

Town of Clayton
Winnebago County, Wisconsin

ANNUAL FINANCIAL REPORT

December 31, 2017

Town of Clayton Winnebago County, Wisconsin

DECEMBER 31, 2017

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Town of Clayton Winnebago County, Wisconsin

DECEMBER 31, 2017

ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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Independent auditors' report

To the Town Board
Town of Clayton
Winnebago County, Wisconsin

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clayton, Winnebago County, Wisconsin (the "Town") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Solid Waste/Recycling Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules relating to pensions on page 38 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

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

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

REPORT ON SUMMARIZED FINANCIAL INFORMATION

We have previously audited the Town's 2016 financial statements, and our report dated March 24, 2017, expressed unmodified opinions on those respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Certified Public Accountants

Green Bay, Wisconsin

April 10, 2018

BASIC FINANCIAL STATEMENTS

Town of Clayton

Winnebago County, Wisconsin

STATEMENT OF NET POSITION

DECEMBER 31, 2017

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016

	Governmental Activities	Business-type Activities	Totals	
			2017	2016
ASSETS				
Cash and investments	\$ 5,622,424	\$ -	\$ 5,622,424	\$ 5,368,871
Receivables				
Taxes and special charges	4,477,341	-	4,477,341	4,568,446
Delinquent taxes	965	-	965	1,160
Accounts	2,823	26,840	29,663	2,005
Special assessments	343,524	-	343,524	29,951
Other	1,119	-	1,119	-
Internal balances	(127,693)	127,693	-	-
Prepaid items	2,100	-	2,100	198
Restricted assets				
Cash and investments	34,791	-	34,791	1,000,495
Capital assets, nondepreciable	6,830,989	136,435	6,967,424	2,708,065
Capital assets, depreciable, net	8,745,866	1,402,229	10,148,095	9,491,017
Total assets	25,934,249	1,693,197	27,627,446	23,170,208
DEFERRED OUTFLOWS OF RESOURCES				
Pension related amounts	120,329	21,949	142,278	172,893
LIABILITIES				
Accounts payable	95,085	38,052	133,137	151,508
Accrued and other current liabilities	49,462	-	49,462	51,063
Due to other governments	7,332,046	-	7,332,046	7,278,441
Accrued interest payable	101,351	-	101,351	43,056
Special deposits	24,664	-	24,664	2,675
Long-term obligations				
Due within one year	897,375	-	897,375	447,261
Due in more than one year	9,375,481	-	9,375,481	5,968,925
Net pension liability	14,509	2,857	17,366	29,468
Total liabilities	17,889,973	40,909	17,930,882	13,972,397
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for subsequent year	1,430,006	-	1,430,006	1,345,717
Special charges	315,826	226,607	542,433	470,577
Pension related amounts	49,867	9,821	59,688	63,978
Total deferred inflows of resources	1,795,699	236,428	2,032,127	1,880,272
NET POSITION				
Net investment in capital assets	5,370,195	1,538,664	6,908,859	5,854,601
Restricted	348,364	-	348,364	932,171
Unrestricted	650,347	(100,855)	549,492	703,660
Total net position	\$ 6,368,906	\$ 1,437,809	\$ 7,806,715	\$ 7,490,432

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

Town of Clayton Winnebago County, Wisconsin

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 596,848	\$ 73,352	\$ -	\$ -
Public safety	306,084	120,029	23,012	-
Public works	1,058,557	335,610	169,228	426,700
Health and human services	17,076	11,378	-	-
Culture and recreation	24,698	6,494	-	-
Conservation and development	45,946	-	-	-
Interest and fiscal charges	258,931	-	-	-
Total governmental activities	<u>2,308,140</u>	<u>546,863</u>	<u>192,240</u>	<u>426,700</u>
BUSINESS-TYPE ACTIVITIES				
Stormwater management utility	<u>221,857</u>	<u>169,365</u>	<u>26,840</u>	<u>22,103</u>
Total	<u>\$ 2,529,997</u>	<u>\$ 716,228</u>	<u>\$ 219,080</u>	<u>\$ 448,803</u>
General revenues				
Taxes				
Property taxes				
Other taxes				
Federal and state grants and other contributions not restricted to specific functions				
Interest and investment earnings				
Miscellaneous				
Total general revenues				
Change in net position				
Net position - January 1				
Net position - December 31				

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

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-type Activities	Totals	
		2017	2016
\$ (523,496)	\$ -	\$ (523,496)	\$ (744,929)
(163,043)	-	(163,043)	421,087
(127,019)	-	(127,019)	(436,517)
(5,698)	-	(5,698)	96
(18,204)	-	(18,204)	(16,376)
(45,946)	-	(45,946)	(74,740)
(258,931)	-	(258,931)	(169,844)
<u>(1,142,337)</u>	<u>-</u>	<u>(1,142,337)</u>	<u>(1,021,223)</u>
-	(3,549)	(3,549)	53,932
<u>(1,142,337)</u>	<u>(3,549)</u>	<u>(1,145,886)</u>	<u>(967,291)</u>
1,358,098	-	1,358,098	1,353,831
112	-	112	494
40,732	-	40,732	41,034
6,106	-	6,106	1,007
57,121	-	57,121	32,919
<u>1,462,169</u>	<u>-</u>	<u>1,462,169</u>	<u>1,429,285</u>
319,832	(3,549)	316,283	461,994
<u>6,049,074</u>	<u>1,441,358</u>	<u>7,490,432</u>	<u>7,028,438</u>
<u>\$ 6,368,906</u>	<u>\$ 1,437,809</u>	<u>\$ 7,806,715</u>	<u>\$ 7,490,432</u>

