



To the Town Board
Town of Clayton
Winnebago County, Wisconsin

We have audited 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 (Town) as of and for the year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated information in our engagement letter to you as well as verbally during our planning meetings. Professional standards also require that we communicate to you the following information related to the audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated February 1, 2023, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the schedules of proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System, schedule of budgetary comparison – budget and actual – general fund, and schedule of budgetary comparison – budget and actual – solid waste/recycling fund as indicated in the financial statement's table of contents, which supplement the basic financial statements, was to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures did not provide us with sufficient evidence to express an opinion or provide any assurance, we did not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the combining nonmajor governmental fund financial statements as indicated on the financial statements table of contents, which accompany the financial statements. Our responsibility for the supplementary information, as described by professional standards, was to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information was fairly stated, in all material respects, in relation to the financial statements as a whole.

We have not been engaged to report on the schedule of detailed budgetary comparison revenues and other financing source – general fund, schedule of detailed budgetary comparison expenditures and other financing use – general fund, schedule of budgetary comparison – debt service fund, schedule of budgetary comparison – tax incremental district No. 1, and schedule of budgetary comparison – capital projects fund indicated in the financial statement's table of contents, which accompanies the financial statements. The other information is the responsibility of management. The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or, provide any assurance on it.

Our responsibility in connection with the other information was to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Audit Scope, Significant Risks and Other

Our audit included examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures.

Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Any internal control related matters that are required to be communicated under professional standards are included later in this letter.

We identified management override of controls, lack of segregation of duties, improper revenue recognition, and fraudulent disbursements as significant risks of material misstatement as part of our audit planning. We designed audit procedures in response to these risks.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Clayton are described in Note 1 to the financial statements. The Town adopted GASB Statement No 87, Leases as described in note 1 to the financial statements during the year. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Town's financial statements were:

Management's estimate of the useful lives of the capital assets is based on industry standards. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension asset and related deferred outflows/inflows is based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the net pension asset and related deferred outflows/inflows in determining that it is reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statement were:

The disclosure of deposits and the related risks with them in Note 2 to the financial statements. The footnote was prepared based on the requirements of the Governmental Accounting Standards Board and is intended to inform readers as to the risks associated with the Town's cash.

The disclosure of net pension asset and related deferred outflows/inflows and the related risk associated with it in Note 8 to the financial statements. The footnote was prepared based on the requirements of the Governmental Accounting Standards Board and is intended to inform readers as to the risk associated with the Town's net pension asset and related deferred outflows/inflows.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial and communicate them to the appropriate level of management. We proposed adjustments to the Town's general ledger. Management has corrected all such material misstatements. A list of corrected misstatements is attached to this management letter. In addition, the uncorrected misstatement is not material to each opinion unit's financial statements taken as a whole. The uncorrected misstatement is attached to this letter.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter, dated August 11, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town of Clayton's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Internal Control Over Financial Reporting

In planning and performing our audit of 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 as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be material weakness and other deficiencies that we consider to be significant deficiencies.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in internal control to be a material weakness:

Material Account Adjustments – During our audit, we proposed, and management accepted material adjustments to the Town's general ledger. The Town has a new administrator and treasurer, and we anticipate there will be a reduction in the number of material adjustments in 2023.

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. We consider the following deficiencies in internal control to be significant deficiencies.

Financial Reporting – One of the components of internal control over financial reporting is that staff of the Town be sufficiently knowledgeable to record the entity's financial transactions in accordance with generally accepted accounting principles (GAAP) and to prepare the entity's financial statements including the footnotes in accordance with those principles. The Town's staff does not have the training in GAAP to prepare financial statements including the related notes in accordance with GAAP. The Town's management does review the financial statements and footnotes and accepts responsibility for them. This matter is common in most small organizations since they do not have the resources to devote to this area of internal control.

Segregation of Duties – The Town has a limited number of people who are responsible for and perform substantially all of the bookkeeping and accounting functions. Good internal control requires a complete separation of duties with respect to the handling and recording of transactions. In order to provide for an adequate segregation of duties, additional personnel may have to be involved in the performance of the accounting and bookkeeping functions. We recognize that this may not be practical based on the size of the Town and limited resources. It is recommended that the Town have one of the board members review the bank statements and bank reconciliations on a monthly basis. Because some procedural controls do not exist, the board has compensating controls such as approval of invoices and review of receipts and revenues which allow it to rely on its knowledge of the Town's operations in order to safeguard assets.

Other Matters

In addition, we felt that other matters described in the following paragraphs were important to the operation of the Town. These matters may involve internal controls, general operations, recommendations for the adoption of policies and other such items that we feel will enhance the Town of Clayton.

Other Items

Governmental Fund Balances

Presented below is a summary of the Town's governmental fund balances on December 31, 2022 and 2021. This information is provided for assessing financial results for 2022 and indicating financial resources available at the start of the 2023 budget year.

General Fund	<u>12/31/2022</u>	<u>12/31/2021</u>
Nonspendable		
Advances to Other Funds	\$ 66,799	\$ 66,799
Prepaid Items	6,545	3,419
Restricted		
Park Improvements	-	30,063
Fire Department Improvements	-	65,296
Committed for		
Cemetery Expenditures	42,451	41,267
Capital Equipment Replacement	-	153,423
Sick Leave and Vacation Payout	27,922	27,922
Assigned for Subsequent Year's Budget		
Unassigned	<u>710,761</u>	<u>665,152</u>
Total General Fund Balance	<u>854,478</u>	<u>1,053,341</u>
Debt Service Fund		
Restricted for Debt Service	<u>224,221</u>	<u>206,961</u>
Unassigned (Deficit) Nonmajor Governmental Funds	<u>(1,914)</u>	<u>-</u>
Special Revenue Funds		
Nonspendable		
Advances to Other Funds	63,944	63,944
Restricted for		
Park Improvements	37,637	-
Fire Department Improvements	90,264	-
Committed for		
Solid Waste and Recycling Expenditures	<u>74,323</u>	<u>75,794</u>
Total Special Revenue Funds	<u>266,168</u>	<u>139,738</u>
Capital Projects Funds		
Restricted for		
Tax Incremental District Activities	-	936,294
Committed for		
Capital Projects Fund	701,995	162,136
Unassigned (Deficit)	<u>(285,934)</u>	<u>-</u>
Total Capital Projects Funds	<u>416,061</u>	<u>1,098,430</u>
Total Governmental Fund Balances	<u>\$ 1,759,014</u>	<u>\$ 2,498,470</u>

The unassigned general fund balance increased \$45,609 from \$665,152 in 2021 to \$710,761 in 2022. The Town has a minimum fund balance policy of 16% of actual current year general fund expenditures, not including debt service. The Town's minimum fund balance calculated to \$264,479. The Town's unassigned fund balance at December 31, 2022 is above the minimum fund balance policy.

Update on Tax Incremental District No. 1

Presented below is the annual report for the Town's Tax Incremental District No. 1. This report is required to be sent to Winnebago County, School Districts of Neenah and Winneconne, Fox Valley Technical College and Larson Winchester Sanitary District.

Expenditures	Cumulative through	
	2022	2021
TID Organizational Costs	\$ 904,211	\$ 904,211
Project costs	17,769,536	16,667,918
Planning, administration and engineering	17,975	6,518
Interest and fiscal costs on debt	1,495,605	771,936
	<u>20,187,327</u>	<u>18,350,583</u>
Revenues		
Tax increments	470,637	116,042
Computer aid	4,681	4,681
Interest income	18,744	11,119
Premium on Debt Issued	565,993	328,549
	<u>1,060,055</u>	<u>460,391</u>
Net Unreimbursed Project Costs 12/31	<u>\$ 19,127,272</u>	<u>\$ 17,890,192</u>

Closing

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestion with various governmental unit personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We thank you for allowing us to be of service to the Town of Clayton. We received complete cooperation and appreciated your consideration of our comments and your implementation of suggestions.

This information is intended solely for the use by the Town Board, management, and others within the Town and is not intended to be and should not be used by anyone other than these specified parties.

KerberRose SC

KerberRose SC
Certified Public Accountants
Green Bay, Wisconsin
August 11, 2023

AJE05 12/31/2022	Vouchers Payable	420-21100 TID1	O-2		-1,203.00			
AJE05 12/31/2022	Vouchers Payable	640-21100 STORMWATER	O-2		-3,812.00			
AJE05 12/31/2022	Engineering	420-56710-216 TID1	O-2	1,203.00				
AJE05 12/31/2022	Engineering	640-53441-216 STORMWATER	O-2	3,096.00				
AJE05 12/31/2022	Engineering	640-53441-216 STORMWATER	O-2	716.00				
To accrue for unrecorded AP.								
				5,015.00	-5,015.00	(801,102.00)	(5,015.00)	
AJE06 12/31/2022	Machinery and Equipment	640-18505 STORMWATER			-95,000.00			
AJE06 12/31/2022	Right To Use Asset	640-18510 STORMWATER		95,000.00				
AJE06 12/31/2022	Accum Depr - Mach/Equip	640-18550 STORMWATER		23,750.00				
AJE06 12/31/2022	Accum Depr - Right To use Asset	640-18560 STORMWATER			-23,750.00			
To Move Capital lease in Storm to its own account								
				118,750.00	-118,750.00	(801,102.00)	0.00	
AJE07 12/31/2022	Right to use Asset (Sewer Collection System)	620-18510 SEWER	G-1 AND 7.07'S	1,704,657.00				
AJE07 12/31/2022	A/D Right to use asset (Sewer Collection System)	620-18560 SEWER	G-1 AND 7.07'S		-28,411.00			
AJE07 12/31/2022	Lease Liability	620-29150 SEWER	G-1 AND 7.07'S		-1,688,316.00			
AJE07 12/31/2022	Other Revenue	620-48900 SEWER	G-1 AND 7.07'S		-10,930.00			
To adjust for Sanitary District right to use asset Sewer collection system as of 1/1/2022								
				1,704,657.00	-1,704,657.00	(790,172.00)	-10,930.00	
AJE08 12/31/2022	A/D Right to use asset (Sewer Collection System)	620-18560 SEWER	G-1		-42,616.00			
AJE08 12/31/2022	Lease Liability	620-29150 SEWER	G-1	60,775.00				
AJE08 12/31/2022	Depreciation Expense	620-53441-540 SEWER	G-1	42,616.00				
AJE08 12/31/2022	Lease - Operating IPR	620-53910-531 SEWER	G-1		-60,775.00			
annual JE for depreciation and principal payoff of lease liability								
				103,391.00	-103,391.00	(772,013.00)	18,159.00	
				2,117,049.00	-2,117,049.00	(772,013.00)	(28,793.00)	

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ALG-CX-12.2: Audit Difference Evaluation Form

Governmental Unit: Town of Clayton Financial Statement Date: 12/31/2022

Completed by: EJH Date: 12/31/22

Opinion Unit: All A Listing of Known Audit Differences Over: PM for GW \$37,000

Instructions: This form may be used to accumulate audit differences (AD) that are not considered trivial in amount, nature, or circumstances (documented at Step 5 of ALG-CX-2.1). This form should *not* include normal closing entries. At the end of the audit, evaluate all uncorrected audit differences, individually and in the aggregate, in the context of individual opinion units and conclude on whether they materially misstate the financial statements of an opinion unit taken as a whole. This form also provides a space to document any misstatements of disclosures (including quantitative and qualitative misstatements) that are considered when evaluating misstatements in the aggregate. Before evaluating the effect of uncorrected misstatements, reassess whether materiality is still appropriate based on the entity's actual financial results. The notes following the table provide explanations and a listing of qualitative considerations in evaluating materiality. The form allows for quantifying the effect of misstatements, using both the rollover and iron curtain methods, as appropriate. You need to be familiar with the guidance in section 1010 before completing this form.

