

TOWN OF CLAYTON, WISCONSIN

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2009

TOWN OF CLAYTON, WISCONSIN
December 31, 2009

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INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS

To the Town Board
Town of Clayton
Winnebago County, Wisconsin

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Clayton, Wisconsin ("the Town") as of and for the year ended December 31, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Clayton, Wisconsin's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note A to the financial statements, management has not recorded capital assets, including depreciation expense, and long-term obligations in governmental activities. Accounting principles generally accepted in the United States of America require that those capital assets, including depreciation expense, and long-term obligations be recorded, which would affect assets, liabilities and expenses of the governmental activities. The amount by which the departure would affect the assets, liabilities and expenses of the governmental activities is not reasonably determinable.

In our opinion, except for the effects of not recording capital assets and long-term obligations in the governmental activities as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town as of December 31, 2009, and the respective changes in financial position, thereof and the budgetary comparison for the general fund and paving assessment special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2010 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Town has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The financial information listed in the table of contents as supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Certified Public Accountants
Green Bay, Wisconsin
February 19, 2010

BASIC FINANCIAL STATEMENTS

TOWN OF CLAYTON, WISCONSIN
Statement of Net Assets
December 31, 2009

	Governmental Activities
ASSETS	
Cash and investments	\$ 4,901,003
Receivables	
Account	7,832
Taxes	5,138,841
Prepaid items	29,246
TOTAL ASSETS	10,076,922
LIABILITIES	
Accounts payable	75,575
Due to other governments	7,447,733
Unearned revenues	1,374,182
Escrow amounts held for others	5,775
Payroll liabilities	4,334
TOTAL LIABILITIES	8,907,599
NET ASSETS	
Restricted for impact fees	57,848
Unrestricted	1,111,475
TOTAL NET ASSETS	\$ 1,169,323

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

TOWN OF CLAYTON, WISCONSIN

Statement of Activities

Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities					
General government	\$ 477,984	\$ 96,855	\$ -	\$ -	\$ (381,129)
Public safety	171,217	45,230	12,384	-	(113,603)
Public works	850,235	330,860	151,743	-	(367,632)
Health and human services	3,086	5,550	-	-	2,464
Culture and recreation	111,482	15,310	-	-	(96,172)
Conservation and development	38,435	-	-	-	(38,435)
Debt service	111,773	-	-	-	(111,773)
Total Governmental Activities	\$ 1,764,212	\$ 493,805	\$ 164,127	\$ -	(1,106,280)

General revenues

Property taxes, levied for general purposes	1,054,501
Other taxes and fees	17,890
State and federal aids not restricted to specific functions	67,710
Interest and investment earnings	9,998
Miscellaneous	21,867
Total general revenues	<u>1,171,966</u>

Change in net assets 65,686

Net assets - January 1 1,103,637

Net assets - December 31 \$ 1,169,323

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

TOWN OF CLAYTON, WISCONSIN

Balance Sheet
Governmental Funds
December 31, 2009

	General Fund	Paving Assessment Fund	Total Governmental Funds
ASSETS			
Cash and investments			
Unrestricted	\$ 4,590,560	\$ 233,483	\$ 4,824,043
Restricted			
Cemetery maintenance	76,960	-	76,960
Receivables			
Account	7,832	-	7,832
Taxes	5,138,841	-	5,138,841
Prepaid items	29,246	-	29,246
TOTAL ASSETS	\$ 9,843,439	\$ 233,483	\$ 10,076,922
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 75,575	\$ -	\$ 75,575
Due to other governments	7,447,733	-	7,447,733
Deferred revenue - tax levy	1,374,182	-	1,374,182
Escrow amounts held for others	5,775	-	5,775
Payroll liabilities	4,334	-	4,334
Total Liabilities	8,907,599	-	8,907,599
Fund Balances			
Reserved for			
Prepaid items	29,246	-	29,246
Impact fee projects	57,848	-	57,848
Unreserved			
Designated for future road paving	-	233,483	233,483
Designated for cemetery	76,960	-	76,960
Designated for capital improvements	413,288	-	413,288
Designated for park and trail fund	65,682	-	65,682
Designated for contingency	250,000	-	250,000
Undesignated	42,816	-	42,816
Total Fund Balances	935,840	233,483	1,169,323
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,843,439	\$ 233,483	\$ 10,076,922