Town of Clayton

Winnebago County, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016

	<u>General</u>	<u>Capital Projects</u>	<u>Solid Waste/ Recycling</u>	<u>Debt Service</u>
ASSETS				
Cash and investments	\$ 5,485,697	\$ -	\$ 117,096	\$ -
Restricted cash and investments	9,342	10,251	-	7,870
Receivables				
Taxes and special charges	3,941,224	-	-	536,117
Delinquent taxes	965	-	-	-
Accounts	1,119	-	-	-
Special assessments	29,951	-	-	313,573
Due from other funds	98,914	-	306,800	-
Prepaid items	2,100	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 9,569,312</u>	<u>\$ 10,251</u>	<u>\$ 423,896</u>	<u>\$ 857,560</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 71,118	\$ -	\$ 23,210	\$ -
Accrued and other current liabilities	49,462	-	-	-
Due to other funds	533,407	-	-	-
Due to other governments	7,332,046	-	-	-
Special deposits	22,014	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>8,008,047</u>	<u>-</u>	<u>23,210</u>	<u>-</u>
Deferred inflows of resources				
Property taxes levied for subsequent year	893,889	-	-	536,117
Special charges assessed	9,026	-	306,800	-
Special assessments	29,951	-	-	313,573
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>932,866</u>	<u>-</u>	<u>306,800</u>	<u>849,690</u>
Fund balances				
Nonspendable	74,174	-	-	-
Restricted	9,342	10,251	-	7,870
Committed	111,548	-	93,886	-
Assigned	24,500	-	-	-
Unassigned	408,835	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>628,399</u>	<u>10,251</u>	<u>93,886</u>	<u>7,870</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,569,312</u>	<u>\$ 10,251</u>	<u>\$ 423,896</u>	<u>\$ 857,560</u>

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

Other Governmental Funds	Totals	
	2017	2016
\$ 19,631	\$ 5,622,424	\$ 5,382,303
7,328	34,791	987,063
-	4,477,341	4,568,446
-	965	1,160
2,823	3,942	2,005
-	343,524	29,951
-	405,714	366,922
-	2,100	198
<u>\$ 29,782</u>	<u>\$ 10,890,801</u>	<u>\$ 11,338,048</u>

\$ 757	\$ 95,085	\$ 145,295
-	49,462	51,063
-	533,407	470,450
-	7,332,046	7,278,441
2,650	24,664	2,675
<u>3,407</u>	<u>8,034,664</u>	<u>7,947,924</u>

-	1,430,006	1,345,717
-	315,826	304,327
-	343,524	29,951
<u>-</u>	<u>2,089,356</u>	<u>1,679,995</u>

-	74,174	198
7,328	34,791	932,171
19,047	224,481	360,824
-	24,500	-
-	408,835	416,936
<u>26,375</u>	<u>766,781</u>	<u>1,710,129</u>

<u>\$ 29,782</u>	<u>\$ 10,890,801</u>	<u>\$ 11,338,048</u>
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Town of Clayton Winnebago County, Wisconsin

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2016**

	<u>2017</u>	<u>2016</u>
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Total fund balances as shown on previous page	\$ 766,781	\$ 1,710,129
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	15,576,855	10,704,871
Other long-term assets are not available to pay current period expenditures and therefore are deferred in the funds.	343,524	29,951
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.		
Deferred outflows related to pensions	120,329	135,074
Deferred inflows related to pensions	(49,867)	(49,096)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(10,067,375)	(6,257,261)
Premium on debt	(139,285)	(87,220)
Compensated absences	(66,196)	(71,705)
Net pension liability	(14,509)	(22,613)
Accrued interest on long-term obligations	<u>(101,351)</u>	<u>(43,056)</u>
Net position of governmental activities as reported on the Statement of Net Position (see page 4)	<u>\$ 6,368,906</u>	<u>\$ 6,049,074</u>

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

Town of Clayton

Winnebago County, Wisconsin

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>General</u>	<u>Capital Projects</u>	<u>Solid Waste/ Recycling</u>	<u>Debt Service</u>
REVENUES				
Taxes	\$ 873,165	\$ -	\$ -	\$ 485,045
Special assessments	-	-	-	-
Intergovernmental	224,108	-	16,287	-
Licenses and permits	112,411	-	-	-
Public charges for services	164,134	-	313,152	-
Intergovernmental charges for services	56,706	-	-	-
Miscellaneous	21,641	-	819	-
	<u>1,452,165</u>	<u>-</u>	<u>330,258</u>	<u>485,045</u>
Total revenues				
EXPENDITURES				
Current				
General government	510,945	-	-	-
Public safety	261,803	-	-	-
Public works	364,344	-	333,739	-
Health and human services	23,076	-	-	-
Culture and recreation	9,309	-	-	-
Conservation and development	34,432	-	-	-
Debt service				
Principal	-	112,261	-	335,000
Interest and fiscal charges	-	72,998	-	142,175
Capital outlay	292,298	5,067,653	8,150	-
	<u>1,496,207</u>	<u>5,252,912</u>	<u>341,889</u>	<u>477,175</u>
Total expenditures				
Excess of revenues over (under) expenditures	<u>(44,042)</u>	<u>(5,252,912)</u>	<u>(11,631)</u>	<u>7,870</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	4,257,375	-	-
Premium on debt issued	-	66,602	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	15,864	-	-
Transfers out	(8,849)	-	-	-
	<u>(8,849)</u>	<u>4,339,841</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balances	(52,891)	(913,071)	(11,631)	7,870
Fund balances - January 1	681,290	923,322	105,517	-
Fund balances - December 31	<u>\$ 628,399</u>	<u>\$ 10,251</u>	<u>\$ 93,886</u>	<u>\$ 7,870</u>