Description (Nature) of Audit Difference (AD)	Factual (F), Judgmental (J), or Projected (P)	Cause	W/P Ref.	Financial Statement Effect—Amount of Over- (Under-) statement of:				Change in Fund Balance/ Net Position		
				Total Assets	Total Liabilities	Working Cap.	Fund Balance/Net Position		Revenues	Expen.
Lease liability	F	Immaterial	G-1	27,900	-27,900		0	0	0	0
Total				27,900	-27,900	0	0	0	0	0
Less audit adjustments subsequently booked										
Net unadjusted AD—current year (iron curtain method)				27,900	-27,900	0	0	0	0	0
Effect of unadjusted AD—prior years										
Combined current year and prior year AD (rollover method)				27,900	-27,900	0	0	0	0	0
Financial statement caption totals										
Current year AD as % of F/S captions (iron curtain method)				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Current and prior year AD as % of F/S captions (rollover method)				0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Qualitative Factors: Describe qualitative factors that entered into your evaluation of whether uncorrected accumulated misstatements are material, individually or in the aggregate, in relation to specific accounts and disclosures and to the opinion unit financial statements as a whole, and the reasons why.

N/A

Misstatements of Disclosures: Accumulate and describe any misstatements of disclosures, including qualitative and quantitative disclosures, that entered into your evaluation of whether uncorrected accumulated misstatements are material, individually or in the aggregate, in relation to specific accounts and disclosures and to the opinion unit financial statements as a whole.

TOWN OF CLAYTON

WINNEBAGO COUNTY, WISCONSIN

Annual Financial Report

December 31, 2022

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN

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TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN

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INDEPENDENT AUDITORS' REPORT





Independent Auditors' Report

To the Town Board
Town of Clayton
Winnebago County, Wisconsin

Opinions

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 (Town), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Clayton, Wisconsin as of December 31, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of employer's proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System, the schedule of budgetary comparison – budget and actual – general fund, and the schedule of budgetary comparison – budget and actual – solid waste/recycling fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 the missing information.

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Clayton, Winnebago County, Wisconsin's basic financial statements. The combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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.

The 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 combining nonmajor governmental fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

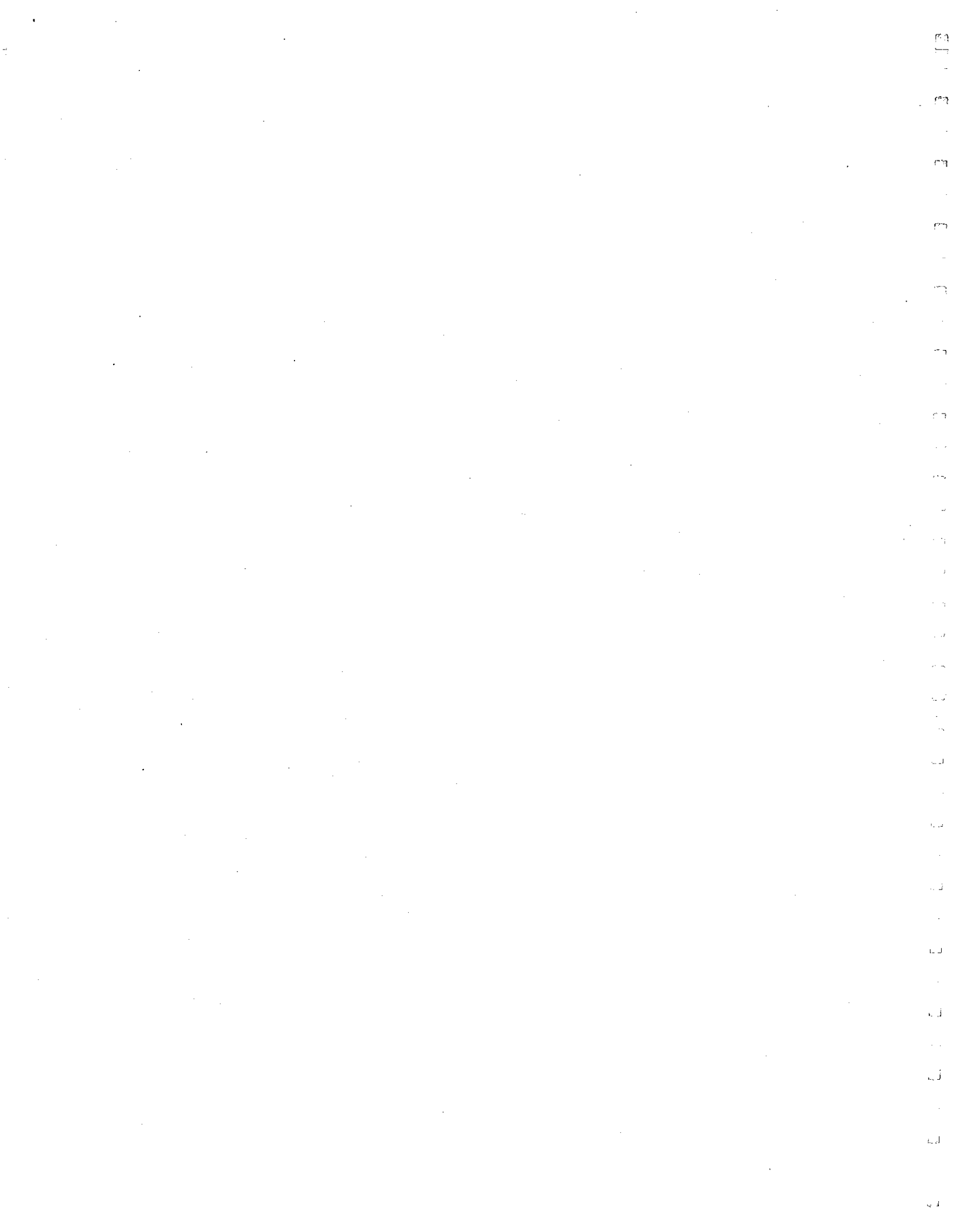
Management is responsible for the other information included in the annual report. The other information comprises the schedule of detailed budgetary comparison revenues and other financing source - general fund, schedule of detailed budgetary comparison expenditures and other financing use - general fund, schedule of budgetary comparison - debt service fund, schedule of budgetary comparison - tax incremental district No. 1, and schedule of budgetary comparison - capital projects fund but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

KerberRose SC

KerberRose SC
Certified Public Accountants
Green Bay, Wisconsin
August 11, 2023

BASIC FINANCIAL STATEMENTS



**TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN**

Statement of Net Position
As of December 31, 2022

	Governmental Activities	Business - Type Activities	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 3,505,682	\$ 203,922	\$ 3,709,604
Taxes Receivable	1,402,805	55,007	1,457,812
Accounts Receivable	23,545	-	23,545
Accounts Receivable - Special Charges	144,440	184,521	328,961
Special Assessments	79,695	-	79,695
Delinquent Property Taxes Receivable	217	-	217
Grant Receivable	7,000	-	7,000
Internal Balances	130,743	(130,743)	-
Inventories	6,545	-	6,545
Total Current Assets	<u>5,300,672</u>	<u>312,707</u>	<u>5,613,379</u>
Noncurrent Assets			
Net Pension Asset	283,486	50,399	333,885
Capital Assets - Nondepreciable	4,367,642	981	4,368,623
Capital Assets - Depreciable, Net	9,414,100	3,608,222	13,022,322
Total Noncurrent Assets	<u>14,065,228</u>	<u>3,659,602</u>	<u>17,724,830</u>
TOTAL ASSETS	<u>19,365,900</u>	<u>3,972,309</u>	<u>23,338,209</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pension	550,329	97,840	648,169
LIABILITIES			
Current Liabilities			
Accounts Payable	101,435	12,094	113,529
Capital and Retainage Payable	361,512	-	361,512
Accrued and Other Current Liabilities	49,121	2,047	51,168
Accrued Interest Payable	122,631	-	122,631
Deposits from Others	3,250	-	3,250
Current Portion Compensated Absences	19,175	-	19,175
Current Portion of Lease Liability	52,416	82,173	134,589
Current Portion of Long-Term Obligations	1,118,555	-	1,118,555
Total Current Liabilities	<u>1,828,095</u>	<u>96,314</u>	<u>1,924,409</u>
Noncurrent Liabilities			
Compensated Absences	76,701	-	76,701
Lease Liability	54,555	1,581,571	1,636,126
Noncurrent Portion of Long-Term Obligations	25,141,221	-	25,141,221
Total NonCurrent Liabilities	<u>25,272,477</u>	<u>1,581,571</u>	<u>26,854,048</u>
TOTAL LIABILITIES	<u>27,100,572</u>	<u>1,677,885</u>	<u>28,778,457</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes Levied for Subsequent Period	2,946,645	-	2,946,645
Special Charges	-	430,067	430,067
Deferred Inflows of Resources Related to Pension	671,084	119,308	790,392
Total Deferred Inflows of Resources	<u>3,617,729</u>	<u>549,375</u>	<u>4,167,104</u>
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	5,367,188	1,945,459	7,312,647
Restricted	392,222	28,931	421,153
Unrestricted (Deficit)	(16,561,482)	(131,501)	(16,692,983)
TOTAL NET POSITION (DEFICIT)	<u>\$ (10,802,072)</u>	<u>\$ 1,842,889</u>	<u>\$ (8,959,183)</u>

