	(52,811)
<b>Total Conservation and Development</b>	<b>2,000</b>	<b>2,000</b>	<b>56,320</b>	<b>(54,320)</b>
<b>CAPITAL OUTLAY</b>				
General Government	40,000	40,000	80,084	(40,084)
Public Safety	3,000	3,000	2,177	823
Public Works	42,380	391,571	419,963	(28,392)
Health and Human Services	10,000	10,000	-	10,000
<b>Total Capital Outlay</b>	<b>95,380</b>	<b>444,571</b>	<b>502,224</b>	<b>(57,653)</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,869,574</b>	<b>\$ 2,169,574</b>	<b>\$ 2,247,291</b>	<b>\$ (77,717)</b>

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