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

Other Governmental Funds	Totals	
	2017	2016
\$ -	\$ 1,358,210	\$ 1,354,325
-	-	5,036
-	240,395	234,747
-	112,411	144,422
-	477,286	354,433
-	56,706	8,000
<u>47,750</u>	<u>70,210</u>	<u>45,921</u>
<u>47,750</u>	<u>2,315,218</u>	<u>2,146,884</u>
-	510,945	482,957
2,846	264,649	295,462
-	698,083	681,665
-	23,076	6,249
-	9,309	4,471
11,514	45,946	74,740
-	447,261	1,882,739
-	215,173	172,347
-	<u>5,368,101</u>	<u>3,251,425</u>
<u>14,360</u>	<u>7,582,543</u>	<u>6,852,055</u>
<u>33,390</u>	<u>(5,267,325)</u>	<u>(4,705,171)</u>
-	4,257,375	5,000,000
-	66,602	87,220
-	-	48,900
8,849	24,713	217,088
<u>(15,864)</u>	<u>(24,713)</u>	<u>(217,088)</u>
<u>(7,015)</u>	<u>4,323,977</u>	<u>5,136,120</u>
26,375	(943,348)	430,949
-	<u>1,710,129</u>	<u>1,279,180</u>
<u>\$ 26,375</u>	<u>\$ 766,781</u>	<u>\$ 1,710,129</u>

Town of Clayton Winnebago County, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>2017</u>	<u>2016</u>
RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net change in fund balances as shown on previous page	\$ (943,348)	\$ 430,949
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental fund statements	5,368,101	3,251,425
Items reported as capital outlay, but not capitalized	(67,861)	(254,044)
Contributed capital assets	-	628,150
Depreciation expense reported in the statement of activities	(420,624)	(370,214)
Net book value of disposals	(7,632)	(49,893)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.	313,573	(5,036)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Long-term debt issued	(4,257,375)	(5,000,000)
Premium on debt issued	(66,602)	(87,220)
Principal repaid	447,261	1,882,739
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued interest on long-term debt	(58,295)	2,503
Amortization of premiums, discounts and loss on advance refunding	14,537	-
Compensated absences	5,509	(10,489)
Net pension liability	8,104	(57,244)
Deferred outflows of resources related to pensions	(14,745)	95,532
Deferred inflows of resources related to pensions	(771)	(49,096)
Change in net position of governmental activities as reported in the statement of activities (see pages 5 - 6)	<u>\$ 319,832</u>	<u>\$ 408,062</u>

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

Town of Clayton Winnebago County, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget		Actual	Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
REVENUES					
Taxes	\$ 873,672	\$ 873,672	\$ 873,165	\$ (507)	\$ 900,875
Special assessments	-	-	-	-	5,036
Intergovernmental	245,167	245,167	224,108	(21,059)	223,245
Licenses and permits	145,700	145,700	112,411	(33,289)	144,422
Public charges for services	18,250	18,250	164,134	145,884	43,324
Intergovernmental charges for services	8,000	8,000	56,706	48,706	8,000
Miscellaneous	2,500	2,500	21,641	19,141	21,297
Total revenues	1,293,289	1,293,289	1,452,165	158,876	1,346,199
EXPENDITURES					
Current					
General government	478,652	487,385	510,945	(23,560)	482,957
Public safety	312,039	312,039	261,803	50,236	295,462
Public works	425,252	425,252	364,344	60,908	366,205
Health and human services	4,296	18,025	23,076	(5,051)	6,249
Culture and recreation	8,850	8,850	9,309	(459)	4,471
Conservation and development	77,200	77,200	34,432	42,768	38,391
Capital outlay	47,000	47,000	292,298	(245,298)	14,234
Total expenditures	1,353,289	1,375,751	1,496,207	(120,456)	1,207,969
Excess of revenues over (under) expenditures	(60,000)	(82,462)	(44,042)	38,420	138,230
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	-	-	-	48,900
Transfers in	60,000	25,000	-	(25,000)	20,000
Transfers out	-	-	(8,849)	(8,849)	(197,088)
Total other financing sources (uses)	60,000	25,000	(8,849)	(33,849)	(128,188)
Net change in fund balance	-	(57,462)	(52,891)	4,571	10,042
Fund balance - January 1	681,290	681,290	681,290	-	671,248
Fund balance - December 31	\$ 681,290	\$ 623,828	\$ 628,399	\$ 4,571	\$ 681,290

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

Town of Clayton Winnebago County, Wisconsin

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SOLID WASTE/RECYCLING FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget		Actual	Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
REVENUES					
Intergovernmental	\$ 10,000	\$ 10,000	\$ 16,287	\$ 6,287	\$ 11,502
Public charges for services	319,200	319,200	313,152	(6,048)	311,109
Miscellaneous	-	-	819	819	57
Total revenues	329,200	329,200	330,258	1,058	322,668
EXPENDITURES					
Current					
Public works	322,960	322,960	333,739	(10,779)	317,966
Capital outlay	7,500	7,500	8,150	(650)	-
Total expenditures	330,460	330,460	341,889	(11,429)	317,966
Excess of revenues over (under) expenditures	(1,260)	(1,260)	(11,631)	(10,371)	4,702
OTHER FINANCING USES					
Transfers out	-	-	-	-	(20,000)
Net change in fund balance	(1,260)	(1,260)	(11,631)	(10,371)	(15,298)
Fund balance - January 1	105,517	105,517	105,517	-	120,815
Fund balance - December 31	\$ 104,257	\$ 104,257	\$ 93,886	\$ (10,371)	\$ 105,517

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

Town of Clayton

Winnebago County, Wisconsin

STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2017
WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2016