See Accompanying Notes

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2022

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 711,957	\$ 210,846	\$ 2,539	\$ -
Public Safety	483,409	35,024	25,418	14,000
Public Works	2,069,443	55,437	600,653	221,958
Health and Human Services	15,899	14,580	-	-
Culture, Recreation and Education	30,248	9,774	-	-
Conservation and Development	287,447	-	-	-
Interest and Fiscal Charges	597,890	-	-	-
Total Governmental Activities	4,196,293	325,661	628,610	235,958
BUSINESS-TYPE ACTIVITIES				
Stormwater Management Utility	236,646	319,282	-	-
Sanitary District #1	236,389	100,000	-	-
Total Business-Type Activities	473,035	419,282	-	-
TOTAL TOWN OF CLAYTON	\$ 4,669,328	\$ 744,943	\$ 628,610	\$ 235,958

GENERAL REVENUES

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Tax Increment

Other Taxes

State and Federal Aids not Restricted to

Specific Functions

Interest and Investment Earnings

Insurance Recoveries

Gain on Property Sales

Miscellaneous

Total General Revenues

CHANGE IN NET POSITION (DEFICIT)

NET POSITION (DEFICIT) - BEGINNING OF YEAR

NET POSITION (DEFICIT) - END OF YEAR

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

Governmental Activities	Business-Type Activities	Total
\$ (498,572)	\$ -	\$ (498,572)
(408,967)	-	(408,967)
(1,191,395)	-	(1,191,395)
(1,319)	-	(1,319)
(20,474)	-	(20,474)
(287,447)	-	(287,447)
(597,890)	-	(597,890)
<u>(3,006,064)</u>	<u>-</u>	<u>(3,006,064)</u>
-	82,636	82,636
-	(136,389)	(136,389)
-	(53,753)	(53,753)
<u>(3,006,064)</u>	<u>(53,753)</u>	<u>(3,059,817)</u>
833,598	-	833,598
1,233,416	-	1,233,416
354,595	-	354,595
13,783	-	13,783
57,639	-	57,639
23,856	-	23,856
45,973	-	45,973
177,688	-	177,688
693,429	10,930	704,359
<u>3,433,977</u>	<u>10,930</u>	<u>3,444,907</u>
427,913	(42,823)	385,090
<u>(11,229,985)</u>	<u>1,885,712</u>	<u>(9,344,273)</u>
<u>\$ (10,802,072)</u>	<u>\$ 1,842,889</u>	<u>\$ (8,959,183)</u>

**TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN**

Balance Sheet
Governmental Funds
As of December 31, 2022

	<u>General</u>	<u>Solid Waste/ Recycling</u>	<u>Debt Service Fund</u>
ASSETS			
Cash and Investments	\$ 1,284,477	\$ 335,167	\$ 898,928
Delinquent Property Taxes	217	-	-
Accounts Receivable	23,545	-	-
Property Taxes Receivable	500,692	-	824,891
Accounts Receivable - Special Charges	-	144,440	-
Special Assessments	19,967	-	59,728
Grant Receivable	-	-	-
Advances to Other Funds	66,799	63,944	-
Due from Other Funds	8,914	-	-
Inventories	6,545	-	-
TOTAL ASSETS	<u>\$ 1,911,156</u>	<u>\$ 543,551</u>	<u>\$ 1,783,547</u>
LIABILITIES			
Accounts Payable	\$ 41,175	\$ 41,786	\$ -
Accrued Liabilities	48,563	558	-
Due to Other Funds	-	-	-
Deposits from Others	3,250	-	-
Total Liabilities	<u>92,988</u>	<u>42,344</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes Levied for Subsequent Period	943,723	362,940	1,499,598
Special Assessments and Charges	19,967	-	59,728
Total Deferred Inflows of Resources	<u>963,690</u>	<u>362,940</u>	<u>1,559,326</u>
FUND BALANCES (DEFICIT)			
Nonspendable	73,344	63,944	-
Restricted	-	-	224,221
Committed	70,373	74,323	-
Unassigned (Deficit)	710,761	-	-
Total Fund Balances (DEFICIT)	<u>854,478</u>	<u>138,267</u>	<u>224,221</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICIT)	<u>\$ 1,911,156</u>	<u>\$ 543,551</u>	<u>\$ 1,783,547</u>

See Accompanying Notes

Tax Incremental District No. 1	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 157,214	\$ 701,995	\$ 127,901	\$ 3,505,682
-	-	-	217
-	-	-	23,545
77,222	-	-	1,402,805
-	-	-	144,440
-	-	-	79,695
-	-	7,000	7,000
-	-	-	130,743
-	-	-	8,914
-	-	-	6,545
<u>\$ 234,436</u>	<u>\$ 701,995</u>	<u>\$ 134,901</u>	<u>\$ 5,309,586</u>
\$ 379,986	\$ -	\$ -	\$ 462,947
-	-	-	49,121
-	-	8,914	8,914
-	-	-	3,250
<u>379,986</u>	<u>-</u>	<u>8,914</u>	<u>524,232</u>
140,384	-	-	2,946,645
-	-	-	79,695
<u>140,384</u>	<u>-</u>	<u>-</u>	<u>3,026,340</u>
-	-	-	137,288
-	-	127,901	352,122
-	701,995	-	846,691
(285,934)	-	(1,914)	422,913
<u>(285,934)</u>	<u>701,995</u>	<u>125,987</u>	<u>1,759,014</u>
<u>\$ 234,436</u>	<u>\$ 701,995</u>	<u>\$ 134,901</u>	<u>\$ 5,309,586</u>

See Accompanying Notes

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
 Reconciliation of the Balance Sheet
 Governmental Funds to the Statement of Net Position
 As of December 31, 2022

Total Fund Balances - Governmental Funds		\$ 1,759,014
 <i>Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental funds fund balance because:</i>		
 Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:		
Governmental Capital Assets	\$ 18,665,841	
Governmental Accumulated Depreciation	<u>(4,884,099)</u>	13,781,742
 Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements.		
Special Assessments		79,695
 Net pension asset is not a current resource therefore not reported in the fund financial statements.		
		283,486
 The Town's proportionate share of the Wisconsin Retirement System pension plan is not a current financial resource; therefore, it is not reported in the fund financial statements.		
Deferred Outflows Related to Pension	550,329	
Deferred Inflows Related to Pension	<u>(671,084)</u>	(120,755)
 Noncurrent liabilities, including bonds, notes, and leases payable, are not due in the current period and therefore not reported in the fund statements.		
Noncurrent liabilities reported in the statement of net position that are not reported in the funds balance sheet		
General Debt		(25,927,827)
Lease Liability		(106,971)
Premium on Debt Issued		(331,949)
Accrued Interest on General Obligation Debt		(122,631)
Vested Employee Benefits		<u>(95,876)</u>
 Total Net Position - Governmental Activities		 <u>\$ (10,802,072)</u>

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**TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN**

Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Governmental Funds
For the Year Ended December 31, 2022

	<u>General</u>	<u>Solid Waste/ Recycling</u>	<u>Debt Service Fund</u>
REVENUES			
Taxes	\$ 848,383	\$ -	\$ 1,233,416
Special Assessments	6,656	-	17,421
Intergovernmental	289,020	7,179	-
Licenses and Permits	131,287	-	-
Public Charges for Services	34,586	388,618	-
Intergovernmental Charges for Services	89,912	-	-
Investment Income	11,988	-	3,240
Miscellaneous	77,752	218	-
Total Revenues	<u>1,489,584</u>	<u>396,015</u>	<u>1,254,077</u>
EXPENDITURES			
Current:			
General Government	650,829	-	-
Public Safety	434,708	-	-
Public Works	445,807	396,045	-
Health and Human Services	15,899	-	-
Culture, Recreation and Education	22,144	-	-
Conservation and Development	83,608	-	-
Debt Service:			
Principal Retirement	-	-	968,881
Interest and Fiscal Charges	-	-	267,936
Capital Outlay	-	22,361	-
Total Expenditures	<u>1,652,995</u>	<u>418,406</u>	<u>1,236,817</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(163,411)</u>	<u>(22,391)</u>	<u>17,260</u>
OTHER FINANCING SOURCES (USE)			
Sale of Capital Assets	637,092	-	-
Transfers In	-	20,920	-
Transfers Out	(577,185)	-	-
Total Other Financing Sources (Use)	<u>59,907</u>	<u>20,920</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(103,504)	(1,471)	17,260
FUND BALANCES - BEGINNING	<u>957,982</u>	<u>139,738</u>	<u>206,961</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 854,478</u>	<u>\$ 138,267</u>	<u>\$ 224,221</u>

See Accompanying Notes

Tax Incremental District No. 1	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 354,595	\$ -	\$ -	\$ 2,436,394
-	-	-	24,077
-	220,851	14,000	531,050
-	-	-	131,287
-	-	32,542	455,746
-	-	-	89,912
7,626	-	-	22,854
36,908	-	7,521	122,399
<u>399,129</u>	<u>220,851</u>	<u>54,063</u>	<u>3,813,719</u>
38,943	-	-	689,772
-	-	1,471	436,179
-	-	-	841,852
-	-	-	15,899
-	-	-	22,144
202,740	-	-	286,348
-	-	-	968,881
523,133	-	-	791,069
856,541	250,082	26,339	1,155,323
<u>1,621,357</u>	<u>250,082</u>	<u>27,810</u>	<u>5,207,467</u>
<u>(1,222,228)</u>	<u>(29,231)</u>	<u>26,253</u>	<u>(1,393,748)</u>
-	17,200	-	654,292
-	556,265	-	577,185
-	-	-	(577,185)
-	<u>573,465</u>	-	<u>654,292</u>
(1,222,228)	544,234	26,253	(739,456)
936,294	157,761	99,734	2,498,470
<u>\$ (285,934)</u>	<u>\$ 701,995</u>	<u>\$ 125,987</u>	<u>\$ 1,759,014</u>

**TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) -
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2022

Net Changes in Fund Balances - Total Governmental Funds \$ (739,456)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay reported in governmental fund statements	\$ 1,055,326	
Depreciation expense reported in the statement of activities	(560,873)	
Amount by which capital outlays are greater than depreciation in the current period.		494,453

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

The value of capital assets disposed of during the year	(504,501)	
The amount of depreciation recapture for the year	54,602	
Amount by which capital disposals are more than depreciation recapture in the current period		(449,899)

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

Special Assessments		(94,176)
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Amounts related to the pension that affect the statement of activities but not the fund financial statements.

60,713

Vested employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits was more than the amount paid.

(5,782)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:

918,520

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

50,361

Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid, in the statement of activities interest is reported as it accrues.