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

TOWN OF CLAYTON, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2009

	General Fund	Paving Assessment Fund	Total Governmental Funds
Revenues			
Taxes	\$ 1,072,391	\$ -	\$ 1,072,391
Intergovernmental	231,837	-	231,837
Licenses and permits	90,928	-	90,928
Public charges for services	338,739	48,144	386,883
Interest income	8,645	1,353	9,998
Miscellaneous	37,861	-	37,861
Total Revenues	1,780,401	49,497	1,829,898
Expenditures			
Current			
General government	477,984	-	477,984
Public safety	171,217	-	171,217
Public works	850,235	-	850,235
Health and human services	3,086	-	3,086
Culture and recreation	111,482	-	111,482
Conservation and development	38,435	-	38,435
Debt service	111,773	-	111,773
Total Expenditures	1,764,212	-	1,764,212
Excess of Revenues Over Expenditures	16,189	49,497	65,686
Other Financing Sources (Uses)			
Transfers in	101,053	-	101,053
Transfers out	-	(101,053)	(101,053)
Total Other Financing Sources (Uses)	101,053	(101,053)	-
Net Change in Fund Balances	117,242	(51,556)	65,686
Fund Balances - January 1	818,598	285,039	1,103,637
Fund Balances - December 31	\$ 935,840	\$ 233,483	\$ 1,169,323

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

TOWN OF CLAYTON, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,074,311	\$ 1,074,311	\$ 1,072,391	\$ (1,920)
Intergovernmental	224,062	224,062	231,837	7,775
Licenses and permits	74,900	74,900	90,928	16,028
Public charges for services	284,150	284,150	338,739	54,589
Interest income	24,700	24,700	8,645	(16,055)
Miscellaneous	24,550	24,550	37,861	13,311
Total Revenues	<u>1,706,673</u>	<u>1,706,673</u>	<u>1,780,401</u>	<u>73,728</u>
Expenditures				
Current				
General government	388,915	388,915	477,984	(89,069)
Public safety	174,705	174,705	171,217	3,488
Public works	944,500	944,500	850,235	94,265
Health and human services	8,600	8,600	3,086	5,514
Culture and recreation	133,180	133,180	111,482	21,698
Conservation and development	35,000	35,000	38,435	(3,435)
Debt service	111,773	111,773	111,773	-
Total Expenditures	<u>1,796,673</u>	<u>1,796,673</u>	<u>1,764,212</u>	<u>32,461</u>
Excess of Revenue Over (Under) Expenditures	(90,000)	(90,000)	16,189	106,189
Other Financing Sources				
Transfer in from paving assessment fund	90,000	90,000	101,053	11,053
Net Change in Fund Balance	-	-	117,242	117,242
Fund Balance - January 1	<u>818,598</u>	<u>818,598</u>	<u>818,598</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 818,598</u>	<u>\$ 818,598</u>	<u>\$ 935,840</u>	<u>\$ 117,242</u>

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

TOWN OF CLAYTON, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Paving Assessment Fund
Year Ended December 31, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Public charges for services	\$ -	\$ -	\$ 48,144	\$ 48,144
Interest income	-	-	1,353	1,353
Total Revenues	-	-	49,497	49,497
Expenditures	-	-	-	-
Excess of Revenue Over Expenditures	-	-	49,497	49,497
Other Financing Sources (Uses)				
Transfers out	-	101,053	(101,053)	-
Net Change in Fund Balance	-	101,053	(51,556)	49,497
Fund Balance - January 1	285,039	285,039	285,039	-
Fund Balance - December 31	\$ 285,039	\$ 386,092	\$ 233,483	\$ 49,497

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

TOWN OF CLAYTON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Clayton, Winnebago County, Wisconsin ("the Town"), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units except that the Town has not recorded capital assets, and long-term obligations in governmental activities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Town are described below:

1. Reporting Entity

The Town of Clayton is a municipal corporation governed by an elected five member board. In accordance with GAAP, the basic financial statements are required to include the Town (the primary government) and any separate component units that have a significant operational or financial relationship with the Town. The Town has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement Nos. 14 and 39.

2. Joint Venture

The Town is a participant with the Town of Winchester in a joint venture to operate a fire department. The fire department also operates a first responder rescue service. The Towns are obligated by agreement to finance operating and capital outlay costs of each of the services. The joint operation is governed by a board composed of members of each municipality. During 2009, the Town of Clayton remitted an appropriation of \$136,405 and the annual fire dues received from the state of \$12,384 to the fire department. Complete financial information for the joint venture can be obtained from the fire department.

3. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services. The Town reports no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The Town reports the following major governmental funds:

GENERAL FUND

This is the Town's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

PAVING ASSESSMENT FUND

The Paving Assessment Fund is used to account for the accumulation of assessments and other financial resources to be used for paving of Town roads.

TOWN OF CLAYTON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Measurement Focus and Basis of Accounting

The government-wide and 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.

Revenues susceptible to accrual include intergovernmental grants, public charges for services and interest. Other revenues such as licenses and permits, other fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

Certain private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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.

5. Assets, Liabilities and Net Assets or Equity

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

b. Accounts Receivable

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

c. Prepaid Items

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

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

TOWN OF CLAYTON, WISCONSIN
Notes to Basic Financial Statements
December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet recognizable.

e. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

GOVERNMENT-WIDE STATEMENTS

Equity is classified as net assets and displayed in two components:

- Restricted net assets - Amount of net assets that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets - Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

6. Use of Estimates

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