	Stormwater Management Utility	
	2017	2016
ASSETS		
Current assets		
Due from other funds	\$ 226,607	\$ 166,250
Due from other governments	26,840	-
Total current assets	<u>253,447</u>	<u>166,250</u>
Capital assets		
Nondepreciable	136,435	85,670
Depreciable, net	<u>1,402,229</u>	<u>1,408,541</u>
Total capital assets	<u>1,538,664</u>	<u>1,494,211</u>
Total assets	<u>1,792,111</u>	<u>1,660,461</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts	<u>21,949</u>	<u>37,819</u>
LIABILITIES		
Current liabilities		
Accounts payable	38,052	6,213
Due to other funds	<u>98,914</u>	<u>62,722</u>
Total current liabilities	<u>136,966</u>	<u>68,935</u>
Long-term obligations		
Net pension liability	<u>2,857</u>	<u>6,855</u>
Total liabilities	<u>139,823</u>	<u>75,790</u>
DEFERRED INFLOWS OF RESOURCES		
Special charges on subsequent year tax roll	226,607	166,250
Pension related amounts	<u>9,821</u>	<u>14,882</u>
Total deferred inflows of resources	<u>236,428</u>	<u>181,132</u>
NET POSITION		
Net investment in capital assets	1,538,664	1,494,211
Unrestricted	<u>(100,855)</u>	<u>(52,853)</u>
Total net position	<u>\$ 1,437,809</u>	<u>\$ 1,441,358</u>

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

Town of Clayton Winnebago County, Wisconsin

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016**

	Stormwater Management Utility	
	2017	2016
OPERATING REVENUES		
Charges for services	\$ 169,365	\$ 166,659
OPERATING EXPENSES		
Operation and maintenance	168,733	65,146
Depreciation	53,124	47,369
Total operating expenses	221,857	112,515
Operating income (loss)	(52,492)	54,144
NONOPERATING REVENUES (EXPENSES)		
Nonoperating grants	26,840	-
Interest and fiscal charges	-	(212)
Total nonoperating revenues (expenses)	26,840	(212)
Income (loss) before contributions	(25,652)	53,932
Capital contributions	22,103	-
Change in net position	(3,549)	53,932
Net position - January 1	1,441,358	1,387,426
Net position - December 31	<u>\$ 1,437,809</u>	<u>\$ 1,441,358</u>

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

Town of Clayton Winnebago County, Wisconsin

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016**

	Stormwater Management Utility	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 169,365	\$ 166,659
Cash paid for employee wages and benefits	(68,151)	(33,438)
Cash paid to suppliers	(93,316)	(31,562)
Net cash provided by operating activities	<u>7,898</u>	<u>101,659</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Due to/from other funds	<u>36,192</u>	<u>(15,701)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(66,193)	(47,990)
Capital contributions	22,103	-
Principal paid on long-term debt	-	(36,953)
Interest paid on long-term debt	-	(1,015)
Net cash flows used by capital and related financing activities	<u>(44,090)</u>	<u>(85,958)</u>
Change in cash and investments	-	-
Cash and investments - January 1	<u>-</u>	<u>-</u>
Cash and investments - December 31	<u>\$ -</u>	<u>\$ -</u>

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

Town of Clayton Winnebago County, Wisconsin

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016**

	Stormwater Management Utility	
	2017	2016
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (52,492)	\$ 54,144
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	53,124	47,369
Change in liability (asset) and deferred outflows and inflows of resources		
Pension	6,811	190
Change in operating assets and liabilities		
Accounts payable	455	1,208
Accrued liabilities	-	(1,252)
Net cash provided by operating activities	<u>\$ 7,898</u>	<u>\$ 101,659</u>
Reconciliation of cash and cash equivalents to the statement of net position		
Cash and cash equivalents in current assets	\$ -	\$ -
Cash and cash equivalents in restricted assets	-	-
Total cash and investments	<u>\$ -</u>	<u>\$ -</u>
Noncash capital and related financing activities		
None		

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

Town of Clayton Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

NOTE 1: 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. 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:

A. 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 (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 in GASB Statement No. 61.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

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

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The Town has no internal service funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

General Fund

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

Capital Projects Fund

This fund accounts for the acquisition or construction of major capital facilities other than those financed by proprietary fund types.

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.

Town of Clayton

Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Debt Service Fund

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

The Town reports the following major enterprise fund:

Stormwater Management Utility Fund

This fund accounts for the Town's stormwater utility.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

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

Town of Clayton

Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

2. Property Taxes and Special Charges/Receivable

Property taxes and special charges consist of taxes on real estate and personal property and user charges assessed against Town properties. They are levied during December of the prior year and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes and special charges are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the Town. Special charges not paid by January 31 are held in trust by the County and remitted to the Town, including interest, when collected by the County.

In addition to its levy, the Town bills, levies and collects taxes for the School Districts of Neenah and Winneconne, Fox Valley Technical College, Larson Winchester Sanitary District, the County of Winnebago, and the State of Wisconsin.

3. 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 basic financial statements.

4. 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 2017 tax roll are recognized as revenue in 2018.) Special assessments are subject to collection procedures.

5. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

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

6. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are accounted for on the consumption method.

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

Town of Clayton

Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The cost of infrastructure assets constructed prior to 2004 have not been determined and are, therefore, not included in the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Assets	Governmental Activities	Business-type Activities
	Years	
Buildings	40	40
Land improvements	25	25
Vehicles	4 - 15	4 - 15
Machinery and equipment	5 - 15	5 - 10
Infrastructure	25 - 75	40

8. 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.

9. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

Governmental funds may report deferred inflows of resources for unavailable revenues. The Town reports unavailable revenues for special assessments. These inflows are recognized as revenues in the government-wide financial statements.