46,633

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

Amortization		146,546
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Change in Net Position - Governmental Activities

\$ 427,913

**TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN**

Statement of Net Position
Proprietary Funds
As of December 31, 2022

	Stormwater Management Utility	Sanitary District No. 1	Totals
ASSETS			
Current Assets:			
Cash and Investments	\$ 202,459	\$ 1,463	\$ 203,922
Accounts Receivable - Special Charges	184,521	-	184,521
Taxes Receivable	-	55,007	55,007
Total Current Assets	386,980	56,470	443,450
Noncurrent Assets:			
Net Pension Asset	50,399	-	50,399
Land	981	-	981
Right To Use Asset	95,000	1,704,657	1,799,657
Infrastructure	1,934,653	174,656	2,109,309
Machinery and Equipment	242,706	-	242,706
Accumulated Depreciation	(467,183)	(76,267)	(543,450)
Total Noncurrent Assets	1,856,556	1,803,046	3,659,602
TOTAL ASSETS	2,243,536	1,859,516	4,103,052
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pension	97,840	-	97,840
CURRENT LIABILITIES			
Accounts Payable	6,116	5,978	12,094
Accrued and Other Current Liabilities	1,489	-	1,489
Advance from Other Funds	130,743	-	130,743
Accrued Wages	-	558	558
Current Portion of Lease Liability	18,971	63,202	82,173
Total Current Liabilities	157,319	69,738	227,057
NONCURRENT LIABILITIES			
Lease Liability	40,232	1,541,339	1,581,571
TOTAL LIABILITIES	197,551	1,611,077	1,808,628
DEFERRED INFLOWS OF RESOURCES			
Special Charges on Subsequent Year Tax Roll	330,067	100,000	430,067
Deferred Inflows of Resources Related to Pension	119,308	-	119,308
Total Deferred Inflows of Resources	449,375	100,000	549,375
NET POSITION			
Net Investment in Capital Assets	1,746,954	198,505	1,945,459
Restricted	28,931	-	28,931
Unrestricted (Deficit)	(81,435)	(50,066)	(131,501)
TOTAL NET POSITION	\$ 1,694,450	\$ 148,439	\$ 1,842,889

See Accompanying Notes

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	Stormwater Management Utility	Sanitary District No. 1	Totals
OPERATING REVENUES			
Charges for Services			
Culvert and Access Permits	\$ 5,300	\$ -	\$ 5,300
Stormwater Drainage Fees	313,982	-	313,982
Charges for Services	-	100,000	100,000
Total Operating Revenues	<u>319,282</u>	<u>100,000</u>	<u>419,282</u>
OPERATING EXPENSES			
Operation and Maintenance	164,908	125,553	290,461
Depreciation	68,663	46,109	114,772
Total Operating Expenses	<u>233,571</u>	<u>171,662</u>	<u>405,233</u>
OPERATING INCOME (LOSS)	<u>85,711</u>	<u>(71,662)</u>	<u>14,049</u>
NONOPERATING REVENUE (EXPENSE)			
Interest and Fiscal Charges	(3,075)	(64,727)	(67,802)
Other Nonoperating Revenue	-	10,930	10,930
Total Nonoperating Revenue (Expense)	<u>(3,075)</u>	<u>(53,797)</u>	<u>(56,872)</u>
CHANGE IN NET POSITION	82,636	(125,459)	(42,823)
NET POSITION - BEGINNING	<u>1,611,814</u>	<u>273,898</u>	<u>1,885,712</u>
NET POSITION - ENDING	<u>\$ 1,694,450</u>	<u>\$ 148,439</u>	<u>\$ 1,842,889</u>

See Accompanying Notes

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Stormwater Management Utility	Sanitary District No. 1	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from User Charges	\$ 341,119	\$ 144,993	\$ 486,112
Paid to Suppliers for Goods and Services	(48,192)	(124,349)	(172,541)
Paid to Employees for Operating Payroll	(131,948)	-	(131,948)
Net Cash Flows From Operating Activities	<u>160,979</u>	<u>20,644</u>	<u>181,623</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(10,157)	-	(10,157)
Principal Payments on Lease Liability	(18,247)	(60,775)	(79,022)
Interest and Fiscal Charges	(3,075)	(64,727)	(67,802)
Net Cash Flows From Capital and Related Financing Activities	<u>(31,479)</u>	<u>(125,502)</u>	<u>(156,981)</u>
CHANGE IN CASH AND INVESTMENTS	129,500	(104,858)	24,642
CASH AND INVESTMENTS - BEGINNING	<u>72,959</u>	<u>106,321</u>	<u>179,280</u>
CASH AND INVESTMENTS - ENDING	<u>\$ 202,459</u>	<u>\$ 1,463</u>	<u>\$ 203,922</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM			
Operating Income (Loss)	\$ 85,711	\$ (71,662)	\$ 14,049
to Net Cash Flows from Operating Activities:			
Depreciation	68,663	46,109	114,772
Changes in Assets and Liabilities:			
Special Charges Receivable	14,484	-	14,484
Taxes Receivable	-	44,993	44,993
Net Pension Asset	(29,379)	-	(29,379)
Deferred Outflows Related to Pension	(62,113)	-	(62,113)
Accounts Payable	4,057	1,204	5,261
Deferred Special Charges Receivable	7,353	-	7,353
Deferred Inflows Related to Pension	72,203	-	72,203
Net Cash Flows From Operating Activities	<u>\$ 160,979</u>	<u>\$ 20,644</u>	<u>\$ 181,623</u>

See Accompanying Notes

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Statement of Fiduciary Net Position
Fiduciary Fund
As of December 31, 2022

	<u>Custodial Fund</u> <u>Tax Collection</u> <u>Fund</u>
ASSETS	
Cash and Investments	\$ 3,583,320
Taxes Receivable	4,352,562
Total Assets	<u>7,935,882</u>
LIABILITIES	
Due to Other Taxing Entities	<u>7,935,882</u>
NET POSITION	<u>\$ -</u>

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2022

	Custodial Fund Tax Collection Fund
ADDITIONS	
Taxes Collected on Behalf of Other Taxing Entities	\$ 5,907,043
DEDUCTIONS	
Taxes Remitted to Other Taxing Entities	5,907,043
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING	-
NET POSITION - ENDING	\$ -

See Accompanying Notes

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

The Town is a municipal corporation governed by an elected five member board. In accordance with GAAP, the basic financial statements are required to include the Town and any separate component units that have a significant operational or financial relationship with the Town. The Town has identified a component unit, Sanitary District No. 1 that is required to be included in the basic financial statements as a blended component unit in accordance with standards established.

In 1972, the Town Board formed the Town of Clayton Sanitary District No. 1 to provide water and sewer services to a portion of the Town. Subsequently in 2014, the Town Board amended the boundaries of the sanitary district and appointed the Town Board as the governing body of the sanitary district. All legal, planning and engineering costs of the sanitary district and future water and sewer infrastructure incurred to-date have been financed directly by the Town's General Fund, Capital Projects Fund and Tax Incremental District No.1.

Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included as program revenues are reported instead as general revenues.

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

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and the fiduciary fund, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major proprietary funds are reported as separate columns in the fund financial statements.

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

Governmental Funds

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

General Fund

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

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund

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

Capital Project Funds

Capital project funds are used to account for property tax, bond proceeds, and other financial resources available to implement the Town's capital improvement plans.

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary Funds

Proprietary Funds may be used to account for activities where a fee is charged to external users for goods and services. Enterprise activities must include operations (a) that are financed with debt that is secured solely by the pledge of the net revenues of the fund, or (b) where laws or regulations require that the costs of the activity be recovered with fees and charges, or (c) where the fees and charges are priced in a way designed to recover the costs of the activity. The Town presents two major proprietary funds – the stormwater management utility fund and sanitary district no. 1.

Fiduciary Fund

Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and are reported using the full accrual method of accounting. Because by definition these assets are being held for the benefit of a third party (other local governments) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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

Major Funds

The Town reports the following major governmental funds:

The *General Fund*, which accounts for the Town's primary operating activities.

The *Solid Waste/Recycling Fund* is used to account for financial resources to be used for collection and disposal of refuse and recyclable items. Significant revenues are charges for services.

The *Debt Service Fund*, which accounts for the Town's governmental principal and interest payments.

The *Tax Increment District No. 1 Fund*, which accounts for the Town's capital projects for economic development activities.

The *Capital Projects Fund*, which accounts for the Town's capital project included in the capital improvement plan.

The Village reports the following major proprietary funds:

The *Stormwater Management Utility*, which operates the stormwater collection system.

The *Sanitary District No. 1*, accounts for the activities of operating the Town's sewer activities.

Measurement Focus and Basis of Accounting

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

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

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

Cash and Investments

Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from the date of acquisition are considered to be cash equivalents.

Accounts Receivable

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

Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2021 tax roll are recognized as revenue in 2022.)

Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements and used in governmental fund operations.

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of one year.

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

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

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Fund Financial Statements

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

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

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

<u>Assets</u>	<u>Years</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Right to Use Assets	5 - 10	5 - 10
Buildings	40	40
Land Improvements	25	25
Vehicles	4 - 15	4 - 15
Machinery and Equipment	5 - 15	5 - 10
Infrastructure	25 - 75	40

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Town has one item that qualifies for reporting in this category. Accordingly, deferred outflows related to pension are reported in the statements of net position.

In addition to liabilities, the statements of net position and balance sheet report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government-wide financial statement has three items that qualify for reporting in this category. Accordingly, taxes levied for subsequent year, deferred inflows related to pension, and special charges are reported in the statement of net position. The Town has an additional type of deferred inflow that arises under the modified accrual basis of accounting – special assessments are reported on the government fund financial balance sheet.

Pensions

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

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

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

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

Compensated Absences

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

Interfund 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. Noncurrent portions of the interfund receivables for the governmental funds are reported as "advances to other funds" and are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

Interfund Transactions

During the course of normal operations, the Town has various transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. The governmental funds generally record such transactions as operating transfers if within governmental funds. Transactions between governmental and proprietary funds are usually recorded as revenues and either expenditures or expenses of the respective funds.

Leases

The Village adopted GASB Statement No. 87 for the year ended December 31, 2022, which requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources.

Claims and Judgments

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

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Equity Classifications

Government-Wide Statements

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

- Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted component of net position – Consists of resources with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- Unrestricted component of net position – Net amount that does not meet the definition of “restricted” or “net investment in capital assets.”

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

Fund Financial Statements

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

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

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

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

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

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

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

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

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates and such differences may be material.

Note 2 - Cash and Investments

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

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

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

At December 31, 2022, the Town's bank balance of cash was \$5,355,433. The Town maintains its cash accounts at four financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned. The Town does not have a deposit policy for custodial credit risk.

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

The following represents a summary of deposits as of December 31, 2022:

Fully Insured Deposits	\$ 283,809
Uninsured and Uncollateralized	<u>5,071,624</u>
Total	<u>\$ 5,355,433</u>

The difference between the bank balance and carrying value is due to outstanding checks and advance tax collection deposits in transit at December 31, 2022.

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 3 - Property Taxes

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

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

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

Note 4 - Interfund Receivables, Payables, Advances, and Transfers

Interfund receivables, payables and advances at December 31, 2022 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Fire Donations	\$ 8,914	Year End Cash Flow Timing
			Long-Term Advance to Finance
General Fund	Stormwater Management Utility	66,799	Operating Deficits
			Long-Term Advance to Finance
Solid Waste/Recycling	Stormwater Management Utility	63,944	Operating Deficits
		<u>\$ 139,657</u>	

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

The interfund transfers between funds for the year ended December 31, 2022 are as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 577,185
Solid Waste/Recycling	20,920	-
Capital Projects Fund	556,265	-
	<u>\$ 577,185</u>	<u>\$ 577,185</u>

Transfers are used to: 1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; 2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; 3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due; and 4) move payment in lieu of taxes from the regulated utilities to the general fund.

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 5 - Capital Assets

Capital asset balances and activity for the year ended December 31, 2022 were as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities				
Capital Assets not Being Depreciated				
Land and Improvements	\$ 4,205,612	\$ -	\$ 447,999	\$ 3,757,613
Construction in Progress	82,186	527,843	-	610,029
Total Capital Assets Not Being Depreciated	<u>4,287,798</u>	<u>527,843</u>	<u>447,999</u>	<u>4,367,642</u>
Capital Assets Being Depreciated				
Right to Use Asset	230,944	-	-	230,944
Land Improvements	266,928	-	-	266,928
Buildings and Improvements	1,429,033	-	-	1,429,033
Machinery and Equipment	1,878,852	197,639	56,502	2,019,989
Infrastructure	10,021,461	329,844	-	10,351,305
Total Capital Assets Being Depreciated	<u>13,827,218</u>	<u>527,483</u>	<u>56,502</u>	<u>14,298,199</u>
Accumulated Depreciation				
Right to Use Asset	(76,981)	(25,661)	-	(102,642)
Land Improvements	(76,497)	(10,677)	-	(87,174)
Buildings and Improvements	(416,840)	(34,813)	-	(451,653)
Machinery and Equipment	(839,552)	(133,837)	(54,602)	(918,787)
Infrastructure	(2,967,958)	(355,885)	-	(3,323,843)
Total Accumulated Depreciation	<u>(4,377,828)</u>	<u>(560,873)</u>	<u>(54,602)</u>	<u>(4,884,099)</u>
Total Capital Assets Being Depreciated, Net of Depreciation	<u>9,449,390</u>	<u>(33,390)</u>	<u>1,900</u>	<u>9,414,100</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 13,737,188</u>	<u>\$ 494,453</u>	<u>\$ 449,899</u>	<u>\$ 13,781,742</u>

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 5 - Capital Assets (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities				
Stormwater				
Capital Assets not Being Depreciated				
Land	\$ 981	\$ -	\$ -	\$ 981
Construction in Progress	124,258	10,157	134,415	-
Total Capital Assets Not Being Depreciated	<u>125,239</u>	<u>10,157</u>	<u>134,415</u>	<u>981</u>
Capital Assets Being Depreciated				
Right To Use Assets	95,000	-	-	95,000
Machinery and Equipment	242,706	-	-	242,706
Infrastructure	1,800,238	134,415	-	1,934,653
Total Capital Assets Being Depreciated	<u>2,137,944</u>	<u>134,415</u>	<u>-</u>	<u>2,272,359</u>
Accumulated Depreciation				
Right to Use Assets	(14,250)	(9,500)	-	(23,750)
Machinery and Equipment	(117,231)	(16,171)	-	(133,402)
Infrastructure	(267,039)	(42,992)	-	(310,031)
Total Accumulated Depreciation	<u>(398,520)</u>	<u>(68,663)</u>	<u>-</u>	<u>(467,183)</u>
Total Capital Assets Being Depreciated, Net of Depreciation	<u>1,739,424</u>	<u>65,752</u>	<u>-</u>	<u>1,805,176</u>
Stormwater Capital Assets Net of Accumulated Depreciation	<u>\$ 1,864,663</u>	<u>\$ 75,909</u>	<u>\$ 134,415</u>	<u>\$ 1,806,157</u>
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities				
Sanitary District No. 1				
Capital Assets Being Depreciated				
Right to Use Asset	\$ 1,704,657	\$ -	\$ -	\$ 1,704,657
Infrastructure	174,656	-	-	174,656
Total Capital Assets Not Being Depreciated	<u>1,879,313</u>	<u>-</u>	<u>-</u>	<u>1,879,313</u>
Accumulated Depreciation				
Right to Use Asset	(28,411)	(42,616)	-	(71,027)
Infrastructure	(1,747)	(3,493)	-	(5,240)
Total Accumulated Depreciation	<u>(30,158)</u>	<u>(46,109)</u>	<u>-</u>	<u>(76,267)</u>
Sanitary District No. 1 Capital Assets Net of Accumulated Depreciation	<u>\$ 1,849,155</u>	<u>\$ (46,109)</u>	<u>\$ -</u>	<u>\$ 1,803,046</u>

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 5 - Capital Assets (Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 37,261
Public Safety	57,700
Public Works	456,709
Culture and Recreation	8,104
Culture, Recreation and Education	1,099
Total Depreciation Expense - Governmental Activities	<u>\$ 560,873</u>
Business-Type Activities:	
Stormwater Management Utility	\$ 68,663
Sanitary District No. 1	46,109
Total Depreciation Expense - Business-Type Activities	<u>\$ 114,772</u>

Note 6 - Long-Term Obligations

The following is a summary of changes in long-term obligations of the Town for the year ended December 31, 2022:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental Activities					
Direct Borrowings :					
G.O. Obligation Notes	\$ 9,885,000	\$ -	\$ 565,000	\$ 9,320,000	\$ 771,758
State Trust Fund Loans	1,496,347	-	253,520	1,242,827	346,797
Total Direct Borrowings	11,381,347	-	818,520	10,562,827	1,118,555
Note Anticipation Notes	15,465,000	-	100,000	15,365,000	-
Adjustments For					
Issuance Premiums	478,495	-	146,546	331,949	-
Lease Liability	157,332	-	50,361	106,971	52,416
Compensated Absences	90,094	49,592	43,810	95,876	19,175
Total Governmental Activity Long-Term Liabilities	\$ 27,572,268	\$ 49,592	\$ 1,159,237	\$ 26,462,623	\$ 1,190,146
	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Business-Type Activities					
Lease Liability	\$ 1,742,766	\$ -	\$ 79,022	\$ 1,663,744	\$ 82,173

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 6 - Long-Term Obligations (Continued)

The Town's outstanding general obligation notes from direct borrowings of \$9,320,000 contain a provision that in an event of default, outstanding amounts shall at the option of the lender, without notice, mature and become immediately payable.

The Town's outstanding state trust fund loans from direct borrowings of \$1,242,827 are subject to a statutory provision that in an event of late or non-payment, a one percent per month penalty will be charged and the payment will be collected through a reduction in payments from the State of Wisconsin.

Interest paid during the year on long-term debt totaled \$858,871.

	Dates of Issuance	Final Maturities	Interest Rates	Original Indebtedness	Balances 12/31/22
Governmental Activities					
Long-Term Obligations					
General Obligation Notes	09/08/14	03/01/24	2.00% - 2.60%	\$ 2,300,000	\$ 505,000
State Trust Fund Loan	06/26/17	03/15/27	3.50%	1,100,000	652,865
State Trust Fund Loan	10/23/17	03/15/27	3.50%	600,000	360,825
General Obligation Taxable Notes	12/06/17	03/01/27	3.00% - 3.25%	2,000,000	2,000,000
Note Anticipation Note	05/24/20	05/01/25	2.50%	8,565,000	8,565,000
State Trust Fund Loan	12/14/20	03/15/25	3.00%	300,000	229,137
General Obligation Taxable Notes	06/03/21	09/01/36	2.81%	3,600,000	3,415,000
Note Anticipation Note	06/03/21	06/01/26	2.00%	6,900,000	6,800,000
General Obligation Taxable Notes	06/03/21	09/01/36	2.81%	3,400,000	3,400,000
Total Governmental Activities Long-Term Obligations					<u>\$ 25,927,827</u>

Debt service requirements to maturity are as follows:

Governmental Activities			
	Principal	Interest	Total
2023	\$ 1,118,555	\$ 638,609	\$ 1,757,164
2024	1,201,945	612,143	1,814,088
2025	9,790,789	453,293	10,244,082
2026	10,509,601	198,878	10,708,479
2027	941,937	76,595	1,018,532
2028-2032	1,225,000	236,005	1,461,005
2033-2036	1,140,000	78,554	1,218,554
	<u>\$ 25,927,827</u>	<u>\$ 2,294,077</u>	<u>\$ 28,221,904</u>

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 6 - Long-Term Obligations (Continued)

Legal Margin for Debt

The 2022 equalized valuation of the Town as certified by the Wisconsin Department of Revenue is \$669,946,700. The legal debt limit and margin of indebtedness as of December 31, 2022, in accordance with Section 67.03 of the Wisconsin Statutes is as follows:

Equalized valuation of the Town		\$ 669,946,700
Statutory limitation percentage		<u>5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		33,497,335
Total outstanding general obligation debt applicable to debt limitation	\$ 10,562,827	
Less: Amounts available for financing general obligation debt		
Debt service fund net of accrued interest	<u>101,590</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>10,461,237</u>
Legal margin for new debt		<u><u>\$ 23,036,098</u></u>

Note 7 - Net Position and Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2022 includes the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Investment in Capital Assets			
Net Capital Assets	\$ 13,781,742	\$ 3,609,203	\$ 17,390,945
Less: Related Long-Term Debt	(25,927,827)	-	(25,927,827)
Less: Issuance Premium	(331,949)	-	(331,949)
Less: Lease Liability	(106,971)	(1,663,744)	(1,770,715)
Add: Noncapital related debt	<u>17,952,193</u>	-	<u>17,952,193</u>
Total Net Investment in Capital Assets	<u>5,367,188</u>	<u>1,945,459</u>	<u>7,312,647</u>
Restricted			
Pension	162,731	28,931	191,662
Park Improvements	37,637	-	37,637
Fire Department Improvements	90,264	-	90,264
Debt Service	<u>101,590</u>	-	<u>101,590</u>
Total Restricted	<u>392,222</u>	<u>28,931</u>	<u>421,153</u>
Unrestricted (Deficit)	<u>(16,561,482)</u>	<u>(131,501)</u>	<u>(16,692,983)</u>
Total Government-Wide Activities Net Position (Deficit)	<u><u>\$ (10,802,072)</u></u>	<u><u>\$ 1,842,889</u></u>	<u><u>\$ (8,959,183)</u></u>