10. Long-term Obligations

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

Town of Clayton

Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Pensions

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

12. Fund Equity

Governmental Fund Financial Statements

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

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

The Town has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

Government-Wide and Proprietary Fund Statements

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

- ▶ **Net investment in capital assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- ▶ **Restricted net position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Town of Clayton Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

- ▶ **Unrestricted net position.** Net position that is neither classified as restricted nor as net investment in capital assets.

E. 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.

F. PRIOR YEAR INFORMATION

Comparative amounts for the prior year have been presented in the basic financial statements to provide an understanding of changes in the Town's financial position and operations. The comparative amounts may be summarized in total and not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

G. RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

NOTE 2: STEWARDSHIP AND COMPLIANCE

A. BUDGETS AND BUDGETARY ACCOUNTING

The Town follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. During November, the Town Board and officials prepare a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Town Board action.
2. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
3. During the year, formal budgetary integration is employed as a management control device for the governmental funds.
4. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Town. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Town Board.
5. Encumbrance accounting is not used by the Town to record commitments related to unperformed contracts for goods or services.

The Town did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2017.

Town of Clayton

Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

B. PROPERTY TAX LEVY LIMIT

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2017 and 2018 budget years, Wisconsin Statutes limit the increase in the maximum allowable tax levy to the change in the Town's January 1 equalized value as a result of net new construction. The actual limit for the Town for the 2017 budget was 1.66%. The actual limit for the Town for the 2018 budget was 0.96%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

NOTE 3: DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

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

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

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

The carrying amount of the Town's cash and investments totaled \$5,657,215 on December 31, 2017 as summarized below:

Petty cash and cash on hand	\$ 400
Deposits with financial institutions	5,656,815
	<u>\$ 5,657,215</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 5,622,424
Restricted cash and investments	34,791
	<u>\$ 5,657,215</u>

Fair Value Measurements

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The Town currently has no investments that are subject to fair value measurement.

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

Town of Clayton

Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The Town does not have an additional custodial credit policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of December 31, 2017, \$69,437 of the Town's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

B. RESTRICTED ASSETS

Restricted assets on December 31, 2017 totaled \$34,791 and consisted of cash and investments held for the following purposes:

Funds	Amount	Purpose
Governmental Activities		
Park impact fees	\$ 1,545	To account for impact fees collected and held by the Town to finance park improvements.
Fire impact fees	7,797	To account for impact fees collected and held by the Town to finance fire department improvements.
Capital improvements	10,251	To account for funds set aside to be used for the purchase of capital assets
Debt service	7,870	To account for funds held for debt service expenditures
Fire donations	7,328	Donations to the fire department to be used for the purchase of fire department equipment.
Total	\$ 34,791	

Town of Clayton Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,922,918	\$ 4,597,537	\$ -	\$ 6,520,455
Construction in progress	699,477	426,622	815,565	310,534
Total capital assets, not being depreciated	<u>2,622,395</u>	<u>5,024,159</u>	<u>815,565</u>	<u>6,830,989</u>
Capital assets, being depreciated:				
Land improvements	157,796	136,415	-	294,211
Buildings and improvements	1,854,600	-	-	1,854,600
Machinery and equipment	1,495,532	37,554	22,550	1,510,536
Infrastructure	6,863,165	917,677	-	7,780,842
Subtotals	<u>10,371,093</u>	<u>1,091,646</u>	<u>22,550</u>	<u>11,440,189</u>
Less accumulated depreciation	<u>2,288,617</u>	<u>420,624</u>	<u>14,918</u>	<u>2,694,323</u>
Total capital assets, being depreciated, net	<u>8,082,476</u>	<u>671,022</u>	<u>7,632</u>	<u>8,745,866</u>
Governmental activities capital assets, net	<u>\$ 10,704,871</u>	<u>\$ 5,695,181</u>	<u>\$ 823,197</u>	15,576,855
Less: Capital related debt				10,067,375
Less: Debt premium				<u>139,285</u>
Net investment in capital assets				<u>\$ 5,370,195</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 981	\$ -	\$ -	\$ 981
Construction in progress	84,689	50,765	-	135,454
Total capital assets, not being depreciated	<u>85,670</u>	<u>50,765</u>	<u>-</u>	<u>136,435</u>
Capital assets, being depreciated:				
Machinery and equipment	85,500	-	-	85,500
Infrastructure	1,435,545	46,812	-	1,482,357
Subtotals	<u>1,521,045</u>	<u>46,812</u>	<u>-</u>	<u>1,567,857</u>
Less accumulated depreciation	<u>112,504</u>	<u>53,124</u>	<u>-</u>	<u>165,628</u>
Total capital assets, being depreciated, net	<u>1,408,541</u>	<u>(6,312)</u>	<u>-</u>	<u>1,402,229</u>
Business-type activities capital assets, net	<u>\$ 1,494,211</u>	<u>\$ 44,453</u>	<u>\$ -</u>	<u>\$ 1,538,664</u>

Town of Clayton Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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

Governmental activities	
General government	\$ 49,076
Public safety	38,884
Public works	327,072
Culture and recreation	5,592
Total depreciation expense - governmental activities	<u>\$ 420,624</u>
Business-type activities	
Stormwater management utility	<u>\$ 53,124</u>

D. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

Interfund receivables and payables between individual funds of the Town, as reported in the fund financial statements, as of December 31, 2017 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Temporary cash advances to finance operating cash deficits		
Governmental Fund		
General	\$ 98,914	\$ -
Proprietary Fund		
Stormwater management utility	-	98,914
Subtotal	<u>98,914</u>	<u>98,914</u>
Special charges placed on tax roll		
Governmental Funds		
General Fund	-	533,407
Solid Waste/Recycling	306,800	-
Proprietary Fund		
Stormwater management utility	226,607	-
Subtotal	<u>533,407</u>	<u>533,407</u>
Totals	<u>\$ 632,321</u>	<u>\$ 632,321</u>