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 7 - Net Position and Fund Balances (Continued)

Fund balances reported on the governmental funds balance sheet at December 31, 2022 are classified as follows:

Nonspendable	
General Fund	
Inventories	\$ 6,545
Advances to Other Funds	66,799
Total General Fund Nonspendable	<u>73,344</u>
Special Revenue Funds:	
Solid Waste/Recycling Fund	
Advances to Other Funds	63,944
Total Nonspendable Fund Balance	<u>\$ 137,288</u>
Restricted	
Park Improvements	\$ 37,637
Fire Department Improvements	90,264
Total Restricted Fund Balance	<u>\$ 127,901</u>
Committed	
General Fund:	
Cemetery Activities	\$ 42,451
Sick Leave and Vacation Payout	27,922
Total General Fund Committed	<u>70,373</u>
Special Revenue Funds:	
Solid Waste/Recycling Fund	<u>74,323</u>
Capital Projects Fund	<u>701,995</u>
Total Committed Fund Balance	<u>\$ 846,691</u>

Minimum General Fund Balance Policy

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

Actual 2022 General Fund Expenditures	\$ 1,652,995
Minimum Fund Balance %	(x) 16%
Minimum Fund Balance Amount	<u>\$ 264,479</u>

The Town's unassigned general fund balance of \$710,761 is above the minimum fund balance amount.

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 8 - Defined Benefit Pension Plan

General Information About the Pension Plan

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, expected to work at least 1,200 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 Annual Comprehensive Financial Report (ACFR), which can be found at <https://efw.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

**TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN**

Notes to Financial Statements
December 31, 2022

Note 8 - Defined Benefit Pension Plan (Continued)

The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2012	(7.0)%	(7)%
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21
2021	5.1	13

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, 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 remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$41,177 in contributions from the Town.

Contribution rates used for the December 31, 2022 actuarial valuation are as follows:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including executives and elected officials)	6.50%	6.50%

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

At December 31, 2022, the Town reported an asset of \$333,885 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Town's proportion of the net pension asset was based on the Town's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the Town's proportion was 0.00414240%, which was an increase of 0.00024320% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Town recognized a reduction in pension expense of \$28,938.

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 8 - Defined Benefit Pension Plan (Continued)

At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual experiences	\$ 539,374	\$ 38,894
Changes in assumptions	62,291	-
Net differences between projected and actual earnings on pension plan investments	-	746,929
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,327	4,569
Employer contributions subsequent to the measurement date	41,177	-
Total	\$ 648,169	\$ 790,392

The \$41,177 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension liability (asset) in the year ending December 31, 2023. 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 Ending December 31,	Net Deferred Outflows (Inflows) of Resources
2023	\$ (14,881)
2024	(89,598)
2025	(40,017)
2026	(38,904)
	\$ (183,400)

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 8 - Defined Benefit Pension Plan (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset)	December 31, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% 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 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The total pension liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Allocation Targets and Expected Returns¹ as of December 31, 2021

<u>Core Fund Asset Class</u>	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return % ²
Global Equities	52%	6.8%	4.2%
Fixed Income	25	4.3	1.8
Inflation Sensitive Assets	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Total Core Fund ³	115%*	6.6%	4.0%
 <u>Variable Fund Asset Class</u>			
U.S. Equities	70%	6.3%	3.7%
International Equities	30	7.2	4.6
Total Variable Fund	100.0%	6.8%	4.2%

¹Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

²New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%.

³The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 8 - Defined Benefit Pension Plan (Continued)

Single Discount Rate. A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80 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 (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
Town's proportionate share of the net pension liability (asset)	\$ 236,915	\$ (333,885)	\$ (744,754)

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

Payables to the Pension Plan. The Town is required to remit the monthly required contribution for both the employee and Town portions by the last day of the following month. The amount due to WRS as of December 31, 2022 is \$10,122 for December payroll.

Note 9 - Leases

The Town is obligated under three leases accounted for as a lease obligation that was used to finance the acquisition of a dump truck, which is recorded in the general fund. The Town also has leases for the acquisition of a John Deere tractor and a sewer collection system, which are recorded in the stormwater management utility fund and the Sanitary District No. 1 fund, respectively.

At December 31, 2022, the Town has recognized a right to use asset related to the dump truck of \$230,944 and a lease liability of \$106,971 related to this lease. During the current fiscal year, the Town recorded \$25,661 as depreciation expense and \$102,642 as total accumulated depreciation related to this right to use asset.

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 9 - Leases (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Governmental Activities					
Lease Liability	\$ 157,332	\$ -	\$ 50,361	\$ 106,971	\$ 52,416

The interest paid on this lease liability during the year ended December 31, 2022, was \$6,419.

The remaining obligation associated with this lease at December 31, 2022, is as follows:

<u>Year Ending December 31,</u>	<u>Prinipal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 52,416	\$ 4,364	\$ 56,780
2024	54,555	2,226	56,781
	<u>\$ 106,971</u>	<u>\$ 6,590</u>	<u>\$ 113,561</u>

At December 31, 2022, the Town has recognized a right to use asset related to the John Deere Tractor of \$95,000 and a lease liability of \$59,203 related to this lease. During the current fiscal year, the Town recorded \$9,500 as depreciation expense and \$23,750 as total accumulated depreciation related to this right to use asset.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Stormwater Management Utility					
Lease Liability	\$ 77,450	\$ -	\$ 18,247	\$ 59,203	\$ 18,971

The interest paid on this lease liability during the year ended December 31, 2022, was \$3,075.

The remaining obligation associated with this lease at December 31, 2022, is as follows:

<u>Year Ending December 31,</u>	<u>Prinipal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 18,971	\$ 2,351	\$ 21,322
2024	19,724	1,597	21,321
2025	20,508	814	21,322
	<u>\$ 59,203</u>	<u>\$ 4,762</u>	<u>\$ 63,965</u>

At December 31, 2022, the Town has recognized a right to use asset related to the sewer collection system of \$1,704,657 and a lease liability of \$1,604,541 related to this lease. During the current fiscal year, the Town recorded \$42,616 as depreciation expense and \$71,027 as total accumulated depreciation related to this right to use asset.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Sanitary District No. 1					
Lease Liability	\$ 1,665,316	\$ -	\$ 60,775	\$ 1,604,541	\$ 63,202

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 9 - Leases (Continued)

The interest paid on this lease liability during the year ended December 31, 2022, was \$64,727.

The remaining obligation associated with this lease at December 31, 2022, is as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 63,202	\$ 62,300	\$ 125,502
2024	65,570	59,932	125,502
2025	1,475,769	47,762	1,523,531
	\$ 1,604,541	\$ 169,994	\$ 1,774,535

Note 10 - Tax Incremental Districts (TID)

The Town established a capital projects fund for Tax Incremental District No. 1 during 2019, which was created by the Town in accordance with Wisconsin Statutes. At the time the District were created, the property tax base within the District was "frozen" and increment taxes resulting from increases to the property tax base are used to finance such improvements, including principal and interest on long-term debt issued by the Town to finance such improvements. The Statutes allow eligible project costs to be incurred up to five years prior to the maximum termination date.

Since creation of the above District, the Town has provided various financing sources to the TID. The foregoing amounts are not recorded as liabilities in the TID capital project fund but can be recovered by the Town from any future excess tax increment revenues. As of December 31, 2022, the Town has net unreimbursed costs from future excess tax increment revenues of the following:

Unreimbursed Costs	
TID No. 1	\$ 19,127,272

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

Note 11 - Risk Management

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

Note 12 - Contingencies

From time to time the Town is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of Town management, these issues, and any other proceedings known to exist at December 31, 2022, are not likely to have a material adverse impact on the Town's financial position.

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

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Financial Statements
December 31, 2022

Note 13 - Commitments

The Town has the following commitments as of December 31, 2022:

The Town entered into an agreement for construction of a 3-phase power to the Booster Pump Facility in 2022 for approximately \$150,000.

The Town entered into an agreement for the construction of American Drive Phase I gravel Street Reconstruction to a contractor for approximately \$448,700.

The Town entered into a lease agreement to purchase a 2023 pump truck for approximately \$800,000.