Interfund transfers for the year ended December 31, 2017 were as follows:

Fund	Transfer In	Transfer Out
General	\$ -	\$ 8,849
Capital projects	15,864	-
Rental	-	15,864
Fire donations	8,849	-
Total	<u>\$ 24,713</u>	<u>\$ 24,713</u>

Interfund transfers were made for the following purposes:

T transfer from general fund to fire donations for creation of new fund	\$ 8,849
T transfer from rental fund to capital projects fund for the creation of new fund	15,864
	<u>\$ 24,713</u>

Town of Clayton Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

E. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2017:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental activities:					
General obligation debt					
Notes	\$ 6,257,261	\$ 4,257,375	\$ 447,261	\$ 10,067,375	\$ 897,375
Debt premium	87,220	66,602	14,537	139,285	-
Compensated absences	71,705	-	5,509	66,196	-
Governmental activities Long-term obligations	<u>\$ 6,416,186</u>	<u>\$ 4,323,977</u>	<u>\$ 467,307</u>	<u>\$ 10,272,856</u>	<u>\$ 897,375</u>

Total interest paid during the year on long-term debt totaled \$144,823.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/17
General obligation notes	5/16/12	3/1/22	2.40% - 3.30%	\$ 1,200,000	\$ 640,000
General obligation notes	9/8/14	3/1/24	2.00% - 2.60%	2,300,000	1,670,000
General obligation taxable notes	12/19/16	9/1/22	3.35%	3,500,000	3,500,000
State trust fund loan	6/26/17	3/15/27	3.50%	1,100,000	1,100,000
Promissory notes	8/23/17	9/28/18	4.00%	557,375	557,375
State trust fund loan	10/23/17	3/15/27	3.50%	600,000	600,000
General obligation taxable notes	12/6/17	3/1/27	3.00% - 3.25%	2,000,000	<u>2,000,000</u>

Total outstanding general obligation debt

\$ 10,067,375

Annual principal and interest maturities of the outstanding general obligation debt of \$10,067,375 on December 31, 2017 are detailed below:

Year Ended December 31,	Governmental Activities		
	Principal	Interest	Totals
2018	\$ 897,375	\$ 267,636	\$ 1,165,011
2019	506,803	291,435	798,238
2020	535,370	268,525	803,895
2021	546,481	253,098	799,579
2022	4,062,657	238,418	4,301,075
2023 - 2027	3,518,689	308,399	3,827,088
	<u>\$10,067,375</u>	<u>\$ 1,627,511</u>	<u>\$11,694,886</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Town of Clayton

Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Legal Margin for New Debt

The Town's legal margin for creation of additional general obligation debt on December 31, 2017 was \$14,738,350 as follows:

Equalized valuation of the Town		\$ 495,957,100
Statutory limitation percentage		<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		24,797,855
Total outstanding general obligation debt applicable to debt limitation	\$ 10,067,375	
Less: Amounts available for financing general obligation debt		
Debt service fund	<u>7,870</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>10,059,505</u>
Legal margin for new debt		<u>\$ 14,738,350</u>

F. PENSION PLAN

1. Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

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

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

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

The WRS also provides death and disability benefits for employees.

Town of Clayton Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

2. 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:

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

3. 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 on 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 remained 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 \$24,498 in contributions from the Town.

Contribution rates as of December 31, 2017 are:

Employee Category	Employee	Employer
General (including teachers)	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

Town of Clayton Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

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

At December 31, 2017, the Town reported a liability (asset) of \$17,366 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net pension liability (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, 2016, the Town's proportion was .00210694%, which was an increase of .00029351% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Town recognized pension expense of \$43,958.

At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,622	\$ 54,615
Net differences between projected and actual earnings on pension plan investments	86,443	-
Changes in assumptions	18,157	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,510	5,073
Employer contributions subsequent to the measurement date	29,546	-
Total	<u>\$ 142,278</u>	<u>\$ 59,688</u>

\$29,546 reported as deferred outflows related to pension resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31,		
2017	\$	22,301
2018		22,301
2019		14,595
2020		(6,140)
2021		(13)
Total	<u>\$</u>	<u>53,044</u>

Town of Clayton Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

5. Actuarial Assumptions

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 - 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

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

Town of Clayton Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

	Current Asset Allocation %	Destination Target Asset Allocation %	Long-term Expected Nominal Rate of Return %	Long-term Expected Real Rate of Return %
<u>Core Fund Asset Class</u>				
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5%	37%	4.2%	1.4%
Inflation Sensitive Assets	15.5%	20%	4.3%	1.5%
Real Estate	8%	7%	6.5%	3.6%
Private Equity/Debt	8%	7%	9.4%	6.5%
Multi-asset	4%	4%	6.6%	3.7%
Total Core Fund	110%	120%	7.4%	4.5%
<u>Variable Fund Asset Class</u>				
U.S. Equities	70%	70%	7.6%	4.7%
International Equities	30%	30%	8.5%	5.6%
Total Variable Fund	100%	100%	7.9%	5%

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 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.2 percent, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Town's proportionate share of the net pension liability (asset)	\$ 228,464	\$ 17,366	\$ (145,188)

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

Town of Clayton

Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

6. Payables to the Pension Plan

At December 31, 2017, the Town reported a payable of \$6,333 for the outstanding amount of contributions to the pension plan for the year ended December 31, 2017.

G. FUND EQUITY

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At December 31, 2017, nonspendable fund balance was as follows:

General Fund	
Nonspendable	
Prepaid items	\$ 2,100
Due from stormwater fund	<u>72,074</u>
Total General Fund Nonspendable Fund Balance	<u><u>\$ 74,174</u></u>

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or legally restricted for use for a specific purpose. At December 31, 2017, restricted fund balance was as follows:

General Fund	
Restricted for	
Park improvements	\$ 1,545
Fire department improvements	<u>7,797</u>
Total General Fund Restricted Fund Balance	<u>9,342</u>
Special Revenue Funds	
Restricted for	
Fire department expenditures	<u>7,328</u>
Debt Service Fund	
Restricted for	
Debt service expenditures	<u>7,870</u>
Capital Projects Fund	
Restricted for	
Capital outlay	<u>10,251</u>
Total Restricted Fund Balance	<u><u>\$ 34,791</u></u>

Town of Clayton

Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by Town Board action. At December 31, 2017, General Fund balance was committed as follows:

General Fund

Committed for

Cemetery expenditures	\$ 31,771
Capital equipment replacement	48,509
Sick leave and vacation payout	31,268
Total General Fund Committed Fund Balance	<u>111,548</u>

Special Revenue Funds

Committed for

Solid waste and recycling expenditures	93,886
Rental fund expenditures	19,047
	<u>112,933</u>

Total Committed Fund Balance	<u>\$ 224,481</u>
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Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At December 31, 2017, fund balance was assigned as follows:

General Fund

Assigned for subsequent year's budget	<u>\$ 24,500</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 amount is calculated as follows:

Actual 2017 General Fund Expenditures	\$ 1,496,207
Minimum Fund Balance %	(x) 16%
Minimum Fund Balance Amount	<u>\$ 239,393</u>

The Town's unassigned general fund balance of \$408,835 is above the minimum fund balance amount.

Net Position

The Town reports restricted net position at December 31, 2017 as follows:

Governmental Activities

Restricted for

Park improvements	\$ 1,545
Fire department expenditures	15,125
Debt service	321,443
Capital expenditures	10,251
Total Governmental Activities Restricted Net Position	<u>\$ 348,364</u>

Town of Clayton Winnebago County, Wisconsin

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2017

NOTE 4: OTHER INFORMATION

A. RISK MANAGEMENT

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

B. CONTINGENCIES

From time to time, the Town is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Town's financial position or results of operations.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Clayton

Winnebago County, Wisconsin

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

<u>Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered-Employee Payroll (Plan Year)</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/15	0.00170112%	\$ (41,784)	\$ 242,794	17.21%	102.74%
12/31/16	0.00181343%	29,468	288,315	10.22%	98.20%
12/31/17	0.00210694%	17,366	360,414	4.82%	99.12%

**SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

<u>Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-Employee Payroll (Fiscal Year)</u>	<u>Contributions as a Percentage of Covered-Employee Payroll</u>
12/31/15	\$ 19,605	\$ 19,605	\$ -	\$ 288,315	6.80%
12/31/16	24,498	24,498	-	360,414	6.80%
12/31/17	29,546	29,546	-	400,993	7.37%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

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

SUPPLEMENTARY INFORMATION

Town of Clayton

Winnebago County, Wisconsin

**GENERAL FUND
 DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
 FOR THE YEAR ENDED DECEMBER 31, 2017
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget		Actual	Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
Taxes					
General property	\$ 860,672	\$ 860,672	\$ 859,812	\$ (860)	\$ 888,025
Mobile home fees	13,000	13,000	12,767	(233)	12,093
Managed forest land tax	-	-	268	268	263
Interest and taxes	-	-	206	206	-
Other taxes	-	-	112	112	494
Total taxes	873,672	873,672	873,165	(507)	900,875
Special assessments	-	-	-	-	5,036
Intergovernmental					
State					
State shared taxes	33,728	33,728	33,728	-	33,728
DNR - in lieu of taxes	680	680	685	5	685
Transportation	162,089	162,089	162,089	-	162,089
Exempt computer aid	3,750	3,750	4,252	502	3,759
Fire insurance dues	20,000	20,000	21,287	1,287	20,122
Other	2,420	2,420	2,067	(353)	2,862
County					
Bridge aid	22,500	22,500	-	(22,500)	-
Total intergovernmental	245,167	245,167	224,108	(21,059)	223,245
Licenses and permits					
Licenses					
Liquor and malt beverage	5,000	5,000	5,467	467	4,960
Operators, cigarette and other licenses	4,700	4,700	5,211	511	5,335
Cable television fees	36,000	36,000	34,292	(1,708)	26,289
Dog	2,000	2,000	2,240	240	2,326
Permits					
Building	87,000	87,000	56,051	(30,949)	95,962
Culvert and other permits	6,000	6,000	8,150	2,150	8,550
Zoning	5,000	5,000	1,000	(4,000)	1,000
Total licenses and permits	145,700	145,700	112,411	(33,289)	144,422

Town of Clayton Winnebago County, Wisconsin

**GENERAL FUND
DETAILED COMPARISON OF BUDGETED AND ACTUAL REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget		Actual	Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
Public charges for services					
General government	4,500	4,500	6,978	2,478	4,080
Cemetery	-	-	10,850	10,850	6,095
House numbers	1,500	1,500	1,800	300	1,560
Fire and first responders	10,000	10,000	19,197	9,197	23,668
Claytonfest	-	-	-	-	1,828
Parks	2,250	2,250	6,494	4,244	6,093
Highway	-	-	118,537	118,537	-
Weed and nuisance control	-	-	278	278	-
Total public charges for services	<u>18,250</u>	<u>18,250</u>	<u>164,134</u>	<u>145,884</u>	<u>43,324</u>
Intergovernmental charges for services					
General government	8,000	8,000	8,000	-	8,000
Building inspection	-	-	48,706	48,706	-
Total intergovernmental charges for services	<u>8,000</u>	<u>8,000</u>	<u>56,706</u>	<u>48,706</u>	<u>8,000</u>
Miscellaneous					
Interest on investments	2,000	2,000	6,106	4,106	1,003
Hall rental	-	-	250	250	533
Land rental	500	500	4,189	3,689	-
Donations	-	-	2,848	2,848	11,403
Other	-	-	8,248	8,248	8,358
Total miscellaneous	<u>2,500</u>	<u>2,500</u>	<u>21,641</u>	<u>19,141</u>	<u>21,297</u>
Total Revenues	<u><u>\$ 1,293,289</u></u>	<u><u>\$ 1,293,289</u></u>	<u><u>\$ 1,452,165</u></u>	<u><u>\$ 158,876</u></u>	<u><u>\$ 1,346,199</u></u>