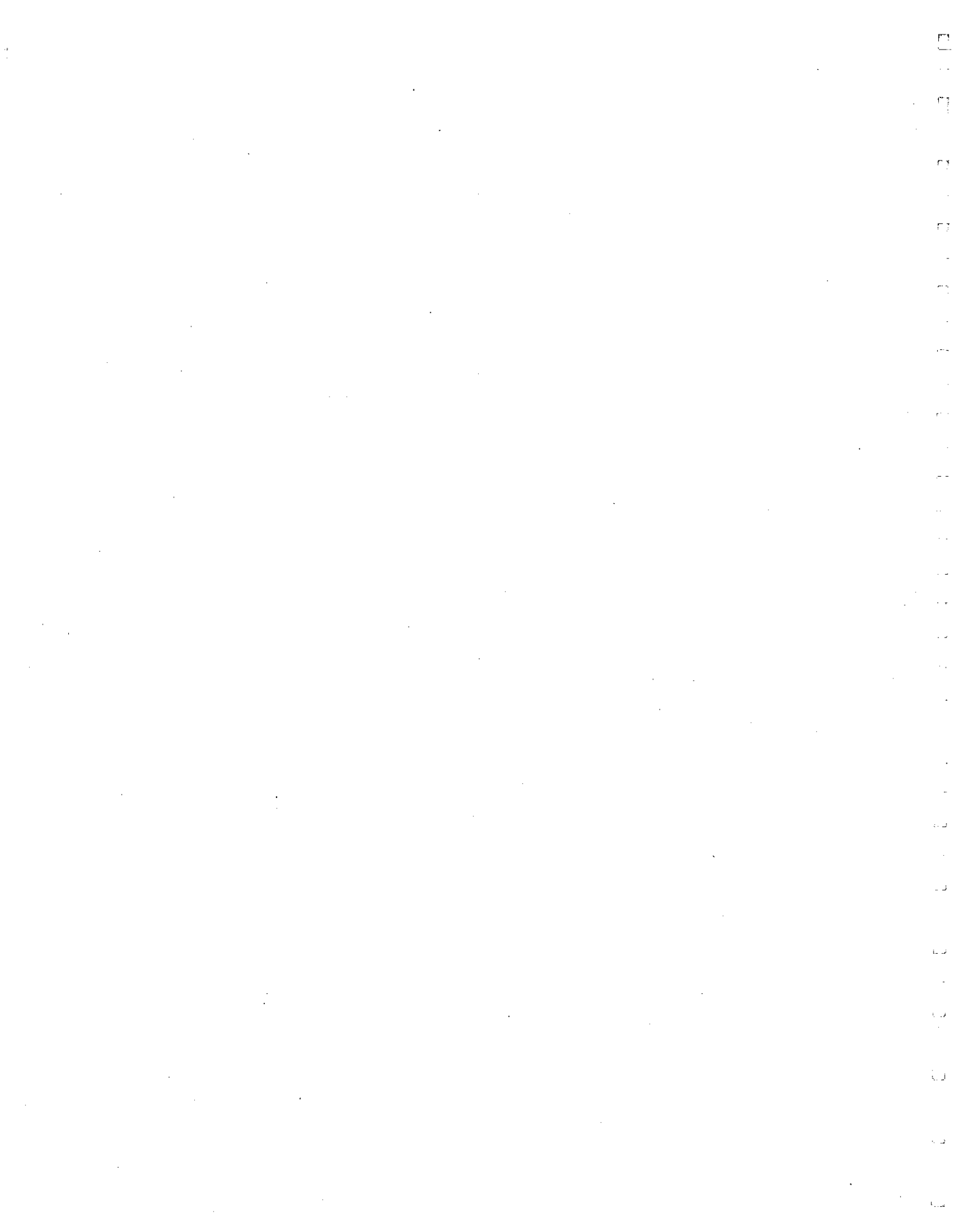
Note 14 - Subsequent Events

The Town has the following subsequent events as of the audit report issue date:

The Town awarded the Eagle Heights Drive and Wing Lane water, sewer, street, and stormwater pond to a contractor for approximately \$867,000.

On June 6, 2023 the Town issued a state trust fund loan of \$2,600,000 with an interest rate of 5.00% and maturity date of March 14, 2043. The note was issued to finance street and park projects.

REQUIRED SUPPLEMENTARY INFORMATION



**TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN**

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

WRS Fiscal Year End Date (Measurement Date)	Town's Proportion of the Net Pension Asset/Liability	Town's Proportionate Share of the Net Pension (Asset)/Liability	Town's Covered Payroll	Town's Proportionate Share of the Net Pension Asset/Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2021	0.00414240%	\$ (333,885)	\$ 646,429	51.65%	106.02%
12/31/2020	0.00389920%	(243,432)	663,836	36.67%	105.26%
12/31/2019	0.00341428%	(110,091)	558,825	19.70%	102.96%
12/31/2018	0.00298010%	106,022	470,520	22.53%	96.45%
12/31/2017	0.00255519%	(75,866)	420,575	18.04%	102.93%
12/31/2016	0.00210694%	17,366	360,414	4.82%	99.12%
12/31/2015	0.00181343%	29,468	288,315	10.22%	98.20%
12/31/2014	0.00170112%	(41,784)	242,794	17.21%	102.74%

Schedule of Employer Contributions
Wisconsin Retirement System (WRS)

Town Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2022	\$ 41,177	\$ 41,177	\$ -	\$ 572,022	7.20%
12/31/2021	48,224	48,224	-	646,429	7.46%
12/31/2020	41,177	41,177	-	663,836	6.20%
12/31/2019	40,902	40,902	-	558,825	7.32%
12/31/2018	33,961	33,961	-	470,520	7.22%
12/31/2017	30,763	30,763	-	420,575	7.31%
12/31/2016	24,498	24,498	-	360,414	6.80%
12/31/2015	19,605	19,605	-	288,315	6.80%

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Schedule of Budgetary Comparison
Budget and Actual
General Fund
For the Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes	\$ 949,121	\$ 848,383	\$ (100,738)
Special Assessments	-	6,656	6,656
Intergovernmental	505,875	289,020	(216,855)
Licenses and Permits	113,870	131,287	17,417
Public Charges for Services	15,290	34,586	19,296
Intergovernmental Charges for Services	56,000	89,912	33,912
Investment Income	1,000	11,988	10,988
Miscellaneous	1,000	77,752	76,752
Total Revenues	<u>1,642,156</u>	<u>1,489,584</u>	<u>(152,572)</u>
EXPENDITURES			
Current:			
General Government	604,825	650,829	(46,004)
Public Safety	442,009	434,708	7,301
Public Works	547,859	445,807	102,052
Health and Human Services	12,769	15,899	(3,130)
Culture, Recreation and Education	32,050	22,144	9,906
Conservation and Development	58,300	83,608	(25,308)
Total Expenditures	<u>1,697,812</u>	<u>1,652,995</u>	<u>44,817</u>
DEFICIENCY OF REVENUES			
UNDER EXPENDITURES	<u>(55,656)</u>	<u>(163,411)</u>	<u>(107,755)</u>
OTHER FINANCING SOURCE (USE)			
Sale of Capital Assets	825,200	637,092	(188,108)
Transfers Out	(769,544)	(577,185)	192,359
Total Other Financing Source (Use)	<u>55,656</u>	<u>59,907</u>	<u>4,251</u>
NET CHANGE IN FUND BALANCE	-	(103,504)	(103,504)
FUND BALANCE - BEGINNING	<u>957,982</u>	<u>957,982</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 957,982</u>	<u>\$ 854,478</u>	<u>\$ (103,504)</u>

See Accompanying Notes to Required Supplementary Information

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Schedule of Budgetary Comparison
Budget and Actual
Solid Waste/Recycling Fund
For the Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 7,100	\$ 7,179	\$ 79
Public Charges for Services	375,410	388,618	13,208
Miscellaneous	250	218	(32)
Total Revenues	<u>382,760</u>	<u>396,015</u>	<u>13,255</u>
EXPENDITURES			
Public Works	401,888	396,045	5,843
Capital Outlay	5,000	22,361	(17,361)
Total Expenditures	<u>406,888</u>	<u>418,406</u>	<u>(11,518)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(24,128)</u>	<u>(22,391)</u>	<u>1,737</u>
OTHER FINANCING SOURCES			
Transfers In	59,128	20,920	(38,208)
NET CHANGE IN FUND BALANCE	35,000	(1,471)	1,737
FUND BALANCE - BEGINNING	<u>139,738</u>	<u>139,738</u>	<u>63,944</u>
FUND BALANCE - ENDING	<u>\$ 174,738</u>	<u>\$ 138,267</u>	<u>\$ 65,681</u>

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Notes to Required Supplementary Information
December 31, 2022

Defined Benefit Pension Plan

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

Changes of assumptions.

Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Budgetary Process

The Town follows these procedures in establishing the budgetary data:

- During October, Town management submits to the Town Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Town Board action.
- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund and certain other funds. Budget is defined as the originally approved budget plus or minus approved amendments. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- During the year, formal budgetary integration is employed as a management control device for the general fund and the solid waste/recycling fund.
- Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Town. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Town Board.

Excess of Actual Expenditures Over Budget in Individual Funds

The Town had the following functions with an excess of actual expenditures over budget for the year ended December 31, 2022.

General Fund	Excess Expenditures
General Government	\$ 46,004
Health and Human Services	3,130
Conservation and Development	25,308
Solid Waste/Recycling	Excess Expenditures
Capital Outlay	\$ 17,361

SUPPLEMENTARY INFORMATION



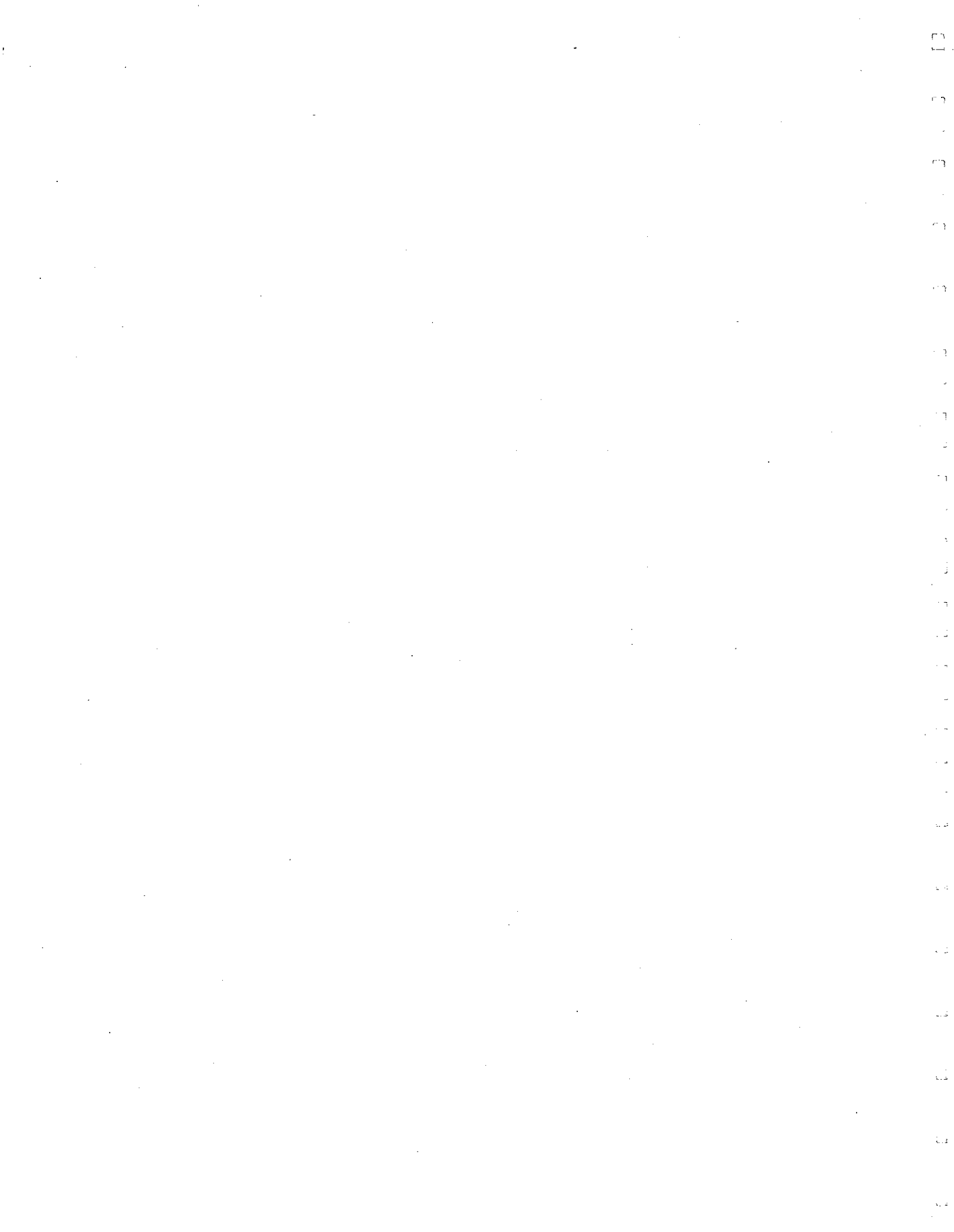
TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2022

	<u>Park Impact Fees</u>	<u>Fire Impact Fees</u>	<u>Fire Donations</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 37,637	\$ 90,264	\$ -	\$ 127,901
Grant Receivable	-	-	7,000	7,000
TOTAL ASSETS	<u>\$ 37,637</u>	<u>\$ 90,264</u>	<u>\$ 7,000</u>	<u>\$ 134,901</u>
LIABILITIES				
Due to Other Funds	\$ -	\$ -	\$ 8,914	\$ 8,914
FUND BALANCES (DEFICIT)				
Restricted	37,637	90,264	-	127,901
Unassigned (Deficit)	-	-	(1,914)	(1,914)
Total Fund Balances (Deficit)	<u>37,637</u>	<u>90,264</u>	<u>(1,914)</u>	<u>125,987</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 37,637</u>	<u>\$ 90,264</u>	<u>\$ 7,000</u>	<u>\$ 134,901</u>

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
Nonmajor Governmental Funds
For the Year Ended December 31, 2022

	<u>Park Impact Fees</u>	<u>Fire Impact Fees</u>	<u>Fire Donations</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 14,000	\$ 14,000
Charges for Services	7,574	24,968	-	32,542
Donations	-	-	7,521	7,521
Total Revenues	<u>7,574</u>	<u>24,968</u>	<u>21,521</u>	<u>54,063</u>
EXPENDITURES				
Public Safety	-	-	1,471	1,471
Capital Outlay	-	-	26,339	26,339
Total Expenditures	<u>-</u>	<u>-</u>	<u>27,810</u>	<u>27,810</u>
NET CHANGE IN FUND BALANCES	7,574	24,968	(6,289)	26,253
FUND BALANCES - BEGINNING	<u>30,063</u>	<u>65,296</u>	<u>4,375</u>	<u>99,734</u>
FUND BALANCES (DEFICIT) - ENDING	<u>\$ 37,637</u>	<u>\$ 90,264</u>	<u>\$ (1,914)</u>	<u>\$ 125,987</u>

OTHER INFORMATION



TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Schedule of Detailed Budgetary Comparison Revenues and Other Financing Source
General Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
TAXES			
General Property Taxes	\$ 929,121	\$ 833,598	\$ (95,523)
Mobile Home	14,000	11,947	(2,053)
Forest Crop	1,000	1,264	264
Room Tax	5,000	340	(4,660)
Other Taxes	-	1,234	1,234
Total Taxes	949,121	848,383	(100,738)
SPECIAL ASSESSMENTS			
	-	6,656	6,656
INTERGOVERNMENTAL			
Federal Aids			
American Rescue Plan Act Funds	220,851	-	(220,851)
State Aids			
Shared and Utility Taxes	53,649	51,757	(1,892)
Fire Insurance Dues	24,000	25,418	1,418
General Transportation Aids	205,425	204,856	(569)
Managed Forest Land	-	27	27
Aid in Lieu of Taxes	1,950	5,855	3,905
Other Intergovernmental Revenues	-	1,107	1,107
Total Intergovernmental	505,875	289,020	(216,855)
LICENSES AND PERMITS			
Licenses			
Liquor and Malt Beverage	5,000	5,225	225
Operators, Cigarette and			
Other Licenses	2,200	2,920	720
Cable Franchise Fees	32,000	30,409	(1,591)
Dog Licenses	1,900	1,631	(269)
Permits			
Building Permits	46,000	75,880	29,880
Zoning Permits and Fees	3,750	4,265	515
Other Permits	1,850	10,957	9,107
Impact Fees	21,170	-	(21,170)
Total Licenses and Permits	113,870	131,287	17,417
PUBLIC CHARGES FOR SERVICES			
General Government	5,250	6,773	1,523
Law Enforcement Fees	900	221	(679)
Fire and First Responders	-	7,842	7,842
Public Works	-	2,970	2,970
Cemetery	6,000	14,580	8,580
Parks	3,140	2,200	(940)
Total Public Charges for Services	15,290	34,586	19,296
INTERGOVERNMENTAL CHARGES FOR SERVICES			
Building Permit/Inspection Contract	45,000	73,559	28,559
Sanitation	2,500	-	(2,500)
Highway	8,500	16,353	7,853
Total Intergovernmental Charges for Services	56,000	89,912	33,912
MISCELLANEOUS			
Investment Income	1,000	11,988	10,988
Rent of Town Property	-	13,457	13,457
Miscellaneous	1,000	14,967	13,967
Donations	-	3,355	3,355
Insurance Recoveries and Dividends	-	45,973	45,973
Total Miscellaneous	2,000	89,740	87,740
OTHER FINANCING SOURCE			
Sale of Property and Equipment	825,200	637,092	(188,108)
TOTAL REVENUES AND OTHER FINANCING SOURCE	\$ 2,467,356	\$ 2,126,676	\$ (340,680)

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Schedule of Detailed Budgetary Comparison Expenditures and Other Financing Use
General Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT			
Town Board	\$ 36,851	\$ 36,770	\$ 81
Committees	10,530	9,920	610
Elections	13,000	8,863	4,137
Legal	40,000	43,586	(3,586)
Administrator	111,713	130,471	(18,758)
Treasurer	79,351	84,988	(5,637)
Clerk	71,913	76,962	(5,049)
Assessor	22,100	20,037	2,063
Information Technology	52,350	61,382	(9,032)
General Office Operation	25,959	52,136	(26,177)
Accounting	12,425	28,000	(15,575)
Town Hall	42,336	45,227	(2,891)
Insurance	56,297	47,018	9,279
Contingency	30,000	5,469	24,531
Total General Government	<u>604,825</u>	<u>650,829</u>	<u>(46,004)</u>
PUBLIC SAFETY			
Police	82,019	6,424	75,595
Fire Protection	251,420	301,163	(49,743)
Building Inspection	108,570	127,121	(18,551)
Total Public Safety	<u>442,009</u>	<u>434,708</u>	<u>7,301</u>
PUBLIC WORKS			
Wages	196,709	188,643	8,066
Operations	10,150	9,039	1,111
Engineering	90,000	85	89,915
Contracted Services and Other	240,000	237,743	2,257
Street Lighting	11,000	10,297	703
Total Public Works	<u>547,859</u>	<u>445,807</u>	<u>102,052</u>
HEALTH AND HUMAN SERVICES			
Cemetery	12,000	15,596	(3,596)
Animal Control	769	303	466
Total Health and Human Services	<u>12,769</u>	<u>15,899</u>	<u>(3,130)</u>
CULTURE, RECREATION AND EDUCATION			
Clayton Town Park	11,250	15,397	(4,147)
Trail Head Park	10,800	6,396	4,404
Friendship Trail	10,000	351	9,649
Total Culture, Recreation and Education	<u>32,050</u>	<u>22,144</u>	<u>9,906</u>
CONSERVATION AND DEVELOPMENT			
Planning and Zoning	50,500	74,467	(23,967)
Economic Development	7,800	9,141	(1,341)
Total Conservation and Development	<u>58,300</u>	<u>83,608</u>	<u>(25,308)</u>
OTHER FINANCING USE			
Transfers Out	769,544	577,185	192,359
TOTAL EXPENDITURES AND OTHER FINANCING USE	<u>\$ 2,467,356</u>	<u>\$ 2,230,180</u>	<u>\$ 237,176</u>

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Schedule of Budgetary Comparison
Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes	\$ 1,233,416	\$ 1,233,416	\$ -
Special Assessments	17,421	17,421	-
Miscellaneous	3,240	3,240	-
Total Revenues	<u>1,254,077</u>	<u>1,254,077</u>	<u>-</u>
EXPENDITURES			
Debt Service:			
Principal Retirement	968,883	968,881	2
Interest and Fiscal Charges	264,532	267,936	(3,404)
Total Expenditures	<u>1,233,415</u>	<u>1,236,817</u>	<u>(3,402)</u>
NET CHANGE IN FUND BALANCE	20,662	17,260	(3,402)
FUND BALANCE - BEGINNING	<u>206,961</u>	<u>206,961</u>	<u>63,944</u>
FUND BALANCE - ENDING	<u>\$ 227,623</u>	<u>\$ 224,221</u>	<u>\$ 60,542</u>

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN

Schedule of Budgetary Comparison

Budget and Actual

Tax Incremental District No. 1

For the Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes	\$ 356,209	\$ 354,595	\$ (1,614)
Intergovernmental Revenues	4,681	-	(4,681)
Miscellaneous	366,950	44,534	(322,416)
Total Revenues	<u>727,840</u>	<u>399,129</u>	<u>(328,711)</u>
EXPENDITURES			
General Government	9,500	38,943	(29,443)
Conservation and Development	90,000	202,740	(112,740)
Debt Service:			
Interest and Fiscal Charges	523,159	523,133	26
Capital Outlay	110,000	856,541	(746,541)
Total Expenditures	<u>732,659</u>	<u>1,621,357</u>	<u>(888,698)</u>
NET CHANGE IN FUND BALANCE	(4,819)	(1,222,228)	(1,217,409)
FUND BALANCE - BEGINNING	<u>936,294</u>	<u>936,294</u>	<u>63,944</u>
FUND BALANCE (DEFICIT) - ENDING	<u>\$ 931,475</u>	<u>\$ (285,934)</u>	<u>\$ (1,153,465)</u>

TOWN OF CLAYTON
WINNEBAGO COUNTY, WISCONSIN
Schedule of Budgetary Comparison
Budget and Actual
Capital Projects Fund
For the Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 220,851	\$ 220,851
EXPENDITURES			
Capital Outlay	427,000	250,082	176,918
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(427,000)</u>	<u>(29,231)</u>	<u>397,769</u>
OTHER FINANCING SOURCES			
Sale of Capital Assets	-	17,200	17,200
Transfers In	427,000	556,265	129,265
Total Other Financing Sources	<u>427,000</u>	<u>573,465</u>	<u>146,465</u>
NET CHANGE IN FUND BALANCE	-	544,234	544,234
FUND BALANCE - BEGINNING	<u>157,761</u>	<u>157,761</u>	<u>63,944</u>
FUND BALANCE - ENDING	<u>\$ 157,761</u>	<u>\$ 701,995</u>	<u>\$ 608,178</u>

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