Town of Clayton Winnebago County, Wisconsin

GENERAL FUND

DETAILED COMPARISON OF BUDGETED AND ACTUAL EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget		Actual	Variance Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
General Government					
Town board	\$ 35,048	\$ 35,048	\$ 32,978	\$ 2,070	\$ 32,423
Committees	4,237	4,237	3,598	639	3,705
Elections	3,491	3,491	2,728	763	10,316
Legal	25,000	25,000	59,072	(34,072)	19,563
Administrator/clerk	110,717	110,717	122,003	(11,286)	118,430
Treasurer/assistant administrator	74,294	74,295	72,020	2,275	71,335
Deputy clerk	54,219	54,219	50,878	3,341	48,872
Assessor	21,100	21,100	20,807	293	19,488
General office operation	48,600	48,600	43,140	5,460	50,493
Financial administration	19,000	19,000	15,156	3,844	16,309
Town hall	23,750	23,750	32,792	(9,042)	22,326
Insurance	49,000	49,000	37,041	11,959	65,884
Contingency	10,196	18,928	18,732	196	3,813
Total general government	478,652	487,385	510,945	(23,560)	482,957
Public Safety					
Fire department	183,412	183,412	162,683	20,729	187,845
First responders	41,504	41,504	12,008	29,496	26,792
Building inspection	87,123	87,123	87,112	11	80,825
Total public safety	312,039	312,039	261,803	50,236	295,462
Public Works					
Wages	91,907	91,907	93,882	(1,975)	95,595
Operations	17,500	17,500	12,624	4,876	9,294
Contracted services and other	315,845	315,845	257,838	58,007	261,316
Total public works	425,252	425,252	364,344	60,908	366,205
Health and Human Services					
Animal and weed control	2,296	2,296	994	1,302	1,019
Cemetery	2,000	15,729	22,082	(6,353)	5,230
Total health and human services	4,296	18,025	23,076	(5,051)	6,249
Culture and Recreation					
Clayton town park	2,300	2,300	2,795	(495)	1,626
Trail head park	1,550	1,550	1,830	(280)	2,845
Friendship trail	5,000	5,000	4,684	316	-
Total culture and recreation	8,850	8,850	9,309	(459)	4,471
Conservation and Development					
Planning and zoning	77,200	77,200	34,432	42,768	38,391
Capital Outlay					
General government	45,000	45,000	16,523	28,477	-
Public safety	-	-	94,700	(94,700)	-
Public works	-	-	171,278	(171,278)	-
Parks	2,000	2,000	9,797	(7,797)	14,234
Total capital outlay	47,000	47,000	292,298	(245,298)	14,234
Total Expenditures	\$ 1,353,289	\$ 1,375,751	\$ 1,496,207	\$ (120,456)	\$ 1,207,969

Town of Clayton

Winnebago County, Wisconsin

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	<u>Rental</u>	<u>Fire Donations</u>	<u>Totals</u>
ASSETS			
Cash and investments	\$ 19,631	\$ -	\$ 19,631
Restricted cash and investments	-	7,328	7,328
Receivables			
Accounts	<u>2,823</u>	<u>-</u>	<u>2,823</u>
 Total assets	 <u>\$ 22,454</u>	 <u>\$ 7,328</u>	 <u>\$ 29,782</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 757	\$ -	\$ 757
Special deposits	<u>2,650</u>	<u>-</u>	<u>2,650</u>
 Total liabilities	 <u>3,407</u>	 <u>-</u>	 <u>3,407</u>
Fund balances			
Restricted	-	7,328	7,328
Committed	<u>19,047</u>	<u>-</u>	<u>19,047</u>
 Total fund balances	 <u>19,047</u>	 <u>7,328</u>	 <u>26,375</u>
 Total liabilities and fund balances	 <u>\$ 22,454</u>	 <u>\$ 7,328</u>	 <u>\$ 29,782</u>

Town of Clayton

Winnebago County, Wisconsin

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Rental</u>	<u>Fire Donations</u>	<u>Totals</u>
REVENUES			
Miscellaneous	\$ 46,425	\$ 1,325	\$ 47,750
EXPENDITURES			
Current			
Public safety	-	2,846	2,846
Conservation and development	11,514	-	11,514
Total expenditures	11,514	2,846	14,360
Excess of revenues over (under) expenditures	34,911	(1,521)	33,390
OTHER FINANCING SOURCES (USES)			
Transfers in	-	8,849	8,849
Transfers out	(15,864)	-	(15,864)
Total other financing sources (uses)	(15,864)	8,849	(7,015)
Net change in fund balances	19,047	7,328	26,375
Fund balances - January 1	-	-	-
Fund balances - December 31	<u>\$ 19,047</u>	<u>\$ 7,328</u>	<u>\$ 26,375</u>

ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS

Independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*

To the Town Board
Town of Clayton
Winnebago County, Wisconsin

We have audited, 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, the 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, (the "Town") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated April 10, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

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

Town of Clayton Winnebago County, Wisconsin

PURPOSE OF THIS REPORT

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



Certified Public Accountants

Green Bay, Wisconsin

April 10, 2018